

A Handbook for staff

FRAUD AND CORRUPTION AWARENESS



DEPARTMENT OF
**MANAGEMENT STRATEGY,
POLICY AND COMPLIANCE**

.....
**BUSINESS TRANSFORMATION
AND ACCOUNTABILITY DIVISION**

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Preface

Fraud and corruption manifest in all organizations worldwide. The United Nations Secretariat is no exception. Its operations are exposed to these risks globally. In addition to causing monetary losses, fraud and corruption have damaging effects on an organization's reputation, placing at risk its ability to operate effectively and meet its objectives.

The Secretariat takes a zero-tolerance approach to fraud and corruption involving its staff members, other personnel or third parties, and manages its fraud and corruption risks by taking an integrated organization-wide approach. A zero-tolerance approach implies that the Secretariat acts upon all allegations of fraudulent acts involving any individual or entity covered by the regulations, rules, administrative issuances, policies, procedures and agreements, through appropriate administrative and/or disciplinary measures and/or contractual remedies when wrongdoing is established. In addition, certain matters involving credible allegations of criminal wrongdoing are referred to national authorities when appropriate.

The purpose of the present Fraud and Corruption Awareness Handbook is to present United Nations staff with insights about fraud and corruption in the Secretariat, how they can occur, how they can be detected, and the systems of internal controls that the Organization has in place to mitigate and address fraudulent acts. The Handbook includes examples of potential indicators of fraud that might suggest the presence of potential wrongdoing. Specific case studies of how fraud has manifested itself in the Secretariat are also featured in the Handbook.

Preventing and fighting fraud and corruption requires action by all United Nations staff at every level to secure the highest standard of integrity, in line with the Charter of the United Nations, the Staff Regulations and Rules of the United Nations, the Financial Regulations and Rules of the United Nations and other guiding documents. In the light of the world's ever-increasing, complex challenges and the corresponding increase in the Organization's resource requirements, the diversion of its resources through fraudulent means can have devastating consequences on those who need them the most. This Handbook serves as a hands-on guide for staff at all levels on the prevention, detection and response to fraudulent acts, which may at times even take the form of a criminal offense.

I.

Key terms and their definitions



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Fraudulent acts. In accordance with the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, the term “**fraudulent acts**” is intended to include both “**fraud**”¹, which encompasses any act or omission whereby an individual or entity knowingly misrepresents or conceals a material fact in order to obtain an undue benefit or advantage for himself, herself, itself or a third party, or to cause another to act to his or her detriment, and “**corruption**”, which encompasses any act or omission that misuses official authority or that seeks to influence the misuse of official authority in order to obtain an undue benefit for oneself or a third party.

“Fraudulent acts” in the Secretariat are considered to be “misconduct”.

Examples of fraudulent acts may include, but are not limited to, the following acts, which are listed for illustrative purposes:

- a. Submitting falsified documentation;
- b. Improperly creating and using a document that purportedly authorizes a staff member or a third party to remove property belonging to the Organization;
- c. Misrepresenting educational qualifications;
- d. Making material omissions or false inclusions in the job-specific and/or personal information for job applications;
- e. Knowingly submitting an education grant, a medical, travel, or other entitlement claim and documentation containing false information;
- f. Knowingly including false information in movement-related documentation submitted to the Organization;
- g. Declaring private telecommunications charges to be official;
- h. Improperly assisting a person external to the Organization to secure United Nations employment in exchange for money or other favours;
- i. Improperly assisting a vendor in a procurement process;
- j. Manipulating a procurement or recruitment process to ensure a certain outcome;
- k. Misusing United Nations resources to benefit oneself or a third party (inappropriate use of vehicles, information and communications technology (ICT) equipment, inventory, etc.);
- l. Soliciting or accepting bribes;
- m. Revealing internal confidential information in order to obtain a benefit for oneself or a third party;
- n. Participating in the recruitment process of a family member or a person with respect to whom one has an undisclosed conflict of interest;
- o. Participating in a procurement and/or contract management process involving a person or entity with whom or with which one has an undisclosed conflict of interest;
- p. Manipulating administrative processes to disburse payments to benefit oneself or a third party, such as by creating fake contracts, fake third-party beneficiaries or ghost employees;
- q. Improperly altering the labelling on the salary envelopes of individual contractors and removing cash from the envelopes, all without authorization;
- r. Taking the property of the Secretariat without authorization.

¹The High-Level Committee on Management worked on a single agreed definition of fraud across the United Nations system and adopted the following common definition of fraud for the United Nations system in 2017: “Any act or omission whereby an individual or entity knowingly misrepresents or conceals a fact (a) in order to obtain an undue benefit or advantage or avoid an obligation for himself, herself, itself or a third party, and/or (b) in such a way as to cause an individual or entity to act, or fail to act, to his, her or its detriment” ([CEB/2017/3](#), para. 98 (b)).

Misconduct. In accordance with staff rule 10.1 (a), failure by a staff member to comply with his or her obligations under the Charter of the United Nations, the Staff Regulations and Rules or other relevant administrative issuances or to observe the standards of conduct expected of an international civil servant may amount to misconduct and may lead to the institution of a disciplinary process and the imposition of disciplinary measures for misconduct.

Presumptive fraud. In 2017, the High-level Committee on Management adopted the common definition of presumptive fraud for the United Nations system as allegations that have been deemed to warrant an investigation and, if substantiated, would establish the existence of fraud resulting in the loss of resources to the Organization.²

Investigation. According to the administrative instruction on unsatisfactory conduct, investigations and the disciplinary process ([ST/AI/2017/1](#)), the term is defined as a process of gathering information to establish facts in order to allow for a determination as to whether a staff member engaged in suspected unsatisfactory conduct.

Investigating entity. According to the same administrative instruction, the term is defined as an organizational entity, such as an office, section or unit, whose mandate includes carrying out investigations in the Organization, in any other organization that is a member of the United Nations System Chief Executives Board for Coordination (CEB) or in any other international organization, and, where the context permits, any investigative panel appointed by the responsible official.

Responsible official. According to the same administrative instruction, the term is defined as:

- a. The Secretary-General, for reported



unsatisfactory conduct on the part of an Assistant Secretary-General or Under-Secretary-General;

- b. The head of mission, for staff members serving in a peacekeeping mission or special political mission;
- c. The respective Registrar, for staff members of the International Residual Mechanism for Criminal Tribunals;
- d. The Under-Secretary-General for Internal Oversight Services, for staff members of the Office of Internal Oversight Services (OIOS);
- e. The head of department or office of the subject staff member, for any other staff members.

²[CEB/2017/3](#), para. 98 (c).

Staff members.³ The term refers to all the staff members of the Secretariat, within the meaning of Article 97 of the Charter of the United Nations, whose employment and contractual relationship are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter.⁴

Other United Nations Secretariat personnel. Other United Nations Secretariat personnel include officials other than Secretariat officials and experts on mission, individual contractors, consultants, interns, gratis personnel, participants in advisory meetings, “when actually employed” personnel and United Nations Volunteers.

Partnership. The concept of partnership was considered in the General Assembly resolution [60/215](#), in which the Assembly stressed that partnerships are voluntary and collaborative relationships between various parties, both public and non-public, in which all participants agree to work together to achieve a common purpose or undertake a specific task and as mutually agreed, to share risks and responsibilities, resources and benefits.

Implementing partner. In the context of the General Assembly resolution [60/215](#), the Secretariat considers implementing partnership as an arrangement through which the United Nations has entrusted the implementation of programme activities specified in a formal agreement, along with the assumption of responsibility and accountability for the effective use of the United Nations resources and the delivery of results as set forth in an agreement.

³ As per Staff Regulations and Rules of the United Nations, scope and purpose ([ST/SGB/2018/1/Rev.2](#)).

⁴ This category does not include United Nations military experts on mission, including military observers, military advisers and military liaison officers; United Nations police officers; members of formed police units; government-provided personnel; and contingent personnel. Information related to these categories of non-United Nations personnel is included in annex III to the information circular on the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat ([ST/IC/2016/25](#)).



II.

Introduction



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1. Fraud risk assessments are an essential component of an effective policy for addressing fraud. They assist in systematically identifying where and how fraud may occur, so that adequate controls to mitigate fraud-related risks may be put in place.

2. In 2016, the Secretariat issued the first Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, consolidating all existing regulations, rules, instructions, and procedures to prevent, detect and respond to fraud ([ST/IC/2016/25](#)).

3. Subsequently, the Secretariat conducted its first fraud and corruption risk assessment in 2017 to identify the most critical at-risk areas and to develop appropriate and proportionate mitigation measures to strengthen the Organization's preparedness and response. Following the completion of the assessment, and in accordance with the Board of Auditors' recommendations

([A/73/5 \(Vol. 1\)](#), para. 260), the corporate risk register was updated to include the fraud and corruption risk register to ensure synergies in the risk mitigation strategies.

4. The present Handbook has been developed as one of the responses to the critical fraud and corruption risks identified in the corporate risk register. The expected outcome of the Handbook is to increase awareness about how fraud and corruption can manifest in the various processes and functions of the Secretariat and to contribute to the consistent and transparent application of the United Nations zero-tolerance approach to fraud and corruption in the Organization.

5. The Handbook includes case studies reflecting some of the most common types of fraud and corruption found in the Secretariat, as well as indicators that might alert managers and staff of the possible occurrence of fraud and corruption. It contains the main protocols and procedures that the Secretariat has in place to prevent, detect and respond to fraud and corruption, including investigations and sanctions. The concluding section of the Handbook contains a proposed way forward in the fight against fraud and corruption in the Secretariat.

6. The Handbook – together with the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat ([ST/IC/2016/25](#)), which helps staff, other personnel and third parties to understand how the Organization addresses fraud and encourages staff at all levels to participate actively in protecting the Organization's resources and reputation – is the cornerstone of an effective anti-fraud and anti-corruption programme. It should be known to all stakeholders of the Organization that any level of fraud or corruption in or against the Secretariat will not be tolerated, and every attempt will be made to deter, prevent and act forcefully against fraud and corruption.



III.

Overview of the extent of fraud and corruption in the Organization in relation to its financial management



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III.A. What ensures that the risks of fraud and presumptive fraud in the administration of the United Nations financial resources are sufficiently mitigated?

III.B. How are the Organization's resources managed?

III.C. General indicators of fraud and corruption

FRAUD AND PRESUMPTIVE FRAUD

	Fraud		Presumptive Fraud			Total (millions of United States dollars) ⁵	
	Number of cases	Estimated amount (millions of United States dollars)	Number of cases	Estimated amount (\$ millions)	Estimated total	Total expenditure	Percentage of total expenditure
2020	20	0.18	91	32.29	32.47	6 773.0	0.48
2019	13	0.26	134	6.08	6.34	6 646.4	0.10
2018			32 ⁶	2.90	2.90	6 267.3	0.05
2017			51 ⁷	42.27	42.27	5 788.8	0.73

⁵ Secretariat data from the reports of the Board of Auditors ([A/73/5 \(Vol. I\)](#), [A/74/5 \(Vol. I\)](#), [A/75/5 \(Vol. I\)](#) and [A/76/5 \(Vol. I\)](#)).

⁶ The total number of cases includes both fraud and presumptive fraud cases.

⁷ Ibid.

7. As established in the annex to the Financial Regulations and Rules of the United Nations,⁸ the reports of the Board of Auditors should refer to cases of fraud and presumptive fraud reported to it by the Secretariat. To illustrate, the above table provides the cases of fraud and presumptive fraud in the Secretariat during the past four years as included in the Board's reports covering the regular budget and other funds spent during the calendar year from 1 January to 31 December.

8. The above table shows that the estimated amount of fraud as a percentage of the total estimated expenditures in each calendar year⁹ was relatively low. During the period 2017–2020, the highest financial loss due to fraud and presumptive fraud was \$42.27 million reported in 2017. This represents **0.73 per cent** of the total expenditures of regular budget and related funds (\$5,778.87 million) for the year.¹⁰

⁸ [ST/SGB/2013/4](#), annex, para. 6.

⁹ The estimates are made in reference only to the regular budget and other funds spent during the calendar year (from 1 January to 31 December).

¹⁰ This is estimated in relation to the resources financed with the United Nations programme budget and voluntary contributions for the years included in the table. It is important to note that the United Nations has three types of budgets: the programme budget, the peacekeeping budgets and the international tribunals' budget. The figures related to the latter two types of budgets are not included here.

9. For comparative purposes, it must be noted that the estimated losses due to fraud as a percentage of revenue for a typical organization are estimated to be 5 per cent per year, as reported by the Association of Certified Fraud Examiners.¹¹

10. The relatively low level of fraud detected in the United Nations Secretariat is indicative of a system of internal controls that is functioning well. Nevertheless, the possibility of fraud and presumptive fraud going undetected or underreported may not be ruled out, and measures need to be taken to mitigate these risks.

III.A. What ensures that the risks of fraud and presumptive fraud in the administration of the United Nations financial resources are sufficiently mitigated?

11. The system of internal controls¹² of the Secretariat plays an important role in preventing fraud and corruption. This system is represented by the various mechanisms the Secretariat has in place to provide reasonable assurance that the Organization's objectives are being achieved through an efficient use of resources and that its activities are pursued in compliance with the established regulatory and policy framework. This system also includes mechanisms and processes to protect staff members from abuse in the performance of their work.

12. The system of internal controls is made up of three main components¹³:

- a. Regulations, rules and policies refer to the set of instruments that govern the core managerial functions of the Secretariat, as well as its internal processes and procedures. The most noteworthy among them are:
 - i. Financial Regulations and Rules of the United Nations ([ST/SGB/2013/4](#) and [ST/SGB/2013/4/Amend.1](#));

- ii. Staff Regulations and Rules of the United Nations ([ST/SGB/2018/1/Rev.2](#)); and

- iii. Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation ([ST/SGB/2018/3](#)). Manuals, guidelines and standard operating procedures are used to complement the regulations, rules and policies.

- b. Critical organizational management principles refer to the organizational management principles that provide the modalities for action to be undertaken in specific aspects of administration, including the system of segregation of duties ([paragraph 18](#)) and the role of the Conduct and Discipline Service ([paragraphs 123 - 128](#)).
- c. Compliance and learning mechanisms refer to the tools and activities that ensure the continuous monitoring and analysis of the Secretariat's performance and its effective management processes.

¹¹ Association of Certified Fraud Examiners, Report to the Nations: 2020 Global Study on Occupational Fraud and Abuse, 11th ed. (Austin, Texas, United States, 2020).

¹² For a detailed description of the System of Internal Controls, refer to United Nations, Department of Management Strategy, Policy and Compliance, "[Handbook: the accountability system of the United Nations Secretariat](#)" (November 2021).

¹³ In addition to these three main components, there are also Secretary-General Bulletins (ST/SGBs) that may be promulgated in connection with any other important decision of policy decided by the Secretary-General including any proposed exception(s) to the provisions of the Financial Regulations and Rules. The Secretariat also has the Administrative Instructions (ST/AIs) that prescribe directives and procedures for the implementation of the Financial Regulations and Rules, the Staff Regulations and Rules or the Secretary-General's bulletins.

