

Charter of internal auditing

A. Introduction

1 The internal auditing requirement is defined in the UPU as an independent function providing assurance to the Director General, and through him/her to the governing bodies, that the organization is managed effectively, efficiently and economically. Accordingly, the mandate of the internal auditor shall encompass financial compliance, value-for-money audit and investigations in cases of alleged wrong-doing.

2 The monitoring and evaluation functions remain an integral part of the management process as defined by the Council of Administration.

3 The terms of reference of the internal auditor are described hereafter.

B. Organization

1 In organizational respects, the internal auditor comes under the Director General and reports directly to him. The Director General shall have the authority to grant the internal auditor advisory responsibilities and tasks. However, in order to ensure the independence of the internal auditor, the work that these powers and responsibilities represent shall allow him to carry out his other duties as internal auditor.

2 The Director General shall be required to consult the Council of Administration prior to the appointment or termination of the internal auditor.

C. Overall responsibilities

1 The internal auditor is responsible for supporting the accountability of the Director General by providing systematic and independent audits of the management of the financial, administrative and operational activities of the UPU to ensure the effective, efficient and economical use of the resources of the organization.

2 Based upon the results of these audits, the internal auditor shall express an opinion on the management of such activities and issue recommendations for improvement as needed.

D. Functions

1 To discharge his overall responsibilities, the internal auditor shall perform the following functions:

- a ensure the reliability and integrity of the organization's internal control machinery;
- b ensure compliance with legislation;
- c ensure completeness, timeliness and accuracy of information; and
- d ensure the effective, efficient and economical use of the human, financial and material resources of the organization, regular and extrabudgetary.

E. Methodology

1 To implement his functions effectively, the internal auditor shall:

- a apply the internal audit standards recognized by the United Nations system and the profession in general;
- b establish long- and short-term audit plans in consultation with Senior Management, for approval by the Director General;
- c perform, as planned, various internal audit activities including financial audits, compliance audits and value-for-money audits;

- d issue and maintain an internal audit manual which will include the internal auditor's terms of reference and a compilation of audit programmes and procedures;
- e liaise and fully cooperate with the External Auditor and ensure that his recommendations are taken into consideration; and
- f liaise and fully cooperate with the internal audit and, more generally oversight services of the United Nations system and represent the UPU at the relevant inter-agency meetings.

F. Prerogatives and duties

- 1 The internal auditor shall be independent of the activities he audits.
- 2 Internal audit shall apply to all accounts, programmes and projects under the responsibility of the Director General.
- 3 The internal auditor shall have unrestricted access to all records, officials and premises of the organization, which he considers necessary for the performance of his duties. The right of all staff to confidentially communicate with the internal auditor without fear or reprisal is guaranteed.
- 4 The internal auditor shall respect the confidential nature of information and shall use such information with discretion and only insofar as it is relevant to reach an audit opinion. He shall exercise his functions in compliance with the Staff Regulations and Rules.
- 5 The internal auditor shall conduct the audits in a professional and positive manner. The conclusions of the audits shall be shared with the persons concerned who shall be given the opportunity to respond.

G. Reporting

- 1 The internal auditor shall submit the internal audit reports to the Director General.
- 2 The internal audit reports shall include the comments of the persons concerned.
- 3 Copies of the internal audit reports shall be sent to the head of the entity which has been the object of the audit under a covering note by the Director General, with copies to the External Auditor for information.
- 4 The internal auditor shall issue audit communications to the persons concerned for matters of a routine nature which do not necessitate formal reporting. Records of these communications shall be made available to the External Auditor upon request.
- 5 The internal auditor shall prepare an annual report to be submitted in its entirety to the ensuing session of the Council of Administration with the appropriate comments of the Director General.
- 6 The Director General shall ensure that all audit recommendations are responded to and implemented where appropriate.

H. Audit report disclosure policy

- 1 The internal auditor's annual report referred to in section G.5 shall be a publicly available document in the working languages of the UPU International Bureau (French and English) and shall be posted on the password-protected section of the UPU website in accordance with the relevant disclosure policies for documents of UPU bodies.
- 2 In due application of Council of Administration resolution CA 4/2014.1 (Access to internal audit reports), the Director General shall also make the internal auditor's individual audit reports (as issued in final format and in the original language of issue) available to heads of delegation and deputy heads of delegation duly accredited to the UPU (hereinafter referred to as "authorized delegates"), upon request in writing from each UPU member country for each specific report. The reports shall be made available for reading at the Office of the Director General, without copies being made, printed, saved or taken away. This disclosure policy shall apply with retroactive effect to reports issued on or after 1 January 2013.

3 Authorized delegates shall treat any individual audit report received under this policy as strictly confidential. Written requests for access shall confirm that such access shall be employed for internal purposes only.

4 The UPU appreciates that internal audit reports might sometimes contain sensitive information, including audit results that may lead to inference of misconduct and subsequent investigations. Where disclosure of the content of an audit report would be deemed inappropriate for reasons of confidentiality, could place in jeopardy the safety and security of any individual, or would run the risk of violating the due process rights of individuals (including without limitation those of UPU staff members), the report may be redacted or, in extraordinary circumstances, fully withheld at the discretion of the Director General, who shall provide the reasons for such an action to the requesting authorized delegate.

5 In application of paragraph 4 above, the Director General shall appropriately classify and withhold release of certain internal audit reports containing sensitive information, or shall redact sensitive information contained in internal audit reports to be disclosed to authorized delegates, including without limitation the following:

- a The names of individuals, or information that would permit identification of individuals, for privacy and due process reasons (including without limitation misconduct investigations);
- b Information on physical and other security risks related to locations or persons, which could potentially aid and abet any hostile act;
- c Details of counter-fraud activities, or reports regarding fraudulent activities, such as those relating to preventive or detective counter-fraud, control or risk management activities, that could potentially be exploited to defraud the UPU;
- d Commercially or politically sensitive information pertaining to UPU member countries, their designated operators or other entities;
- e Information concerning control, financial and risk management weaknesses not yet remedied that could potentially be exploited to the detriment of the UPU.

6 The Director General shall respond to each written request for access within a maximum of four weeks of receipt of the written request, either by making the report available to the requesting authorized delegate for viewing, or by advising the authorized delegate that the report shall be withheld on the basis of paragraphs 4 and 5 above. The requesting authorized delegate shall be advised as soon as possible by the Director General, but not later than two weeks following such a request, if, for administrative or logistical reasons, an extension of time is required to make the report available.

7 The Director General shall include, in his comments to the internal auditor's annual report referred to in section G.5, information on reports disclosed in accordance with paragraph 2 above, including, inter alia, information on the number and source of written requests received from authorized delegates, the outcomes of those requests, and requestors' confirmation of adherence to the principle of confidentiality for any information disclosed in accordance with this report disclosure policy.

I. Investigations

1 The Director General may ask the internal auditor to investigate all allegations or presumptions of fraud or mismanagement.

2 Upon completion of the investigation, the internal auditor shall submit a confidential report to the Director General with recommendations for further action which may result in initiating disciplinary procedures.

3 The internal auditor shall ensure that final disciplinary decisions are enforced and that appropriate recovery is made.