13. The Secretariat also adheres to the internal control framework established by the Committee of Sponsoring Organizations of the Treadway Commission, through two sets of documents that are interrelated and should be considered in conjunction with one another and which are available on the Knowledge Gateway and on the [Community of Practice of the Business Transformation and Accountability Division on SharePoint](#)¹⁴:

- The entity-level controls document that provides an overview of the [Committee of Sponsoring Organizations of the Treadway Commission framework](#)¹⁵ and its adaptation to the Secretariat internal control system.
- The risk control matrices, which document process-level controls and the associated risk corresponding to 11 functional areas.¹⁶ The matrices provide details of risks and existing internal controls to mitigate those risks and are complemented by a set of process flow charts.

14. The end result of the application of the framework are the statements of internal controls issued annually as stand-alone statements of the Secretary-General and are published in all six official languages of the United Nations at reform.un.org.

III.B. How are the Organization's resources managed?

15. The Financial Regulations and Rules of the United Nations play a critical role in the administration of United Nations resources. The Financial Regulations are approved by the General Assembly as broad legislative directives for financial management in the Organization. Based on these directives, the Financial Rules, are promulgated by the Secretary-General. Together, the Financial Regulations and Rules govern all the financial management activities of the United Nations.

16. All United Nations staff are obligated to comply with the Financial Regulations and Rules (Rule 101.2) and the related administrative instructions issued. Staff members who contravene these Regulations and Rules, or the corresponding administrative instructions, may be held personally accountable and financially liable for their actions.

17. The Financial Regulations and Rules are applicable to all resources of the Organization irrespective of funding source. They establish critical accountability mechanisms and business processes to ensure the stewardship of resources, some of which are highlighted as follows:

- The United Nations can only receive and deposit its financial resources in an official bank account in accordance with the procedures established by the Secretary-General (or the official(s) with delegated authority) and must issue official receipts. Officials, other than those designated by the Secretary-General, receiving resources intended for the United Nations, must promptly inform an official who is authorized to issue an official receipt.
- Only the Secretary-General (or the official(s) with delegated authority) may designate the banks in which the funds of the United Nations are kept, establish official bank accounts required for the transaction of United Nations business, and designate those officials to whom signatory authority is delegated for the operation of those accounts. Once funds are deposited in official bank accounts, their administration is subject to the regulations, rules and policies of the Organization.

¹⁴ Link accessible to users with access to the United Nations SharePoint.

¹⁵ Ibid.

¹⁶ Accounts payable and travel; accounts receivable; budget management; cost recovery; financial accounting; global asset management; human resources; implementing partners; procurement; treasury; voluntary contributions.

- All disbursements (and/or payments) from the United Nations are subjected to a rigorous system of segregation of duties and they shall be made only by electronic funds transfer, by wire transfer or by cheque unless an exception is authorized by the Secretary-General (or the official(s) with delegated authority). These disbursements (and/or payments) shall be recorded in the accounts as at the date on which they are made, and bank reconciliations shall be made on a monthly basis with the information submitted by the banks unless an exception is authorized by the Secretary-General (or the official(s) with delegated authority).
- The approving officers, prior to making payments, must ensure that the payments are in fact due. The officers also verify that the payments are in order and have been certified by a duly designated certifying officer. They must confirm that necessary goods and services have been received in accordance with the contracts, agreements, purchase orders or any other document or instrument which establishes the relevant financial obligation. This process is facilitated by the Umoja automated three-way matching of invoices with corresponding purchase orders and goods receipts and/or service entry sheets.
- Only the Secretary-General (or the official(s) with delegated authority) may make investments of the Organization's resources and shall ensure, including by establishing appropriate guidelines, that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash-flow requirements. In addition, investments must be selected on the basis of achieving the highest reasonable rate of return and must accord with the principles of the United Nations. In line with the system of segregation of duties, all investment transactions, including the withdrawal of invested resources, require the authorization and signature of two officials designated for that

purpose by the Secretary-General (or the official with delegated authority for that purpose).

- The Secretary-General (or the official(s) with delegated authority) maintains a system of internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and the safeguarding of the Organization's resources and assets in accordance with the regulatory framework to meet its objectives. The statement on internal control – an important component of the system – was issued for the first time in 2020 and will continue to be issued on a yearly basis to assist in the provision of that assurance.

18. In addition to the requirements for compliance with the Financial Regulations and Rules and with related administrative issuances and manuals, the system of segregation of duties inherent in these documents contemplates that no United Nations official can take decisions involving the utilization of the Organization's resources on their own. Such decisions are subject to a system of checks and balances that contribute to ensuring the stewardship of resources. The main segregation of duties for staff with responsibilities for managing Organization resources include:

- Certifying and approving functions (rules 105.5 and 105.6)
- Bank signatories (rule 104.5)
- Requisitioning and procurement officers ([United Nations Procurement Manual, chap. 2](#))
- Receiving and inspection functions ([Procurement Manual, various sections](#))
- Committees on contracts (rule 105.13 (b))
- Property survey boards (rule 105.22)
- Award Review Board ([Procurement Manual, chap. 10.2.3](#))

The functioning of these roles is constantly reviewed and monitored by the Secretariat and the oversight bodies to ensure compliance with the system of checks and balances.

19. When these functions are performed using Umoja, the designation of the corresponding roles in the system is made in accordance with the Financial Regulations and Rules and reflected in the Umoja Role Guide and a role matrix. The functioning of these roles is constantly reviewed and monitored by the Secretariat and the oversight bodies to ensure compliance with the system of checks and balances.

20. In addition, there are the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation,

which provide the legislative directives established by the General Assembly governing the planning, programming, monitoring and evaluation of all activities undertaken by the United Nations. The aims of the planning, programming, budgeting, monitoring and evaluation cycle established by the United Nations are to, inter alia, indicate to the Member States the resources needed to design and implement mandated activities, and ensure that those resources are utilized according to legislative intent and in the most effective and efficient manner.

21. Furthermore, the United Nations policy framework for International Public Sector Accounting Standards (IPSAS) delineates the accounting standards and policies used in the United Nations to produce IPSAS-compliant financial statements and to support the realization of the benefits associated with these standards. The adoption of IPSAS has led to improved stewardship of the Organization's assets and recognition of liabilities and provides better support for results-based management and credible financial reporting.



WHAT ROLE DO THE OVERSIGHT BODIES PLAY?

22. The oversight bodies independently assess the adequacy and effectiveness of the system of internal control in the Organization, the efficient utilization of its resources, and staff members' adherence to professional and ethical standards and to the Organization's regulations, rules and policies. The role of the oversight functions is elaborated further in paragraphs [119 to 122](#) below.

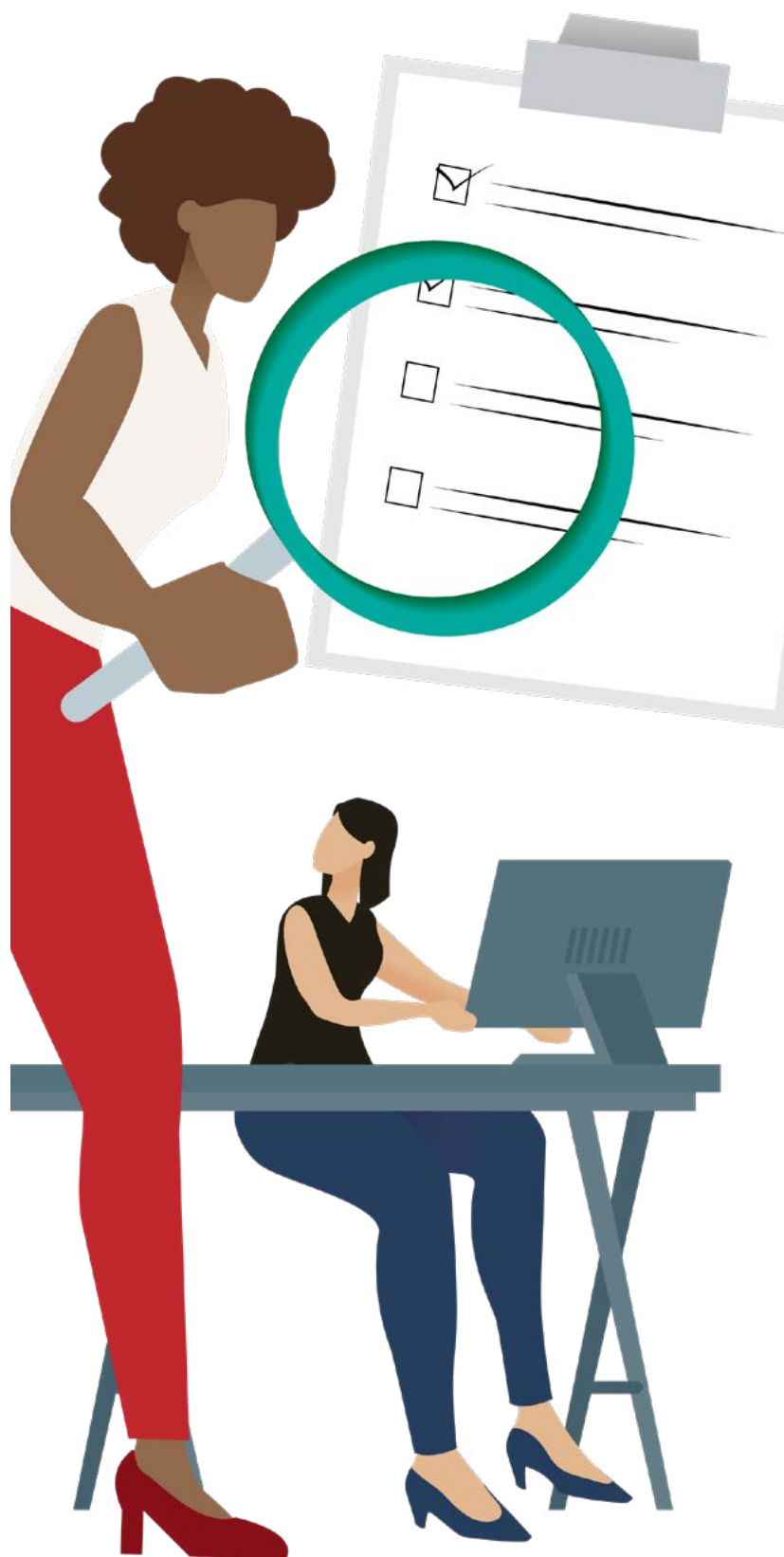
III.C. General indicators of fraud and corruption

23. General indicators of fraud and corruption refer to signs pointing to possible irregularities that may have been caused by fraudulent activities or attempts to conceal fraudulent schemes, although they might just as well be attributed to human error or incompetence. Nevertheless, when such indicators are identified, closer scrutiny is needed, and it is the responsibility of staff members to bring those to management's attention to determine their causes and, if required, to inform the oversight bodies for further review and analysis. These are some of the first steps that help in detecting fraud and corruption.

24. It is worth noting that some of these indicators are not specific to any area of operation, process or transaction of the Organization; rather, they can be observed in any part or function of the Organization. We call them "general indicators" to distinguish them from the more specific indicators, attributable to specific areas of operation, process or transaction of the Organization, examples of which are provided in [section IV](#) of this handbook.

25. Some of the commonly observed general indicators of the possible presence of fraud and corruption are set out as follows:

- a. **Key employee not taking leave.** Staff not taking any leave for a long time may be an indication of fraudulent activities. Often, this behaviour is



exhibited owing to fear that inappropriate activity may be uncovered during the period of leave. Managers can also display an unwillingness to share or delegate authorities for the same reason.

- b. **Close personal relationship with vendors or partners.** This might potentially indicate a conflict of interest or joint scheme (collusion).
- c. **Missing and/or manipulated electronic and hard copy documents.** Missing documents, photocopies instead of original documents, lost or destroyed documents, poor-quality or illegible documents, suspicious alterations and obliterations of documents, missing signatures or approvals, and inconsistent and incomplete records are potential indicators of manipulated records.
- d. **High turnover rate.** A high turnover rate of both operational staff members and senior managers may indicate irregularities.
- e. **High standard of living.** The standard of living and lifestyle of employees not commensurate with their income point to undisclosed sources of income.
- f. **Constant complaints about pay or grade or lack of promotion.** An individual may use this as a rationalization to commit fraud.
- g. **Excessive pressure to perform under constraints within the Organization.** The need to reach unrealistic goals or targets can drive individuals to commit fraud.
- h. **Absence of audit trails.** This includes a lack of audit trails to verify and track transactions, a lack of records for tracing various types of financial data to their sources, and evidence of modification and deletion of log files and other similar suspicious activities.
- i. **Control avoidance.** Staff members apply techniques to circumvent or avoid internal controls or to make them ineffective.

General indicators of fraud and corruption refer to signs pointing to possible irregularities that may have been caused by fraudulent activities or attempts to conceal fraudulent schemes, although they might just as well be attributed to human error or incompetence.

- j. **Unusual use of off-hours access.** Staff members with off-hours access use United Nations printers and copiers for large-scale copying services that they may have set up as a side job.

26. General indicators that might be specific to the field include the following:

- a. **Weaknesses in the monitoring processes during a mission's drawdown and liquidation.** This might lead to swapping goods/equipment shipped to other missions, or United Nations affiliated personnel with expiring contracts fleeing with United Nations vehicles.
- b. **Unusual increase in communications expenses.** Satellite telephones may be lost without being reported lost or may be used for non-official purposes by United Nations and non-staff personnel before the service can be suspended.
- c. **Sudden asset loss.** Documents may show stolen assets as having been placed at a site of a major incident, such as fire, flooding, etc. right before the incident, so that they need not be accounted for.
- d. **Overconsumption of services during the final days of operations.** The monitoring of some services, such as car repair and maintenance, construction and repair services, cleaning services, etc. might be difficult during this period, leading to unaccounted losses.

IV.

Areas most vulnerable to fraud and corruption



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IV.A. Fraud and corruption in the management of human resources

IV.B. Fraud And Corruption In Procurement

IV.C. Fraud and corruption in property management

IV.D. Fraud and corruption involving implementing partners

IV.E. Fraud and corruption in cybersecurity



27. The most recent Secretariat-wide risk register, approved by the Management Committee in July 2020, identified the most critical fraud and corruption risks that might affect the functioning of the Organization. Those risks are prevalent in the following areas:

- Human resources
- Procurement
- Property management
- Implementing partners
- Cybersecurity

28. Regulatory frameworks exist in each of these areas to assist in minimizing the occurrence of fraud and corruption. The following paragraphs outline these regulatory frameworks and list some specific indicators that might point to the possibility of fraud and corruption. The Section also includes case studies showing instances of fraudulent acts that have occurred in these areas of the Organization, despite the regulatory frameworks in place.

IV.A. Fraud and corruption in the management of human resources

WHAT REGULATORY FRAMEWORK SAFEGUARDS HUMAN RESOURCES IN THE SECRETARIAT?

29. The United Nations core values are embodied in Article 101, paragraph 3, of the Charter, in which it is stated that the paramount consideration in the employment of the staff and in the determination of the conditions of service must be the necessity of securing the highest standards of efficiency, competence and integrity.

30. The Staff Regulations and Rules ([ST/SGB/2018/1/Rev.2](#)) provide the overall framework for the administration of United Nations human resources. The General Assembly provides the staff regulations which set out the broad principles of human resources policy for the staffing and administration of the Secretariat. Within these principles, the Secretary-General provides the staff rules to ensure the appropriate administration of entitlements, benefits,

allowances and other important personnel matters established therein. The Secretariat also has related Administrative Instructions (ST/AIs) that prescribe directives and procedures for implementing the Staff Regulations and Rules.

31. Regarding ethical value and standards of conduct, article I of the Staff Regulations and chapter I of the Staff Rules, both entitled “Duties, obligations and privileges”, set out the basic values expected of international civil servants (see staff regulation 1.2 and staff rule 1.2).

32. Staff regulation 10.1 (a) provides that the Secretary-General may impose disciplinary measures on staff members who engage in misconduct.

33. Staff rule 10.1 (a) provides that the failure by a staff member to comply with his or her obligations under the Charter of the United Nations, the Staff Regulations and Staff Rules or other relevant administrative issuances or to observe the standards of conduct expected of an international civil servant may amount to misconduct and may lead to the institution of a disciplinary process and the imposition of disciplinary measures for misconduct.

34. Staff rule 10.1 (c) provides that the decision to launch an investigation into allegations of misconduct, to institute a disciplinary process and to impose a disciplinary measure shall be within the discretionary authority of the Secretary-General or officials with delegated authority. Within those parameters, the Secretary-General has broad discretion in determining what constitutes misconduct and in imposing disciplinary measures.

35. Examples of conduct for which disciplinary measures may be imposed are listed in administrative instruction [ST/AI/2017/1](#), section 3.5. In addition, a compendium of summaries from 30 June 2009 to 31 December 2020 is available on the human resources

portal (see <https://hr.un.org/page/compendium-disciplinary-measures>). It includes a summary of all cases of misconduct, with sections on fraud, misrepresentation and false certification; unauthorized outside activities and conflict of interest; and procurement irregularities.

36. Provisions relating to the status, rights and duties of staff members and to disciplinary matters can also be found in the online version of the [Human Resources Handbook](#) under the categories “Duties, obligations and privileges” and “Administration of justice and disciplinary matters”.

37. Transparency and fairness in the selection and administration of United Nations personnel are of paramount importance with regard to creating an organizational culture that mitigates the risks of wrongdoing. Ensuring good stewardship of resources dedicated to this area is also essential, as personnel costs represent a sizeable proportion of United Nations expenditures. The application and enforcement of the following administrative and policy issuances supplement the Staff Regulations and Rules in the Secretariat’s human resources management:

- Administrative instruction on staff selection and the managed mobility system ([ST/AI/2016/1](#)) and ([ST/AI/2016/1/Amend.1](#))
- Administrative instruction on the staff selection system ([ST/AI/2010/3/Rev.1](#))
- Administrative instruction on consultants and individual contractors ([ST/AI/2013/4](#))
- [Human Resources Handbook](#)
- [The Applicant’s Manual: Manual for the Applicant on the Staff Selection System \(Inspira\) - Version 3.0 \(United Nations, 2012\)](#)

38. In addition, the Secretary-General's bulletins on the following topics are important for governing recruitment processes in the United Nations:

- Senior Review Group ([ST/SGB/2016/10/Rev.1](#))
- Global Central Review Board ([ST/SGB/2016/4/Rev.1](#))
- Senior Review Board ([ST/SGB/2016/3/Rev.1](#))
- Placement of staff members serving in the Executive Office of the Secretary-General ([ST/SGB/2016/8](#))

39. The above-mentioned review groups and boards are established by the Secretary-General in accordance with staff rule 4.15 to review and provide advice on recommendations for the selection and managed mobility of senior managers and staff at all levels.¹⁷ Some of them embed the system of segregation of duties in the recruitment processes with a view to ensuring that no United Nations official can unilaterally take decisions involving the selection of United Nations personnel, and that such decisions are vetted to ensure their conformity with established policies and processes.

40. The risk mitigation measures in the management of human resources rely on strict compliance with the regulatory framework and the continuous monitoring of such compliance done by the Organization and also through the independent assessments performed by the oversight bodies.

41. Nevertheless, when incidents of fraud are detected in the management of human resources, the Organization takes appropriate actions (disciplinary or administrative) and intervenes promptly to address cases of alleged misconduct by staff members (i.e. contravention of United Nations regulations, rules and administrative issuances) based on the results of an investigation process as established in administrative instruction [ST/AI/2017/1](#)¹⁸ (refer to [sect. VI.B.1](#) below).



¹⁷ Members of the review bodies apply to positions of a duration of one year or longer in the Professional category, with the appointments of candidates who have passed a competitive examination.

¹⁸ This administrative instruction applies to all staff members and to staff members on secondment or loan with the Secretariat from a releasing organization applying the United Nations common system of salaries and allowances, subject to the provisions of the Inter-Organization Agreement concerning Transfer, Secondment or Loan of Staff among the Organizations Applying the United Nations Common System of Salaries and Allowances.

WHAT ARE THE POTENTIAL INDICATORS OF FRAUD IN HUMAN RESOURCES MANAGEMENT?

IV.A.1 Improper or corrupt recruitment processes

POTENTIAL INDICATORS OF FRAUD

- Inadequate procedures for hiring and managing and/or determining fee levels for consultants and individual contractors
- Conflict of interest between the personnel involved in the recruitment process and the candidate
- Third-party individuals pretending to be the candidate in tests or interviews
- Job applicants not assessed according to the prescribed procedures
- Gender parity and geographical representation not adequately considered by hiring managers during the selection process
- High volumes of successful candidates who have some previous professional or personal connection to personnel involved in the recruitment process
- Inappropriate composition of assessment panels
- Candidates providing model answers on written tests
- Candidates performing highly in written tests but not demonstrating similar skills in interviews
- Missing electronic and hard-copy records pertaining to the recruitment process

IV.A.2. Falsification or forgery of educational and professional credentials¹⁹

POTENTIAL INDICATORS OF FRAUD

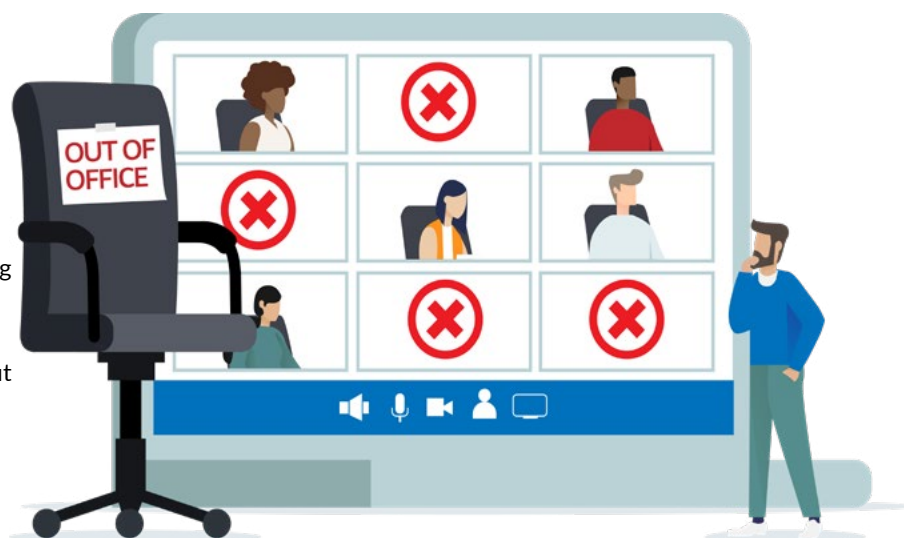
- Inadequate reference checks of candidates prior to hiring
- Knowledge or skills (including language ability) in interviews not consistent with those presented in job-specific/personal information sections of job applications
- Advanced qualifications or work experience listed without any evidence of basic prerequisite qualifications or experience
- Conflicts in dates provided for educational and employment history
- Delays in candidate providing copies of qualifications, or low-quality copies provided
- Job performance shows that successful candidate does not have core skills required for the qualifications listed

¹⁹ Credentials refer to college degrees, apprenticeships, certifications or licenses that demonstrate to the Organizations that an applicant has the knowledge, skills and/or experience to perform a function.

IV.A.3. Falsification of time and attendance and of leave

POTENTIAL INDICATORS OF FRAUD

- Excessive or questionable overtime²⁰ reported
- Inaccurately reported absences in Umoja²¹
- Inaccurate record of flexible working arrangements
- Repeated absences from the offices without approval
- Persistent late delivery of work
- Difficulties contacting remote workers during working hours
- No medical certificate or fraudulent medical certificate provided for certified sick leave²²
- Suspicious medical certificates to justify sick leave, for example missing signatures, identical signatures across multiple providers, inconsistent or unusual diagnosed medical condition, no contact details for provider and/or inconsistent dates
- Medical certificates issued by a physician who has family ties with the staff member
- Combining and applying for different kinds of leave (sick leave and annual leave) to justify long absences
- Information (obtained from social media or witnesses) that personnel on sick leave have been engaging in leisure or outside activities



²⁰ Overtime/time differential refers to payments made to eligible staff for any hours worked exceeding their required working hours, and to staff who are required to work at night regularly, respectively.

²¹ Staff members have to comply with the normal number of working hours during a week for each duty station, not exceeding the number of official holidays and annual leave that is accrued by staff. According to the administrative instruction on normal working hours at Headquarters ([ST/AI/2019/2](#)), the normal working week in New York is five days of eight and one half hours during the main part of the regular session of the General Assembly, and eight hours at all other times, with a break of one hour for lunch. Except for staff on authorized absences or sick leave, all staff must be present during a "core period" from 10 a.m. to 4 p.m., the lunch hour beginning not earlier than 11.30 a.m. and ending not later than 3 p.m. The remaining regular hours of work may be scheduled at any time before, after, or partly before and partly after, the core period.

²² Sick leave refers to the requirements and conditions that must be complied with and/or filled by staff members who are unable to perform their duties by reason of illness or injury or whose attendance at work is prevented by public health requirements.

CASE STUDY NO. 1

Inaccurately recording leave days

The protection and promotion of staff safety and health require actions to prevent exposure to occupational risk factors, and the United Nations considers annual leave – paid time off work for every staff member – integral to staff well-being, productivity and high performance.

Annual leave in the United Nations is governed by article I of the [Staff Regulations and Rules](#), on duties, obligations and privileges, specifically regulation 5.1 and rule 5.1, with its administration further detailed in administrative instructions [ST/AI/2005/1](#) and [ST/AI/1999/13](#) on the recording of attendance and leave.

All annual leave requests must be submitted in the Umoja employee self-service portal prior to the commencement of the leave and should be approved in the system by the relevant supervisor(s).

OIOS received a report of a staff member who failed to accurately record leave days, resulting in undue payments for leave and danger pay. OIOS found that a minimum of 25 official working days of absence from the mission had not been deducted from the staff member's annual leave balance and that the staff member had failed to record 65 calendar days of absence from the mission, resulting in an undue payment of \$3,419. The findings of OIOS were referred to the Office of Human Resources. The amounts that the staff member unduly received from the Organization have been recovered from the staff member, and the Under-Secretary-General for Management Strategy, Policy and Compliance concluded that the staff member had failed to submit leave requests for his absences and had submitted time statements that contained false information about his absences. These actions violated staff regulations 1.2 (b) and 1.2 (f). There were mitigating factors present in the case, including that the staff member faced technical issues with the roll-out of Umoja, and the facts of the case did not prohibit a characterization of carelessness in registering absences in Umoja. The Under-Secretary-General decided to impose the disciplinary measure of written censure, loss of 10 steps in grade and a one-year deferment of eligibility for consideration for promotion in accordance with staff rules 10.2 (a) (i), 10.2 (a) (ii) and 10.2 (a) (vi).



IV.A.4. Unjustified or falsified claims for benefits and allowances

POTENTIAL INDICATORS OF FRAUD



Education grant

- Lengthy unexplained delays in producing requested documentation for education grant and/or special payment assistance for children with a disability
- Supporting documents provided for education grant that do not appear to be authentic, such as those containing misspellings or other inaccuracies; presence of illegible or photocopied documents of poor quality instead of original documents; and discrepancies in signature/handwriting compared with prior submissions
- Invoices issued by non-accredited schools with names similar to well-known educational institutions



Rental subsidy

- Rental agreements always at or near maximum established allowance while other staff members pay less for comparable housing
- Supporting documents provided for rental subsidy that do not contain relevant information, such as landlord details or rent inclusions, or that are missing signatures or date discrepancies
- Excess amount of rent claimed when compared with local market conditions



Relocation grant

- Suspicious information in respect of entitlements provided by eligible staff (i.e. on spouse occupational earnings, documentary evidence on the marital status of dependent children, etc.)
- Suspicious information or claims supporting entitlement for children with a disability²³
- Frequent use of copies of invoices to request reimbursements instead of original invoices

²³ Payment assistance for children with a disability refers to a special payment that is available to eligible staff who have dependent children with a disability.

CASE STUDY NO. 2

Education grant fraud

In general terms, the education grant in the United Nations is an allowance paid to staff members residing and serving outside their recognized home country and whose dependent children are in full-time attendance at a school, university or similar educational institution. It is payable up to the end of the school year in which the child completes four years of post-secondary studies or attains a first post-secondary degree, whichever comes first, subject to the upper age limit of 25 years (see staff regulation 3.2, staff rule 3.9, appendix B and related administrative issuances).

OIOS received and investigated a report of extensive education grant abuse by a United Nations staff member. The staff member submitted to the Organization 20 claims for payment of education grant that were supported by false documentation and also falsified forms P.45 (Certificate of attendance and costs and receipts for payments) and P.41 (Claim for payment of education grant and related benefits).

The staff member's actions constituted falsification of official records under staff Rule 1.2 (i) and a failure to maintain the highest standards of integrity under staff regulation 1.2 (b). The staff member further used his knowledge gained from his official function as a Human Resources Officer and violated regulation 1.2 (g) and sections 9.1 and 9.2 of the administrative instruction on the education grant and special education grant for children with a disability (ST/AI/2011/4) for failing to ensure the accuracy of the requests for education grants. The fact that the staff member was a Human Resources Officer and that the amount involved was significant and was obtained through multiple incidents of misconduct over several years were also aggravating factors.

The staff member agreed to a sanction of separation with compensation in lieu of notice, but without termination indemnity, and a fine of one month's net base salary in accordance with staff rules 10.2 (a) (v) and 10.2 (a) (viii). Financial recovery of the amount received as reimbursement was also initiated in accordance with rule 10.1 (b) and a portion of the losses was recovered. The matter was referred to the staff member's country of nationality for possible criminal accountability.



CASE STUDY NO. 3

Rental subsidy fraud

The rental subsidy scheme in the United Nations covers situations where staff members are unable to find acceptable housing at or near the average level of rent in relation to their net remuneration. In these cases, they might be eligible to receive a subsidy from the Organization covering a portion of their rental costs during a determined period at the duty station.

The purpose of the subsidy is to facilitate the settlement of new staff members in new duty stations and to encourage mobility within the common system by subsidizing the rental costs of eligible staff members. It is governed by the [Staff Regulations and Rules of the United Nations](#) and by the administrative instruction on rental subsidies and deductions ([ST/AI/2018/3](#)).

It might be that staff members receive subsidies for rent from sources other than the Organization, such as a Member State. If that is the case, staff members must disclose to the Organization all relevant facts, and the rental subsidy scheme must apply only to the portion of the rent paid by the staff member.

OIOS received a report and found that a senior United Nations official at a United Nations office on secondment from a Member State had received subsidized rental rates from the Member State but had failed to inform the Organization. OIOS noted the staff member's lack of cooperation with its investigation into his housing arrangements. OIOS reported its findings to the relevant United Nations office.

The United Nations office responded that the staff member had opted for early retirement and had separated from the Organization. However, considering the OIOS findings, the office decided to refer the case to the Assistant Secretary-General for Human Resources Management for further action.

The Administrative Law Division of the Office of Human Resources added a note to the official status file of the staff member stating that he had resigned during the investigation. The staff member is ineligible for re-employment in any United Nations system entity following his resignation, pending the completion of a disciplinary process.



IV.A.5. Falsified claims for medical or dental insurance

POTENTIAL INDICATORS OF FRAUD

- Inconsistency between medical history and treatment records
- Prescriptions or treatments not consistent with drugs and/or diagnosis
- Suspicious and inconsistent documentation (related to diagnosis, medical services and procedures, and provider and/or location of service) of medical claims²⁴
- Invoices that do not contain the health-care provider's business registration details, such as license number, contact details, address, etc.
- Unusually high bill for a treatment or service
- Waiver of deductibles and/or co-payments; consistently opting for hospitals that allow direct payment by the patient, instead of accredited hospitals with existing direct billing arrangements with the medical insurance plan administrator
- Late filing of claims, or filing of claims for purported medical expenses incurred years or months prior
- Invoices with handwritten entries
- Claims for admissions to facilities that are inconsistent with Umoja records showing that the staff member was on duty and no sick leave was taken
- Overutilization of medical services

²⁴ Medical claims refer to medical bills submitted to health insurance carriers, billing companies and other insurance providers for services rendered to patients by providers of care.

CASE STUDY NO.4

Falsification of sick leave certificate and submission of false claims for medical reimbursement

In general terms, United Nations staff members who are unable to perform their duties by reason of illness or injury or whose attendance at work is prevented by public health requirements are granted sick leave. The maximum number of sick leave days granted to staff members is determined by the nature and duration of their appointments. When staff members need sick leave in excess of the limits established by the United Nations policies, they are required to submit a medical certificate or medical reports to their supervisors (see staff regulation 6.2, staff rule 6.2 and the administrative instructions on sick leave ([ST/AI/2005/3](#) and [ST/AI/2005/3/Amend.1](#))).

A staff member submitted 42 false medical certificates to obtain approval of 140 days of certified sick leave, and 8 claims for reimbursement of medical expenses that were supported by 16 false invoices, for which the amount of approximately \$36,850 was received. OIOS conducted an investigation and determined that the staff member had committed falsification of official records contrary to staff rule 1.2 (i) and failed to uphold the highest standards of efficiency, competence under staff regulation 1.2 (b). The fact that the staff member had submitted multiple medical claims over a period of several years, which involved the systematic creation of false documents and their submission to the Organization, was considered an aggravating factor.

The staff member was separated with compensation in lieu of notice, but without termination indemnity, and a fine of one month's net base salary was imposed in accordance with staff rules 10.2 (a) (v) and 10.2 (a) (viii). Financial recovery of the amount received as reimbursement was also initiated in accordance with staff rule 10.1 (b). The matter was referred to the authorities of the staff member's home country, upon consultation with the Office of Legal Affairs.

IV.B. Fraud and corruption in procurement

WHAT REGULATORY FRAMEWORK SAFEGUARDS PROCUREMENT IN THE SECRETARIAT?

42. Procurement in the United Nations is defined as all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. It is governed by the Financial Regulations and Rules, which contain the general principles to be given due consideration when performing the procurement functions, such as (a) best value for money, (b) fairness, integrity and transparency, (c) effective international competition and (d) the interest of the United Nations.²⁵

43. According to financial regulation 5.13, tenders for goods and services shall be invited by advertisement, except where the Secretary-General (or the official with delegated authority) deems that, in the interests of the Organization, a departure from this regulation is desirable. Thus, most procurement actions in the United Nations must be subject to a competitive process unless there are reasons that preclude such a process. In line with the financial regulations 5.12 and 5.13, the Secretary-General (or the Official(s) with delegated authority as per [ST/SGB/2019/2](#)) are responsible for the procurement functions of the United Nations, the establishment of all United Nations procurement systems and the designation of the officials responsible for performing these functions on his or her behalf.

44. The methods of solicitation in the United Nations have been established in accordance with these general principles and are defined by financial rule 105.14 as follows:

- Formal methods of solicitation: invitations to bid, requests for proposals and direct solicitation of invited suppliers (as governed by financial rule 105.14).

- Informal methods of solicitation: exceptions to the use of formal methods, including requests for quotations (as governed by financial rule 105.16).

45. Pursuant to the provisions of rule 105.13 (b), review committees on contracts are established at Headquarters and other locations to render written advice on procurement actions beyond specified thresholds to ensure that such actions are in compliance with the Financial Regulations and Rules and the relevant Secretary-General's bulletins and administrative instructions. These review committees play an important internal control function as they are part of the system of segregation of duties that is embedded in the internal control systems of the Organization.

46. In addition to being governed by the Financial Regulations and Rules, the procurement procedures and processes in the Secretariat are guided by the United Nations [Procurement Manual](#), in which it is specified that all procurement transactions must be conducted in a professional manner and in accordance with the highest ethical standards. It is also stipulated in the Procurement Manual that the United Nations staff members who perform any function in the acquisition process should not accept any form of hospitality; gifts; inducements, including bribes; or incentives, such as free or discounted goods and private services.

47. The [Procurement Manual](#) and the Secretary-General's bulletin on financial disclosure and declaration of interest statements ([ST/SGB/2006/6](#)) require all procurement staff whose principal duties involve the procurement of goods and services for the United Nations to file financial disclosure and interest statements annually with the Ethics Office.

²⁵ [ST/SGB/2013/4](#), regulation 5.12.

The financial disclosure requirement also applies to staff in the technical sections participating in the solicitation process by developing the scope of work for the requirements and conducting the technical evaluation and to technical staff managing service contracts during the implementation period. Furthermore, in accordance with the Secretary-General's bulletin on post-employment restrictions ([ST/SGB/2006/15](#)),²⁶ former staff members who have had personal, significant and substantive involvement in procurement activities during the final three years of service with the United Nations are prohibited from seeking or accepting employment or any form of compensation or financial benefit from any contractor or vendor for a period of one year. Former staff members are also prohibited for a period of two years following separation from service from knowingly communicating with, or appearing before, current staff members on behalf of a third party on any matters that were under their official responsibility relating to the procurement process during their final three years of service. In addition, while in service, staff members participating in the procurement process must refrain from soliciting or accepting any promise or offer of future employment from any contractor or vendor that conducts business with the Organization or seeks to do so and with whom such staff members have been personally involved in the procurement process during the previous three years of service with the Organization.

48. To ensure transparency, the Procurement Division, on its [public website](#), publishes the purchase orders and contract awards of the Secretariat entities that result from formal methods of solicitation and have a value of more than \$150,000. If required, vendors are provided with opportunities to obtain additional information on their unsuccessful proposals or bids through a debriefing process. When the process is not found to be satisfactory by the vendors, they may contest the decisions, which are reviewed by the Award Review Board. This is an administrative board of the United Nations that is independent from the procurement function and thus an important component of the system of segregation of duties that renders

independent advice to the Under-Secretary-General for Management Strategy, Policy and Compliance, who is responsible for taking the final decision on these matters and whose reporting line is separate from the Procurement Division.

49. According to the [Procurement Manual](#), if a vendor is involved in prohibited practices, such as fraud, corruption, collusion, coercion, unethical conduct or obstruction, the Vendor Review Committee could recommend that the Under-Secretary-General censure, suspend or remove them from the vendor register.

HOW CAN FRAUD AND CORRUPTION MANIFEST IN PROCUREMENT?

IV.B.1. Collusive agreements

50. Collusive agreements occur when there is a secret combination, conspiracy or concert of action between two or more persons for fraudulent or deceitful purposes. It occurs among rivals to gain market advantage and is one of the most common types of wrongdoing aimed at preventing open competition. Such agreements and other similar practices restrict price competition and violate the principles of financial regulation 5.12. It is important to be aware that in such cases, United Nations or related officials might be receiving undue payments in exchange for steering contracts towards favoured bidders, and other members of the team could be ignoring obvious signs of such transactions occurring or could be reluctant to report such incidents.

51. Collusive agreements can take the form of price-fixing, bid-rigging and market division (or allocation) schemes and can be very difficult to detect. Price-fixing generally involves an agreement among competitors to manipulate prices, while bid-rigging involves an agreement among competitors on which firm will submit the winning bid and can include not only the manipulation of prices but other practices as well to influence the final decision.

²⁶ The Secretary-General's bulletin on post-employment restrictions is currently being revised.



Price-fixing

52. Price-fixing occurs when competitors providing goods and services to the United Nations reach an agreement to raise or maintain the price at which their goods or services are sold.

POTENTIAL INDICATORS OF FRAUD

- Prices of multiple bidders are identical or suddenly become identical and remain so for long periods of time
- Price increases do not appear to be supported by increased costs
- Discounts are eliminated, especially in a market where discounts were historically given
- The proposals or bid forms submitted by different bidders contain the same irregularities, such as identical calculations or spelling errors, or similar handwriting similar stationery, which may indicate that the designated low bidder may have prepared all or part of the losing bidder's offer
- Bid or price documents contain white-outs or other physical alterations indicating last-minute price changes
- A company submits a bid when it is incapable of successfully performing the contract (likely a complementary bid)



Bid-rigging

53. Bid-rigging is used by conspiring competitors to effectively increase prices in situations in which purchasers acquire goods or services by soliciting competing bids. Competitors agree in advance who will submit the winning bid on a contract undergoing a competitive bidding process. As with price-fixing, bid-rigging can result from the collusion of only a handful of bidders, including “ghost” or “phantom” vendors (fictitious vendors represented by a Post Office box number and nothing else); it does not require the participation of all bidders.

POTENTIAL INDICATORS OF FRAUD

- The same group of vendors submits bids on multiple contracts, and each vendor seems to take a turn as the successful bidder
- Some bids are much higher than published price lists, previous bids by the same firms, or cost estimates
- A company appears to be bidding substantially higher on some bids than on other bids, with no apparent cost differences to account for the disparity
- Bid prices drop whenever a new or infrequent bidder submits a bid
- A successful bidder subcontracts work to competitors that submitted unsuccessful bids for the same project
- A company withdraws its successful bid and subsequently is subcontracted by the new winning contractor
- Schedules are split between bidders (e.g. one bidder is lowest for schedule 1, the other for schedule 2, or one bidder submitted a quote for schedule 1 only, and the other bidder for schedule 2 only, etc.)
- Bank guarantees submitted by different bidders are issued by the same bank and have almost-identical reference numbers (e.g. A-123 and A-124)
- Details regarding the ownership and management of several bidders show that they have the same key personnel, such as directors, partners, owners, etc.”



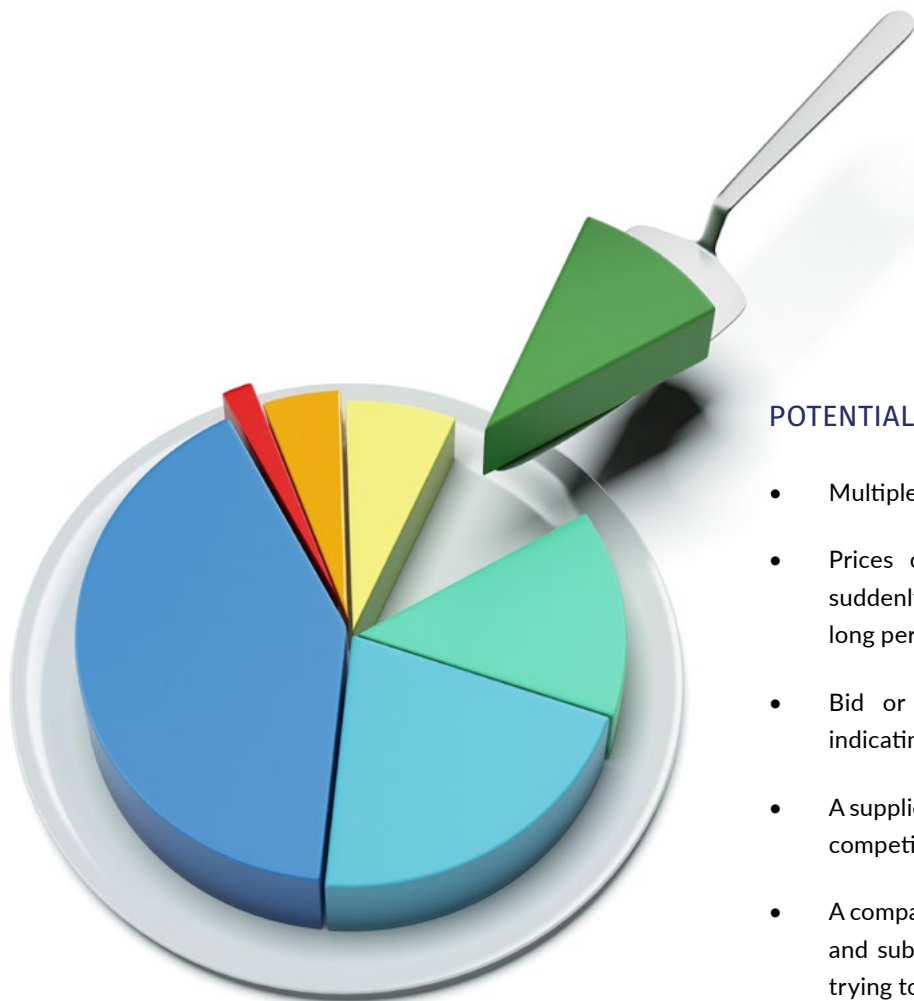
CASE STUDY NO. 5

Procurement fraud: bid-rigging

The United Nations procures goods and services to carry out its activities at Headquarters, offices away from Headquarters, peacekeeping and special political missions, and other offices. Procurement activities are governed by the [Financial Regulations and Rules](#) and the Procurement Manual. Financial regulation 5.12 requires the following general principles to be given due consideration: (a) best value for money, (b) fairness, integrity and transparency, (c) effective international competition and (d) the interest of the United Nations.

In an investigation of air charter contracts, the OIOS Procurement Task Force substantiated reports that certain agents and representatives had attempted to defraud the Organization through the submission of fraudulent bids, purportedly on behalf of a registered vendor, in an effort to obtain 10 valuable aviation contracts from several peacekeeping missions.

Although the scheme had been perpetuated over a significant time period, the Organization did not suffer any financial loss, as the conspirators had not been successful. Nevertheless, the execution of the scheme had placed the Organization at risk of monetary loss. OIOS recommended referrals for criminal prosecution and appropriate action against the air charter company, its agents and its representatives, preventing them from engaging in any future procurement exercises. It also recommended the introduction of new policies and procedures to protect the Organization against similar instances of corrupt conduct.



Market division (or allocation) schemes

54. Market division schemes are agreements whereby competitors divide markets among themselves. In such schemes, competing firms allocate specific customers or types of customers, products or territories among themselves. For example, one supplier can sell to or bid on contracts from certain customers or types of customers. In return, that supplier will not sell to or bid on contracts from customers allocated to the other competing suppliers. In other schemes, suppliers agree to sell only to customers in certain geographical areas and refuse to sell to, or quote intentionally high prices to, customers in geographical areas dominated by other competing suppliers.

POTENTIAL INDICATORS OF FRAUD

- Multiple contracts below the threshold
- Prices of multiple bidders are identical or suddenly become identical and remain so for long periods of time
- Bid or price documents contain evidence indicating last-minute price changes
- A supplier requests a bid package for itself and a competitor or submits bids for both
- A company brings multiple bids to a bid opening and submits its bid only after determining (or trying to determine) who else is bidding
- A bidder or supplier makes:
 - A reference to industry-wide or association price schedules
 - Any statement indicating advance (non-public) knowledge of competitors' pricing
 - Statements to the effect that a particular customer or contract "belongs" to a certain vendor
 - Statements that a bid was a "courtesy", "complementary", "token" or "cover" bid
 - Any statement indicating that vendors have discussed or reached an understanding about prices among themselves

IV.B.2. Bribery, kickbacks and conflict of interest

55. **Bribery** is the offering, giving, receiving or soliciting of anything of value to influence action as an official or in the discharge of legal or public duty. An example of bribery is a contractor paying a contracting officer in exchange for being awarded a lucrative contract. The payment does not have to be in the form of money; it can also take the form of goods or services, including those given to someone designated by the contracting officer.

56. **Kickbacks** refer to any money, fee, commission, credit, gift, gratuity, item of value or compensation of any kind that is provided, directly or indirectly, to any prime contractor, subcontractor, or employee of either, to improperly obtain or reward favourable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract. In short, a kickback is the exchange of something of value for preferential treatment.

57. **Conflict of interest** occurs when a staff member's private interests, such as outside relationships or financial assets, interfere or appear to interfere with the interests of the Organization, making it difficult for the staff member to fulfil United Nations duties impartially. Professional decisions must be based solely on the Organization's needs, and staff have a duty to avoid even an appearance of a conflict between their personal interests and those of the United Nations. Staff are expected to arrange their private affairs so that they can ensure that their loyalty is to the Organization first.

POTENTIAL INDICATORS OF FRAUD (BRIBERY, KICKBACKS AND CONFLICT OF INTEREST)

- Overly friendly relationship between United Nations staff responsible for preparing the technical specifications for a bidding process, procurement officials and/or supervisors of a contract with potential suppliers



- Socializing with suppliers and contractors outside of the work environment
- United Nations staff members living beyond their means (elaborate vacations and expensive vehicles)
- Specifications may be designed to favour a bidder for proprietary goods
- Employment of family members by suppliers and contractors
- Unexplained increases in business with one supplier/contractor or subcontractor
- Many change orders
- Indications of unreported poor performance on the part of the contractor
- Tailoring statements of work and specifications to fit the products or capabilities of a single supplier/contractor
- United Nations personnel or their families acquiring stocks or a financial interest related to the business of a supplier, contractor or subcontractor
- United Nations personnel discussing possible employment opportunities, for themselves or a family member, with a contractor or subcontractor
- Disqualifying the bids or proposals of qualified contractors without adequate or sound reasons

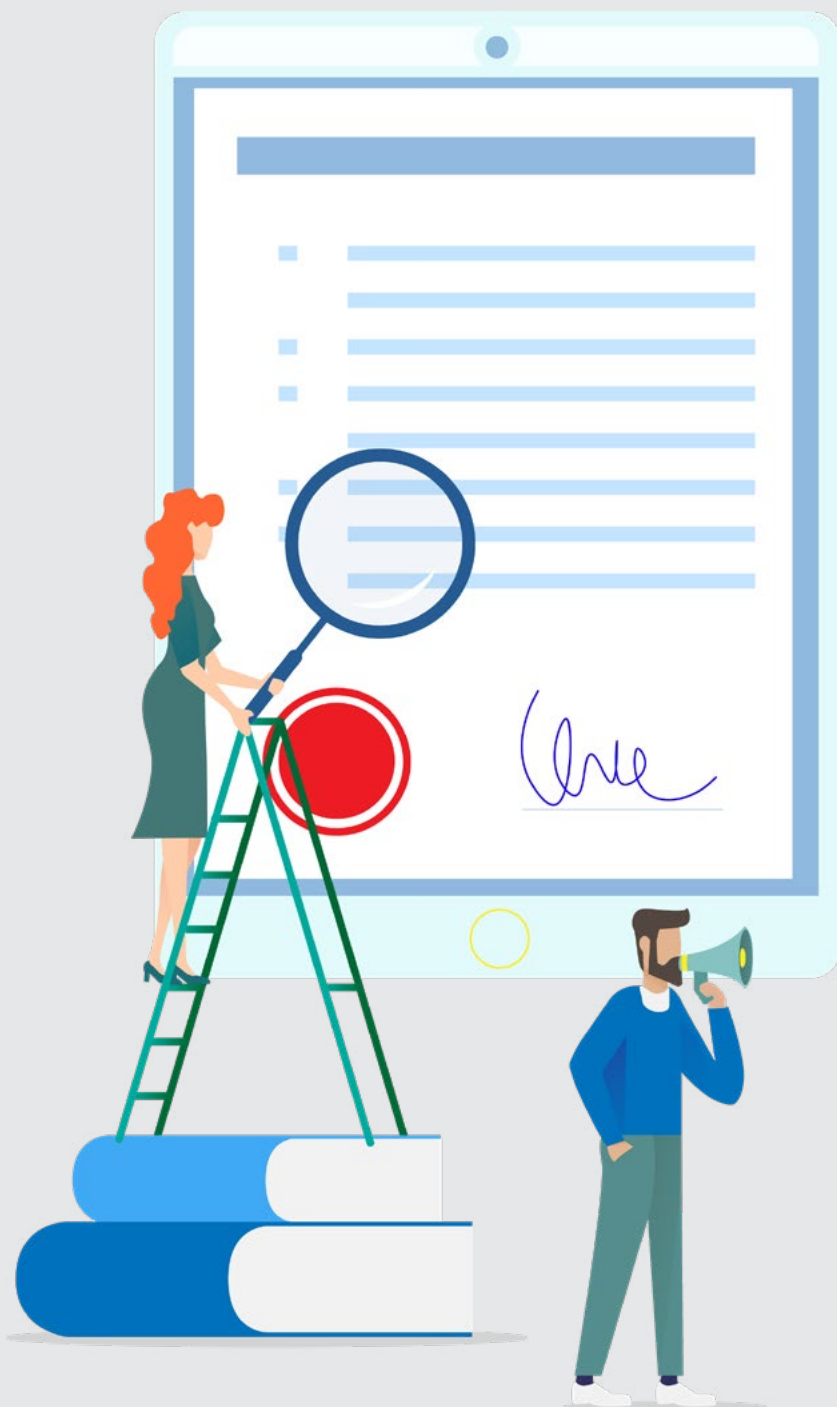
CASE STUDY NO. 6

Unauthorized activities and conflict of interest

The [Staff Regulations and Rules](#) embody the fundamental conditions of service and the basic rights, duties and obligations of the Secretariat; it is the obligation of every staff member to respect them.

According to staff regulation 1.2 (m), a conflict of interest occurs when, by act or omission, a staff member's personal interests interfere with the performance of his or her official duties and responsibilities or with the integrity, independence, and impartiality required by the staff member's status as an international civil servant. Regulations 1.2 (o) and 1.2 (p) (i) – (iii) establish that engaging in outside occupation or employment may not be undertaken without the approval of the Secretary-General.

OIOS received a report of unauthorized activities and conflict of interest on the part of staff members and conducted an investigation. It found that a programme manager had misused the knowledge and contacts gained by virtue of his position for personal gain and to further the aims of his private consultancy firm, including by unfairly influencing the awarding of contracts. The staff member regularly utilized his official working hours and entitlements, as well as the Organization's resources, for the benefit of his consultancy firm. In addition, the staff member facilitated the recruitment of a consultant as an independent evaluator for a project that the staff member managed, failing to disclose the conflict of interest presented by the fact that the consultant was also a director of the staff member's consultancy firm. Following its receipt of the OIOS investigation report, the office that employed the staff member referred the case to the Office of Human Resources for disciplinary action. The staff member resigned prior to the conclusion of the cases; consequently, a note was placed in his official status file indicating that he had resigned before a disciplinary process could be completed, which would prevent his re-employment by the Organization.



IV.B.3. Non-performance and breach of contractual obligations

58. **Charging for services not rendered** typically occurs with projects that require a level of expertise or those that do not have a concrete work product. They include construction, engineering, consulting, janitorial or inspection services. Charging for products not used or services not rendered is one of the simplest ways for contractors to steal funds, yet one of the hardest cases to prove. In these schemes, products or services are billed but not used, providing the company with a 100 per cent profit margin on those products or services.

POTENTIAL INDICATORS OF FRAUD

- Costs greatly exceed estimates
- Duplicate billing for the same products or services
- Goods purchased in excess of needs
- Delivery location is not the office or job site
- Requisitioning office cannot explain why a certain amount of materials was required for the job
- Time cards are not signed by the supervisor from the United Nations and/or the contractor employee responsible for doing so
- Contractor's employees bill for more hours than typically worked in a workday

59. **Substitution of inferior products or labour** often occurs when suppliers and/or contractors provide cheaper materials or employees with a lower level of qualification than that specified in the contract without notifying the procurement and/or contracting party and then bill as if they had provided compliant products or services. Both cases are commonly discovered through clients' complaints. For example, roofing work that is performed using inferior products is more prone to problems, such as leaks, cracks, failures, etc. Similarly, work that is performed by

unqualified employees may result in errors or take unreasonably longer than expected.

POTENTIAL INDICATORS OF FRAUD

- Country of origin not shown or removed
- Supplier and/or contractor attempts to limit or avoid inspection of goods or services
- Supplier refuses to provide documentation regarding the manufacture, shipment or production of goods
- Supplier attempts to select samples for testing and is resistant to random selection by the receipt and inspection team
- Documentation is incomplete or lacks approval signatures
- Discrepancy between the product's description and actual appearance
- Machines with identification or specification plates removed
- Resubmission of previously rejected goods
- Irregularities in signatures, dates or quantities on delivery documents
- Client complaints related to products or services purchased
- High rate of product failures, rejections or returns
- Higher-than-expected maintenance costs
- Contractor employees' experience on resume does not match position requirements
- Multiple resumes contain similar words, phrases or typos (appearing to be created by the same individual)
- Service delivery greatly exceeds time estimates

60. **Progress payments fraud** relates to payments made by the contracting party to contractors on the basis of percentage of work completed (generally used for construction projects) or on an incurred cost basis. Progress payments fraud occurs when a contractor submits a request for payment with a false certification of work completed or falsified costs, such as direct labour not rendered, or materials not purchased. As progress payments fraud is similar to charging for products not used or services not rendered, the fraud indicators are generally the same.

61. **Formation of a new company to conceal previous violations, debarments or debarred officials** is a type of fraud that occurs when a company with previous violations, debarments or debarred officials creates a new corporate entity to conduct business that those previous violations would have prevented them from conducting. In most cases, the officials, employees and products and/or services sold remain essentially unchanged. In substance, the newly formed company is the same as the original.

IV.C. Fraud and corruption in property management

WHAT REGULATORY FRAMEWORK SAFEGUARDS PROPERTY MANAGEMENT IN THE SECRETARIAT?

62. Property management in the Secretariat involves the processes, systems and resources required to manage the operation, utilization, control, safekeeping, recording, maintenance, disposal and general oversight of the Organization's property throughout its life cycle.

63. Property management is governed by the Financial Regulations and Rules ([ST/SGB/2013/4/AMEND. 1](#)), of which rule 105.20, establishes that the Secretary-General is responsible for the management of the property, plant and equipment, inventories and intangible assets of the United Nations, including all systems governing their receipt, valuation, recording, utilization, safekeeping, maintenance, transfer and disposal, including by sale, and shall designate

the officials responsible for performing property management functions. This authority is delegated to heads of entity by the Secretary-General in his bulletin on the delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules ([ST/SGB/2019/2](#)), which went into effect on 1 January 2019.

64. Financial rule 105.21 establishes that physical verification shall be carried out and records maintained of property, plant and equipment, inventories and intangible assets of the Organization, in accordance with policies established by the Secretary-General; and rule 105.22 establishes the process for determining the actions to be taken in respect of loss, damage, impairment or other discrepancy regarding the property, plant and equipment, inventories and intangible assets of the United Nations. Relevant authorities are also delegated to heads of entity by the Secretary-General in his bulletin on the delegation of authority ([ST/SGB/2019/2](#)).

65. Other important controls in this area are established in the administrative instruction on the management of property ([ST/AI/2015/4](#)), which sets out the authority, responsibility and procedures for the management and control of the property of the United Nations at all offices, departments and locations, including the maintenance of records of property and the verification and disposal of property. This administrative issuance is complemented by relevant standard operating procedures and guidelines.

66. In administrative instruction [ST/AI/2015/4](#), it is stipulated that property of the United Nations is either "tangible property" or "intangible property", as defined below:

- **Tangible property** consists of (a) immovable property, which is a property that takes the form of land and/or any buildings or other structures erected thereon, whether owned by the United Nations or used under a lease or other license, together with any plant, equipment, structures, landscaping or other objects that are permanently affixed to the

land or appurtenant to such land, including easements and other rights associated with such land; and (b) movable property, which is any property that has a physical form and that cannot otherwise be defined as immovable property, whether such property is owned by the United Nations or used under a lease or other license, and includes, without limitation, equipment, machinery, vehicles, communication and information technology equipment, furniture and fittings, and expendable items that are not an integral part of or otherwise affixed to immovable property and that can be used elsewhere if uninstalled from their previous locations.

- **Intangible property**, whether owned by, licensed to or otherwise acquired and used by the United Nations by right, consists of any property that does not have a physical form and commonly consists of intellectual property, such as patents, copyrighted materials, trademarks and other legally protected marks and identifiers.

67. Under staff regulation 1.2 (q), it is stated that staff members are to use the property and assets of the Organization only for official purposes and must exercise reasonable care when utilizing such property and assets.

68. The global property management function carried out by the Global Asset Management Policy Service in the Office of Programme Planning, Finance and Budget plays a crucial role in the establishment of monitoring mechanisms for compliance with the financial and stewardship requirements established by the Organization for the management of property and the institutionalizing of property management policy.

69. Property survey boards also play an important role in property management, as part of the system of internal controls and segregation of duties. These boards advise property management officials on actions related to discrepancies (overages or shortages) in assets and/or inventories; decisions on the degree of negligence contributing to the damage or loss of



United Nations property, and any recommendation to recoup from staff members or other officials such losses or repair costs; and the disposal of surplus, obsolete or unserviceable property.

70. These boards function across all United Nations entities and are established in accordance with the [Financial Regulations and Rules](#) (see rule 105.22) to render written advice in respect of loss, damage, impairment or other discrepancy regarding the property, plant and equipment, inventories and intangible assets of the United Nations. In accordance with rule 105.22 (b), where the advice of the property survey board is required, no final action in respect of property loss, damage, or other discrepancy may be taken before such advice is received. In cases where the official decides not to accept the advice of the property survey board, he or she must record, in writing, the reasons for that decision. Decisions of this nature are monitored by the Organization and assessed by the oversight bodies.

71. With regard to property management, instances of fraud and corruption may pertain to five areas: (a) assets under construction; (b) fuel management; (c) stock and inventory; (d) property sales, disposal and write-offs; and (e) real estate. Although food rations are not a part of United Nations property, instances of fraud and corruption pertaining thereto are also included below as a sixth category in which fraud risks persist.

IV.C.1. Assets under construction

WHAT REGULATORY FRAMEWORK SAFEGUARDS ASSETS UNDER CONSTRUCTION IN THE SECRETARIAT?

72. Assets under construction are property, plant and equipment assets that are constructed, replaced or added by United Nations. These assets are capitalized if they are directly identifiable exclusively to the construction of the particular assets or group of assets and meet the required thresholds established under IPSAS.²⁷ In these circumstances, the policies that refer to property management in the United Nations will apply.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING ASSETS UNDER CONSTRUCTION?

POTENTIAL INDICATORS OF FRAUD

- Inability to account for equipment furnished by the United Nations when works are finished, and the contract is terminated
- Construction work receipts are certified without inspection
- When compared with physical inventory reviews, inventory records disclose unusual patterns that cannot be reasonably explained
- Use of inferior materials or falsification of test results to accept inferior and/or counterfeit materials
- Multiple change orders (a common indicator that the work was underbid with the intention of subsequently submitting elaborate change orders to up the price)
- Unjustified scope creep (indicating deliberate attempt to increase costs)
- Intentional delay in the project (indicating an intent to increase costs)
- Falsification of project progress reports to cover up delays
- Unjustified change orders based on an overestimate of requirements, or change orders for products or services that were already included in the base contract
- Improper socialization among architects, engineers and consultants and United Nations officials responsible for the implementation of construction projects
- Untimely and inappropriate closeout of contracts
- Costs charged for a job with no evidence that the job was performed
- Frequent adjusting of journal entries with such descriptions as “charged wrong work order” or “wrong contract number”
- Close relationship with contractors
- “Wheeler-dealer” attitude (some strong-willed project or facilities managers deliberately work outside of control procedures, using an approach that they perceive is in the best interests of the company)

²⁷ [IPSAS Accounting Manual, chap. 8 \(Property, plant and equipment\)](#).

IV.C.2. Fuel management²⁸

WHAT REGULATORY FRAMEWORK SAFEGUARDS FUEL MANAGEMENT IN THE SECRETARIAT?

73. The Guideline on Fuel Management sets out the guidance, best practices and tools for the management of petroleum-, oil- and fuel-related services in the United Nations.

74. Section 9 of the [Guideline on Fuel Management](#)²⁹, on fuel misappropriation and fraud prevention, provides specific guidance on the prevention of fuel misappropriation and the establishment of measures to minimize fuel pilferage and fuel theft caused by the following:

- Manipulation of accounting documents
- Physical theft
- Combination of document manipulation and theft

75. Key mitigating measures for these risks, according to the guidance, are listed below:

- **Awareness.** An awareness about factors influencing and leading to fuel theft assists in both implementing preventative measures and identifying what circumstances may tempt a potential thief to steal fuel. The implementation of electronic fuel management systems provides the tools and information needed for the early detection of fuel fraud involving the manipulation of accounting documents.
- **Checks and monitoring.** Frequent systematic checks and monitoring are some of the methods of deterring individuals from contemplating theft; the knowledge that theft can and will be detected is an effective deterrent. The installation of meters in generators that measure kilowatt-hour to watt (kWh meters) is key to monitoring fuel consumption. For bulk fuel stocks, the primary preventive measures include physical security, controlled access, daily inventory reconciliation and random audit checks. Once the fuel is issued from bulk stocks, the primary preventive measure is to carry out consumption monitoring and random audits and to ensure the correct functioning of odometers and hour meters and/or Kwh meters. Electronic fuel management systems provide the tools and information needed for the monitoring of fuel consumption.
- **Early involvement of security staff.** As soon as circumstances or events do not appear to be correct, it is pertinent to report issues to the security section for an investigation to be initiated in accordance with applicable procedures.



²⁸ It is important to note that the United Nations can consider the following four support concepts for obtaining its fuel: turnkey operation; in-house operation; commercial system; and hybrid operation.

²⁹ Link accessible to users with access to the United Nations SharePoint.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING FUEL MANAGEMENT?

POTENTIAL INDICATORS OF FRAUD

- Unjustified fuel needs assessment without sufficient background analysis, including of historical consumption patterns
- Unexplainable loss of fuel, which can occur in every phase of the supply chain
- Altered and/or manipulated fuel log sheets
- Logs for vehicle mileage and fuel consumption are not maintained or inconsistent with approved vehicle use
- Unusual consumption of fuel for a vehicle, generator or other fuel-powered equipment
- Delivery receipts or invoices do not match fuel usage records
- Manually recorded odometer readings are different from odometer readings automatically generated in the car log security system
- Repeated instances of broken and/or defective odometers or odometers not being repaired in a timely fashion
- Delivery receipts or invoices for a quantity of fuel exceeding the limit that can be stored
- Refuelling of the same vehicle or other equipment multiple times in a single day
- Close personal relationship between turnkey contractors and military or police contingent staff

Awareness about factors influencing and leading to fuel theft assists in both implementing preventative measures and identifying what circumstances may tempt a potential thief to steal fuel.

76. Additional manifestation of fraud and corruption in fuel management, include the following:

- The fuel pump attendant entering an incorrect figure for the amount of fuel delivered in a refueling operation
- Attaching industrial magnets to the air eliminator valve on the fuel tanker, which helps to prevent overcharging by shutting off the meter if it detects air being pumped through the hose instead of oil
- Manipulating the hoses on the fuel tanker trucks to divert some of the oil back into a compartment in the truck, instead of into the United Nations containers and/or generators

IV.C.3. Stock and inventory (including expendable and non-expendable property)

77. Stock and inventory refer to movable property as defined in [section IV.C.](#) and includes equipment, machinery, vehicles, communication and information technology equipment, furniture and fittings, and expendable items that are not an integral part of or otherwise affixed to immovable property and that can be used elsewhere if uninstalled from their previous locations.

WHAT REGULATORY FRAMEWORK SAFEGUARDS STOCK AND INVENTORY IN THE SECRETARIAT?

78. The Manual³⁰ on [Centralized Warehousing Operations in the Field](#)³¹ (Version 2.0) is specifically focused on United Nations-owned equipment. It serves to further specify the processes, procedures and directives that apply to the operations of all central and sector warehouses, and it applies to all personnel that are engaged in these functions.

79. The Manual identifies theft – by staff and third parties – as a critical risk in this area and provides the tips set out below to make warehouses more secure:

- **Limit the number of doors.** The warehouse should have one primary door for entering and leaving and should always be staffed by security personnel. Any other doors should be armed with emergency fire alarm bars.
- **Do not place dumpsters near the doors of warehouses.** Dumpsters provide easy storage for stolen goods, which can be picked up later. Keep the dumpsters as far from the doors as possible. If they must be located near the doors, make sure the dumpsters have locks.
- **Make sure shipping and receiving docks are not located too close together.** If they are too close together, someone can quickly move items from one dock to the other. If the docks must be close together, make sure there are barriers in place separating them.
- **Make sure the employee parking lot is not situated too close to the doors of the warehouse.** An employee can quickly take items to their car if they have easy access to the parking lot. Try to ensure some distance between the parking lot and the warehouse to discourage thieves.



- **Ensure that restrooms and lounges are located on the outside edges of the warehouse.** This way, if a visitor needs to use the restroom, they are not roaming through the interior of the warehouse with access to all goods.
- **Use a variety of security tools to deter people from easy theft.** A complete walk-through by a security expert can help to provide a new perspective on the layout. Video surveillance, alarms and other equipment can be installed in such a way as to make sure that the operation is fully protected and provides peace of mind.

³⁰ It is important to note that the Manual of Centralized Warehousing Operations mainly focuses on centralized warehouse management of field missions as at the time of development it did not include warehouse operations of Headquarters and other non-field entities. During the upcoming review and update of the Centralized Warehousing Operations Manual, the warehouse management of the Headquarters and other entities will be included.

³¹ Link accessible to users with access to the United Nations SharePoint.

80. In addition to ensuring the safety of warehouses, constant monitoring of stock in the warehouses contributes meaningfully to reducing the possibilities of theft and fraud.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING STOCK AND INVENTORY?

POTENTIAL INDICATORS OF FRAUD

- Use of United Nations vehicles for non-official purposes and/or of by unauthorized persons, including spouses and family members
- Inappropriate use of aircraft in a field mission and transportation of passengers who are not related to the mission's mandates (incomplete or inaccurate flight manifests, incomplete flight logs, etc.)
- Unexplained loss of United Nations stock (expendable and non-expendable)
- Irreconcilable differences in inventories
- Inventory records are incomplete, inaccurate or out-of-date
- Stock counts are not documented, and discrepancies are not reconciled
- Spikes in defective and/or damaged goods
- Overstocking and unnecessary purchase of lucrative items and consumables, such as laptops and automobile spare parts
- Warehouse fires right after inventories have been replenished

CASE STUDY NO. 7 MISUSE OF UNITED NATIONS AIRCRAFT

A staff member in a United Nations mission assisted and allowed his girlfriend to travel on a United Nations aircraft by submitting false travel documentation. The staff member made it appear that the purpose of the travel was related to the supply of food to United Nations troops in a peacekeeping operation.

In submitting travel documentation that contained false information, the staff member: failed to uphold the highest standards of integrity in violation of staff regulation 1.2 (b); committed falsification of official records in violation of rule 1.2 (i); and used his office and knowledge gained from his official functions for the private gain of a third party in violation of regulation 1.2 (g). In assisting his girlfriend to travel improperly on a United Nations aircraft, the staff member further failed to ensure that the property and assets of the Organization are used only for official purposes, in violation of regulation 1.2 (q). The staff member's abuse of his position of trust, and his conduct, which compromised the integrity of United Nations flights, were considered aggravating factors. A number of mitigating factors were also assessed in favour of the staff member.

The disciplinary measures of written censure and demotion of one grade with deferment, for one year, of eligibility for consideration for promotion, in accordance with rules 10.2 (a) (i) and 10.2 (a) (vii) were imposed on the staff member.

IV.C.4. Property sales, disposal and write-offs

WHAT REGULATORY FRAMEWORK SAFEGUARDS PROPERTY SALES, DISPOSAL AND WRITE-OFFS IN THE SECRETARIAT?

81. Financial rule 105.23 establishes that all property, plant and equipment, inventories and intangible assets of the United Nations that are declared surplus, unserviceable or obsolete following a recommendation by a property survey board must be disposed of, transferred or sold after competitive bidding, unless the board determines that other modes of disposal or transfer would be appropriate. In addition, according to financial rule 105.24, sales of property, plant and equipment, inventories and intangible assets must be on commercial terms unless as provided by financial rule 105.23. In the case of disposition of the assets, equipment and other property of peacekeeping operations following the liquidation of an operation, financial regulation 5.14 establishes the procedures to be followed. In the case of losses, property is subject to the write-off requirements established in rule 106.7 and to the financial authority established for write-offs in the Delegation of Authority Instrument for Budget and Finance.

82. The process for the write-off and disposal of assets is described in the [Financial Regulations and Rules](#); Secretary-General's bulletin [ST/SGB/2019/2](#), annex III, entitled "Delegation of financial authorities: property management; and administrative instruction [ST/AI/2015/4](#). The [United Nations Procurement Manual \(sect. 13.8 on property disposal\)](#) provides further guidelines, clarifying the steps that must be followed for the disposal of United Nations property. The property survey boards, in view of their independence, play an important advisory role in the write-off and disposal of property, as their advice is required before any final action is taken in respect of property losses,

damages or other discrepancies.³² In cases where the authorized official decides not to accept the advice of the property survey board, he or she must record in writing the reasons for that decision, which can be the subject of internal management reviews or audits by the oversight bodies.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING PROPERTY SALES, DISPOSAL AND WRITE-OFFS?

POTENTIAL INDICATORS OF FRAUD

- High volume and/or unusual purchases around the time of the liquidation of a mission
- Disposal, write-off or liquidation processes do not comply with the prescribed procedures
- Undervalued transactions (assets given away or sold for significantly less than their actual value)
- Disposal of usable property
- Same buyers continue to acquire United Nations property subject to disposal
- Improper relationships between United Nations personnel and a potential bidder
- Questionable scrapping or suspicious proposed sales
- Inventory items in good condition marked for disposal

³² Financial rules 105.21–105.23.

CASE STUDY NO. 8

Improper sale of United Nations vehicles

Financial rule 105.23 establishes how the property of the United Nations that is declared surplus, unserviceable or obsolete is to be disposed of, transferred or sold after competitive bidding, which can be waived only under certain exceptions as indicated in the rule.³³ Embedded in the rules and processes is a system of checks and balances designed to mitigate the risks of wrongdoing (e.g. the property survey boards).³⁴ In addition, the United Nations policy documents referred to in [section IV.C.4](#), include descriptions on how to carry out these processes.

However, sometimes these policies and systems are not enough to prevent wrongdoing, which requires the Organization to apply corrective measures based on other available remedies at its disposal. For example, OIOS received a report that a staff member had been involved in corrupt dealings with regard to the sale of United Nations vehicles and had been involved in a procurement process in which he had improperly favoured a bidder. OIOS conducted an investigation and established that the staff member had failed to disclose a conflict of interest that interfered with his official duties and responsibilities. OIOS reported those findings, through the Department of Operational Support, to the Office of Human Resources. The staff member separated from service for administrative reasons, and a note regarding the unconcluded disciplinary matter was placed in his official status file.

³³ In the case of disposition of assets, equipment and other property of peacekeeping operations, related to the liquidation of a mission, financial regulation 5.14 establishes the procedures to be followed.

³⁴ These roles will be further defined in an administrative instruction.

IV.C.5. Real estate

83. Real estate management, as part of property management, has two core components, set out below:

- Portfolio management: managing the portfolio of real estate infrastructure utilized across the organization.
- Lease (contract) administration: contract and lease management for the portfolio of real estate infrastructure used by the United Nations, involving business processes for leasing real estate space over defined periods of time.

WHAT REGULATORY FRAMEWORK SAFEGUARDS REAL ESTATE IN THE SECRETARIAT?

84. [Chapter 7 of the IPSAS Account Manual](#), on leases, defines a lease as an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time, without legal transfer of ownership to the lessee. Entering into an agreement of this nature in the United Nations is governed by the United Nations Financial Regulations and Rules ([ST/SGB/2013/4](#) and [amend.1](#)), and the process should follow what is established in the [United Nations Procurement Manual](#).

85. Lease (contract) administration is used for the management of leases, and it involves creating, managing, renewing and terminating real estate leases for both owned property and rented premises. It is the process of creating and maintaining leases from initial setup through billing and lease management.

86. In addition, there are lease-out contracts, which are lease agreements whereby the United Nations entity is leasing space (owned or not owned by the United Nations) to another party, such as another United Nations entity, a host Government, a commercial entity, a non-governmental organization (NGO) or another organization. Lease-in contracts are lease agreements whereby the United Nations entity is leasing space from another party.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING REAL ESTATE?

POTENTIAL INDICATORS OF FRAUD

- Lease-out contract conditions do not reflect correct values related to:
 - Space occupied (measurement)
 - Condition types and purpose
 - Terms of contract and included and/or excluded services
- Lease-in (external to the United Nations) contract conditions do not reflect correct values related to:
 - Space occupied (measurement)
 - Condition types and purpose
 - Terms of contract and included and/or excluded services
 - Linking and correlating contracts in procurement and real estate management areas
 - Omitting periodic posting (periodic postings for contract are omitted or not done on time)

IV.C.6. Food rations

WHAT REGULATORY FRAMEWORK SAFEGUARDS FOOD RATIONS IN THE SECRETARIAT?

87. The United Nations provides rations to United Nations contingents and formed police units deployed in the field missions through turnkey performance-based contracts. Under these contracts, the contractor is responsible for establishing and maintaining, among others, a procurement, handling, storage and distribution system, along with a quality management system that fulfils the requirements of the United Nations rations standards, and the key principles of

United Nations rations operations, namely quality and safety, availability, quantity and timely delivery of food rations. Although the provision of these rations is the responsibility of the contractors retained by the United Nations, the inappropriate use of such rations represents a high financial and reputational risk to the Organization.

88. A set of United Nations guidelines on food rations for field missions covers both strategic and tactical food rations supply activities and establishes the relevant roles and responsibilities of those involved in the acquisition, management and utilization of rations services in missions.

89. The contract management function plays a crucial role in monitoring the performance of the contractors and enforcing compliance with all contract clauses. The following six general principles are recommended for an effective contract management function aimed at reducing fraud and corruption:

- **Ensure that contracts are known and understood by all relevant staff**, making sure that they have a detailed management plan.
- **Establish clear expectations about accountability**, roles and responsibilities, including an appropriate governance structure.
- **Adopt a risk-differentiated approach**, focusing on those specific areas where the risks and rewards are the highest.
- **Monitor compliance**, on a permanent basis, with the acceptable performance levels established in the contracts, guiding your decisions on performance data. Notify the supplier promptly in case the performance does not meet the agreed performance standard(s) and request remedial action.
- **Complete the vendor's performance rating form or report** in the contract performance reporting tool and report whether the vendor is performing adequately to the responsible offices at Headquarters.

- **Perform continued and effective quality assurance** through physical inspections and document checks of food received at the food warehouse in the mission and pre-delivery inspections prior to the shipment of rations to the delivery points in troop- and police-contributing countries.

90. Chapter 13 of the [United Nations Procurement Manual](#) includes the key activities required for effective contract management and administration.

91. It is to be noted that once the food rations and/or combat rations packs are received and accepted by the troop- and police-contributing countries, the rations are considered consumed and are entirely the responsibility of the end user. It is therefore crucial to prevent any possible accumulation of extra rations at the delivery points that could potentially lead to its misuse. This accumulation is prevented through meticulous planning and the creation of meal plans by the end users in line with the limits provided in the contract, and related food orders; discipline in following the meal plan to the letter; and collaboration by the troop- and police-contributing countries in sending their periodic food stock balance reports to the rations units. The management strategy for field rations includes the monitoring of available stock from troop-contributing countries to decrease the likelihood of food fraud and misappropriation.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING FOOD RATIONS?

POTENTIAL INDICATORS OF FRAUD

- Suspicious relationship between turnkey contractors and military or police contingent staff
- Unjustified substitution of food ingredients
- Rations that are paid for on a regular basis do not correspond to the size of the contingent
- Excess supply of rations
- Unexplained losses of rations and/or water bottles
- Complaints from the local population about rations sold in the market
- Discrepancies between inspection findings, test results or contract specifications, and the contractor's claims for payment
- Rations fail to meet quality standards
- User complaints about poor-quality rations

92. Food fraud also results from the deliberate tampering with or misrepresentation of food, food ingredients or food packaging, or false or misleading statements made about a product, for economic gain. The continuous and professional quality control by contractors and the United Nations quality assurance actions carried out with regard to food consignments and their accompanying documents are key in preventing and detecting such occurrences.

IV.D. Fraud and corruption involving implementing partners

WHAT POLICIES AND PRINCIPLES SAFEGUARD THE INVOLVEMENT OF THE SECRETARIAT WITH IMPLEMENTING PARTNERS?

93. The Secretariat implements its mandated programme of work mostly through the deployment of its own personnel, approved specifically for these activities. However, on some occasions, the Secretariat entrusts the implementation of programme activities to implementing partners whose work is specified in formal agreements that state the obligation of both parties.

94. Thus, the United Nations may enter into implementing partnership arrangements consistent with its policies based on the principles of fairness, integrity and transparency. These partnership arrangements can be established with implementing partners, namely organizations to which the United Nations entrusts the implementation of programme activities, which are specified in a formal agreement, and which assume responsibility and accountability for the effective use of the Organization's resources and the delivery of results, as set forth in the agreement.

95. Member States need assurances that the resources entrusted to the Organization are being used for the intended purposes and to good effect. To that end, the Secretariat is obliged to provide and demonstrate an adequate level of internal control and oversight over the operation of these entities to guarantee the stewardship of United Nations funds and to ensure that the funds are used solely for the purpose of meeting the Organization's objectives and goals.

96. Accordingly, throughout the implementation of agreed activities by an implementing partner, it is the responsibility of the Organization to manage and oversee the implementing partnership arrangements,

including monitoring the partner's performance to ensure the adequate progress of the project and/or activity, reviewing the proper utilization of resources and the delivery of results, and monitoring financial performance.

97. Qualitative and financial reporting requirements fulfilled by implementing partners provide assurance that activities they carry out are reaching agreed objectives. The monitoring and assurance activities may include spot checks by United Nations staff (or contracted staff), programmatic visits to verify reported results, and independent audits.

98. The United Nations - or its designee - must have the right to monitor, audit, investigate or review all the activities of the implementing partners that are financed by United Nations resources and must have full and unrestricted access to all documentation, premises and implementation sites relating to the project and/or activities implemented under the agreement. This includes activities undertaken by subcontractors appointed by the implementing partner as necessary.

99. It must be noted that for the Secretariat, the life cycle of the implementing partner agreement continues through the closure of the project, which includes the receipt of the final financial and substantive reports, the overall performance assessment of the implementing partner and the project evaluation and/or audit.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING IMPLEMENTING PARTNERS?

POTENTIAL INDICATORS OF FRAUD

- Substandard compliance with contractual terms and/or failure to meet terms
- Supporting documents for expenditures are missing or unavailable for review



- Complaints from beneficiaries about lack of deliveries by the implementing partner
- Failure to report overpayments and credit balances
- Falsified or fabricated supporting documents for expenditures
- Forged documents or signatures
- Multiple bills for the same items or services
- Frequent substandard compliance with contractual terms
- False claims, invoices and/or statements on the implementation of programme activities or of any other nature
- Unreasonable or unexplained delays in providing agreed-to briefings and/or walk-throughs or access to United Nations staff and/or auditors to the project and/or beneficiaries
- Lengthy unexplained delays in producing requested documentation
- Refusal to grant United Nations officials (or their designees) access to project sites

CASE STUDY NO. 9 (A)

Fraud related to funding a local NGO

The General Assembly, in its resolution [60/215](#), stressed that partnerships are voluntary and collaborative relationships between various parties, both public and non-public, in which all participants agree to work together to achieve a common purpose or undertake a specific task and, as mutually agreed, to share risks and responsibilities, resources and benefits. These public and non-public entities – known in the United Nations and in the development and humanitarian community as implementing partners

– have become essential to most United Nations system entities for achieving their development and humanitarian objectives, entrusted to implement United Nations mandated programme activities on behalf of the Organization.

OIOS conducted an investigation into possible fraud related to funding in the amount of \$804,575 provided by a common humanitarian fund to a local NGO. A total of \$428,038 was disbursed to the NGO. Following its investigation, which was initiated in 2013, OIOS established that the NGO had fabricated fraudulent invoices, receipts and other records totaling \$390,467. OIOS issued the investigation report in May 2014. In response to the recommendations of OIOS, the relevant United Nations entity confirmed that the NGO had been suspended and had not received any funding since 2011. The matter was referred to the jurisdiction in which the NGO operated and maintained financial assets.

CASE STUDY NO. 9 (B)

Fraud related to funding an international NGO

OIOS conducted an investigation into possible fraud related to funding in the amount of \$3.6 million, of which \$3.1 million was actually disbursed, provided by a common humanitarian fund to an international NGO to implement seven humanitarian projects between 2010 and 2012. OIOS found that an employee of the NGO had received \$110,000 in kickbacks from a pharmaceutical supplier, was responsible for arranging and falsely accounting for the undersupply of commodities and was engaged in procurement fraud. OIOS issued the investigation report in June 2015. The relevant United Nations entity engaged with the NGO to recover the amounts lost. The matter was referred to a number of jurisdictions in which the NGO operated and/or maintained financial assets and the NGO cooperated with the authorities of a jurisdiction in which proceedings were initiated against it.

IV.E. Fraud and corruption in cybersecurity

100. [The Data Strategy of the Secretary-General for Action by Everyone, Everywhere](#), recognizes that today, data and analytics use cases permeate virtually everything we do, everywhere and that everyone is participating in this data-driven transformation, grounded in United Nations values and human rights. The strategy explains key concepts that can catalyse enablers and capabilities for data action. Technology environments are recognized as one of the strong enablers that empower all users in optimal ways, so that data can be translated into insight and action.

101. The Data Strategy, which supports stronger global digital cooperation, seeks to foster necessary dialogue, collaborative design and the implementation of policies that advance the responsible use of data in alignment with United Nations values and human rights; to strengthen cybersecurity; and to drive digital transformation in order to provide better and more relevant services for people and planet.

WHAT POLICIES AND PRINCIPLES GUIDE THE SECRETARIAT'S USE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY RESOURCES AND DATA?

102. For the purposes of defining appropriate use of information technology and related resources and data, and of ensuring the security and technical integrity of the system, the Secretary-General's bulletin on use of information and communication technology resources and data ([ST/SGB/2004/15](#)) specifies the conditions applicable to the use of ICT resources and ICT data; including prohibited activities; rights in ICT resources; protection of technical integrity and performance of ICT resources; and monitoring and investigation of the use of ICT resources.

103. In addition, for the purposes of ensuring the classification and secure handling of confidential

information entrusted to or originating from the United Nations, the Secretary-General's bulletin on information sensitivity, classification and handling ([ST/SGB/2007/6](#)) establishes the essential principles governing the classification of information, the criteria and process for declassification and the minimal standards to be maintained in the handling of classified information.

104. The [United Nations Knowledge Gateway](#)³⁵ on ICT policies provides guiding documents related to (a) cybersecurity, (b) data and information and (c) data protection. In addition, the "[Information Security](#)"³⁶ page also provides practical guidance on how to spot a phishing message, for example. Combined with technologies deployed by the Organization and established practices, these measures prevent and/or detect the abuse of technology and internal systems.

WHAT ARE THE POTENTIAL FRAUD INDICATORS INVOLVING CYBERSECURITY?

105. While new technologies are transformative and bring about positive changes, they also enable new forms of fraud. Cybersecurity fraud is one of the high-risk areas identified in the Secretariat-wide risk register. Mismanagement of cybersecurity and privacy can bring harm to the Organization.

106. Any individual can become a victim of cyber fraud or an unwitting accessory to such fraud at his/her workplace. A common strategy for a cyberattack is to initially trick an unsuspecting target into disclosing confidential or personal data, which can later be used to commit fraudulent acts such as unauthorized transfer of funds or manipulation of individuals to derive sensitive information.

³⁵ Link accessible to users with access to the United Nations SharePoint.

³⁶ Link accessible to users with access to the United Nations Intranet I-Seek.

107. Malicious actions could target users of information systems and infrastructure through phishing, identity theft (through false login pages, including mimicking of the multi-factor authentication protection used by many United Nations systems), “man in the middle” schemes (see item (111 (g) below), malware, ransomware or other methods.

108. Cyber fraud can also be committed by insiders, who may endanger the entity from within. They may include disgruntled employees and poorly trained personnel or contracted service providers, among others.

109. In addition, the coronavirus disease (COVID-19) pandemic has fundamentally changed business operations (for example, through a shift to remote work) and consumer behaviour (for example, through a shift to online retail transactions). Both those changes have had a significant influence on the Organization’s fraud risk landscape. The pandemic has led to an increased reliance on technology, which has increased the risks of cybercrime and fraud.

110. Most cases of cyber fraud rely on some form of social engineering, such as “pretexting”, in which the victims are manipulated into divulging sensitive and confidential information or providing unauthorized access to internal systems.

111. Common types of cybersecurity fraud include:

- a. Social engineering: a non-technical cyberattack that predominantly relies on human interaction and often involves tricking people into divulging confidential computer credentials or breaking standard security practices;
- b. Phishing: fraudulent emails alleging to be from a reputable source in order to induce individuals to reveal sensitive information;
- c. Malware: malicious software designed to infiltrate or damage a computer system without the owner’s consent. Common forms of malware include computer viruses, worms, trojans, spyware and adware;

- d. Ransomware: a type of malware that denies a user access to a system or to data until a sum of money is paid;
- e. Hackers: individuals or groups who break into networks to cause disruption, harm or chaos;
- f. Masquerading: a type of attack in which the attacker pretends to be an authorized user of a system in order to either gain access to it or to gain privileges above their authorization;
- g. Man-in-the-middle attack: a form of cyber eavesdropping in which malicious actors insert themselves into a conversation between two parties in a compromised system and intercept, filter or steal data;
- h. Internal attack: a type of attack where someone, such as a staff member or a consultant or contractor, within an organization exploits a system in a manner that causes damage such as system downtime or steals or misappropriates organizational data for nefarious purposes.

POTENTIAL INDICATORS OF FRAUD

- Frequent data errors or signs of compromised data
- Frequent emails from unknown senders with attachments or containing messages that instill a sense of urgency or outright fear, with the intention to solicit an immediate response
- Mysterious email content
- Unusual password activity
- Suspicious registry or system file changes
- Anomalies in the privileged user account activities
- Increased attacks specifically targeting remote workers

V.

Preventing and deterring fraud and corruption in the Organization



SUBSECTIONS

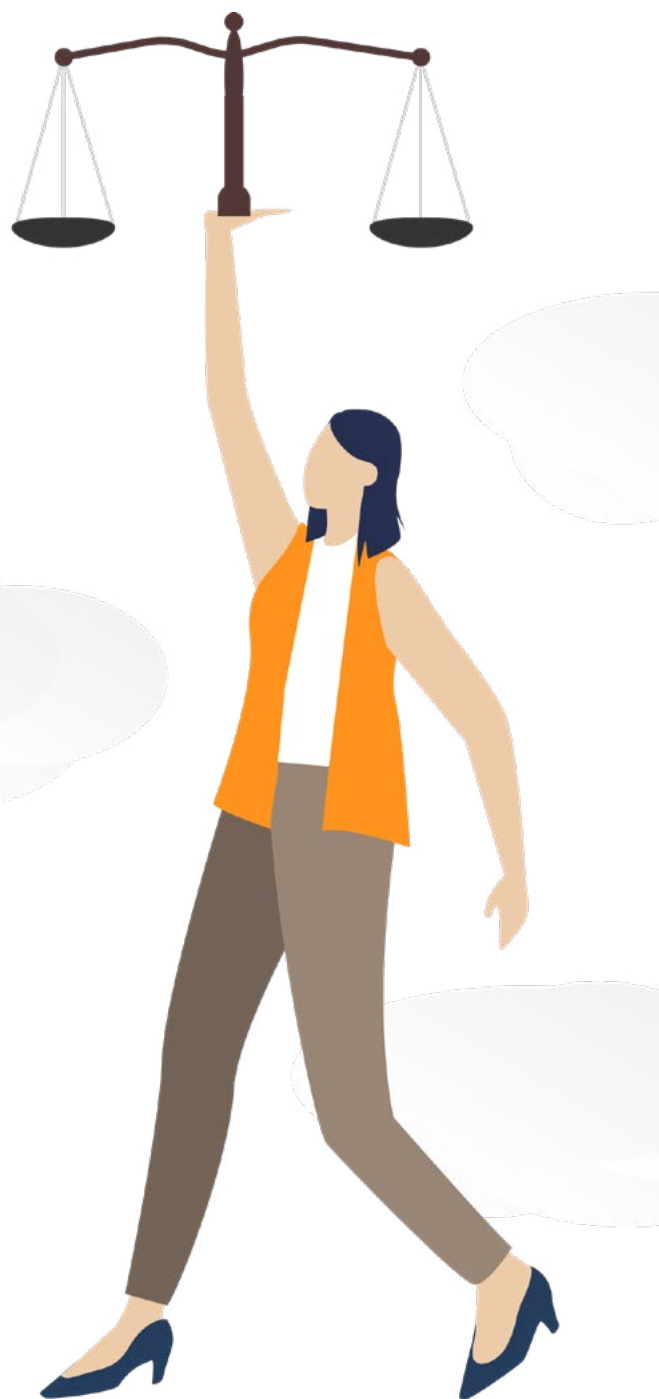
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V.A. Ethics Office

V.B. Oversight functions

V.C. Conduct and Discipline
Service, conduct and discipline
teams and focal points

V.D. Three lines model



112. All staff members of the Secretariat are expected to be familiar with information on the fraud and corruption risks that might affect the Organization, including the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, the internal control systems and the consequences associated with misconduct. All existing and newly appointed staff are mandated to complete training on preventing fraud and corruption at the United Nations and to adhere consistently to the established regulations, rules, policies and procedures of the Organization.

113. Deterrence based on identification of the root causes and enablers of fraud is also critical. A strong ethical culture throughout the Organization, encouraged through words and deeds and a strong tone at the top, is proven to be the most effective deterrence against these types of misconduct. Staff members are expected to be aware of the Organization's standards of conduct and their obligation to report any breach of the Organization's regulations and rules to the officials whose responsibility it is to take appropriate action.

114. Relevant offices and mechanisms that play a significant role in addressing fraud and corruption in the Organization include the following:

V.A. Ethics Office

115. The objective of the Ethics Office is to assist the Secretary-General in ensuring that staff members observe and perform their functions in a manner consistent with the highest standards of integrity, as required by the Charter of the United Nations, and foster a culture of ethics, transparency and accountability. The Office was established in 2006 to secure the highest standards of integrity of staff members in accordance with Article 101, paragraph 3, of the Charter of the United Nations, taking into consideration paragraph 161 of General Assembly resolution [60/1](#) and pursuant to General Assembly resolution [60/248](#). Secretary-General's bulletins [ST/SGB/2005/22](#), [ST/SGB/2007/11](#) and [ST/SGB/2007/11/Amend.1](#), establish the functions of the Ethics Office as follows:

- a. Providing confidential advice and guidance to staff on ethical issues, including administering an ethics helpline;

- b. Administering the Organization's financial disclosure programme;
- c. Administering the Organization's policy on protection against retaliation for the responsibilities assigned to the Ethics Office;
- d. Developing standards, training and education on ethics issues, in coordination with the Office of Human Resources and other offices as appropriate, and conducting ethics-related outreach;
- e. Supporting ethics standard-setting and promoting coherence within the Secretariat and among the Organization's separately administered organs and programmes.

116. In addition, the Ethics Office assists in an advisory capacity on vendor reinstatement matters and other related procurement matters. The Ethics Office also advises Secretariat entities on due diligence matters related to working with the private sector and the Office of the President of the General Assembly.

117. The Ethics Office plays an important role in promoting an ethical organizational culture based on the values outlined in the Charter of the United Nations; the Secretariat's values of inclusion, integrity, humility and humanity; and the values outlined in the Code of Ethics for United Nations Personnel, which include independence, loyalty, impartiality, integrity, accountability and respect for human rights.

118. In addition to the Charter and the Convention on the Privileges and Immunities of the United Nations, the United Nations has adopted various regulations and rules concerning staff conduct, which are reflected in the following documents:

- a. The [Staff Regulations and Rules](#), including the declaration of office set forth in regulation 1.1, which set out the broad principles of human resources policy for the staffing and administration of the Secretariat;

- b. The Financial Regulations and Rules ([ST/SGB/2013/4](#) and [amend.1](#));
- c. The Secretary-General's bulletin on status, basic rights and duties of United Nations staff members ([ST/SGB/2016/9](#));
- d. The Standards of conduct for the international civil service, which are intended as a behavioural and ethical guide and reflect the philosophical underpinnings of the international civil service and inform its conscience;
- e. The financial disclosure programme, which is designed to identify, resolve and mitigate conflict-of-interest risks arising from staff members' personal financial assets, liabilities, investments and outside activities. The adoption of public and corporate governance best practices of transparency and disclosure contributes to public confidence. Financial disclosure is a well-established practice in financial institutions, governments and other public and private sector organizations. The Secretary-General's bulletin on financial disclosure and declaration of interest statements ([ST/SGB/2006/6](#)) contains information regarding those staff members who have the obligation to file either a financial disclosure statement or a declaration of interest statement. It also includes the scope of the two statements;
- f. The Secretary-General's bulletin on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations ([ST/SGB/2017/2/Rev.1](#)), which ensures that the Organization functions in an open, transparent and fair manner and provides protection against retaliation to those who have reported misconduct or who have cooperated with duly authorized audits or investigations;
- g. Specific staff regulations and rules on conflicts of interest. A conflict of interest occurs when our private interests, such as outside relationships

or financial assets, interfere – or appear to interfere – with the interests of the United Nations, making it difficult for us to fulfil United Nations duties impartially. Our professional decisions must be based solely on the needs of the United Nations, and we have a duty to avoid even an appearance of conflict between our personal interests and those of the United Nations (see staff regulation 1.2 (m)). Other relevant staff regulations, rules, and policies on conflicts of interest include the following:

- i. Outside activities: outside employment and external activities, paid or unpaid, may be incompatible with our status as international civil servants, conflict with the best interests of the Organization or interfere with our ability to serve the United Nations. We must avoid activities that can adversely impact the Organization or contravene our status as international civil servants. Prior approval from the Secretary-General is required for United Nations staff members to engage in outside employment and external activities, whether remunerated or not. These include teaching, speaking at or during events, giving statements on broadcast or social media and publishing articles. Staff members do not require prior authorization from the Secretary-General to engage in an outside activity provided that it is a private, unpaid social or charitable activity with no relation to official responsibilities or the Organization; it is compatible with our status as international civil servants; it does not create a conflict of interest or interfere with our ability to serve the United Nations; and it takes place outside of work hours (see staff regulation 1.2 (o) and staff rules 1.2 (s), (t) and (v)). Additional information on the internal procedures to follow in regard to these provisions may be found in the administrative instruction on outside activities ([ST/AI/2000/13](#)) and the information circular on outside activities ([ST/IC/2006/30](#));
- ii. Gifts and awards: Staff members are prohibited from accepting any honours, decorations, favours, remuneration or gifts (“gifts”) from Government sources. However, if the refusal of an unanticipated gift would cause embarrassment, we may accept it on behalf of the Organization and immediately report and entrust it to the Secretary-General. While the receipt of gifts from non-governmental sources may be permitted with the prior approval of the Secretary-General, approval will only be granted in exceptional cases. Accepting gifts from a person or entity doing business with the United Nations or seeking to have any sort of contractual relationship with the United Nations is prohibited (see staff regulation 1.2 (j), (k) and (l) and staff rules 1.2 (k), (l), (m), (n), (o), (p) and (w)). The administrative instruction on reporting, retaining and disposing of honours, decorations, favours, gifts or remuneration from governmental and non-governmental sources ([ST/AI/2010/1](#)) provides further information on the processes to follow. Different provisions apply to staff members involved in the procurement process (for guidance, see section 1.5.2, “Conflict of Interest”, of the [United Nations Procurement Manual](#));
- iii. Post-employment activities and restrictions: Former staff members who have resigned, have been terminated or have retired and participated in the United Nations procurement process may not seek or accept employment with any United Nations contractor or vendor for one year or engage in United Nations lobbying for two years. In-service staff members involved in the procurement process are restricted from soliciting or accepting offers of future employment from any United Nations contractor or vendor. In the event such an offer is received, the staff member is required to report the incident and recuse himself or herself from any other dealing with that

contractor or vendor. See the Secretary-General's bulletin on post-employment restrictions ([ST/SGB/2006/15](#)) for a list of activities that constitute "participating in the procurement process".

V.B. Oversight functions

119. Oversight functions allow for the independent assessment of the adequacy and effectiveness of the internal control systems, the efficient utilization of resources and the Organization's and staff members' adherence to professional and ethical standards. They include:

- The Office of Internal Oversight Services (OIOS). This is an internal and operationally independent oversight body that conducts audits, evaluations, inspections and investigations (resolution [48/218 B](#), Financial Regulations 5.15, ST/SGB/273 and [ST/SGB/2002/7](#)).
- The Board of Auditors. This is an independent, external oversight body that conducts financial, managerial and performance audits and undertakes special assignments at the request of the Advisory Committee on Administrative and Budgetary Questions or the General Assembly (resolutions [74\(I\)](#), [66/232 B](#), Article VII of the UN Financial Regulations and Rules and the Annex to the Financial Regulations and Rules ([ST/SGB/2013/4](#)).
- The Joint Inspection Unit. This is an external oversight body that conducts system-wide evaluations, inspections and investigations (resolution [31/192](#) which also includes the Joint Inspection Unit Statute).
- The Independent Audit Advisory Committee. This is a subsidiary body of the General Assembly whose responsibilities include overseeing the work of OIOS and advising the Assembly on the management of risk and internal control and on financial reporting (resolutions [60/248](#) and [61/275](#)).

120. While external oversight bodies have their independent assigned roles in the Organization, internal oversight is the responsibility of OIOS, which provides independent assurance on the effectiveness of risk management, internal controls and the management processes of the Secretariat. OIOS undertakes management audits, reviews and surveys to improve the Organization's structure and responsiveness to the requirements of programmes and legislative mandates and monitors the effectiveness of the Organization's systems of internal control. In its work, OIOS examines evidence concerning specific processes, procedures, internal controls and compliance issues in the Organization in order to provide an independent assessment of how they are working.

121. General Assembly resolution [48/218 B](#) requires OIOS to submit to the Secretary-General reports that provide insight into the effective utilization and management of resources and the protection of assets. This includes -among others- the Investigations Division of OIOS, which investigate reports of violations of United Nations regulations, rules and pertinent administrative issuances and transmit to the Secretary-General the results of such investigations together with appropriate recommendations to guide the Secretary-General (or the official with delegated authority) in deciding on jurisdictional or disciplinary action to be taken.

122. Overall, the oversight bodies are key partners of United Nations management in combatting fraud and corruption. Their work significantly contributes to the continuous improvement of the Secretariat's internal control systems, including its policies, processes and procedures.

V.C. Conduct and Discipline Service, conduct and discipline teams and focal points

123. The [Conduct and Discipline Service](#) within the Department of Management Strategy, Policy and Compliance at United Nations Headquarters

is an important part of the internal control systems of the Organization. It provides overall direction on compliance regarding conduct and discipline issues and ensures that appropriate action is taken in all cases of failure to comply with the standards of conduct of the Organization.

124. The Service communicates to staff key standards of acceptable and prohibited behaviour, including fraud and other misconduct, and thereby, contributes to fraud awareness.

125. The [Conduct and Discipline Service](#) is the administrator of the Case Management Tracking System, which is a database for recording and tracking all reports of possible misconduct in the United Nations Secretariat, including allegations of fraud. The Case Management Tracking System³⁷ is the data source against which names of candidates for recruitment and deployment are reviewed, to determine whether individuals have any record of prior misconduct while employed by the United Nations Secretariat.

126. In addition, a memorandum dated 4 February 2021 on the prevention of insurance fraud, with guidance and practical tools to address medical and dental fraud, issued by the Under-Secretary-General for Management Strategy, Policy and Compliance, was circulated to all United Nations Secretariat entities.

127. Conduct and discipline teams present in field missions and focal points in other United Nations Secretariat entities play an active role in the field in preventing, detecting and addressing fraud, specifically by conducting training and communication campaigns to raise awareness and coordinating relevant risk management activities.

128. In 2020-2021, focal points on conduct and discipline issues were appointed in all United Nations Secretariat entities. The focal points' appointment and function for conduct and discipline are described in Secretary-General's bulletins [ST/SGB/2019/8](#), paragraph 1.16: "A conduct and

discipline focal point is a staff member designated by a head of entity to provide advice and support on matter relating to conduct and discipline, including those under the present bulletin. A conduct and discipline focal point serves, inter alia, as a contact point for both the affected individual and the alleged offender throughout the handling of formal reports of possible prohibited conduct to provide information on the process and relevant time frames"; and [ST/SGB/2003/13](#), paragraph 4.3: "the Head of Department, Office or Mission shall appoint an official, at a sufficiently high level, to serve as a focal point for receiving reports on cases of sexual exploitation and sexual abuse".

V.D. Three lines model

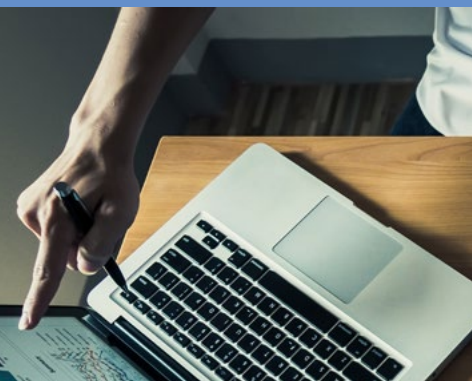
129. The United Nations Secretariat is implementing the "three lines model", defined by the Institute of Internal Auditors to clarify the primary responsibilities embedded in each of the Secretariat's functions and to communicate the roles played by different officials in implementing internal controls and managing the risks they face in the accomplishment of established objectives of the Organization.

130. The first line is most directly aligned with the achievement of organizational results and delivery outputs and/or services to clients and hence is key in preventing and deterring fraud. The second line comprises central management functions and the officials who shoulder the responsibility of being process custodians or stewards who oversee the performance of those functions in the various entities within the Secretariat. The third line includes functions that provide independent assurances, such as those conducted by OIOS.

³⁷ Available at <https://conduct.unmissions.org/data>.

VI.

Reporting and addressing fraud and corruption



SUBSECTIONS

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VI.A. Reporting fraud within the Organization

VI.B. Detecting and addressing fraud within the Organization: Role of investigations

VI.A. Reporting fraud within the Organization

131. Fraudulent acts constitute a violation of the Staff Regulations and Rules and relevant administrative issuances of the United Nations. Under staff rule 1.2 (c), “Staff members have the duty to report any breach of the Organization’s regulations and rules to the officials whose responsibility it is to take appropriate action and to cooperate with duly authorized audits and investigations”³⁸.

132. Mechanisms and channels for reporting fraud, such as whistle-blower hotlines and designated and confidential telephone numbers and emails, are available in the United Nations³⁹. These are the primary tools for uncovering fraudulent activities and provide a strong fraud deterrence for staff and third parties. In addition, in accordance with section 4.3 of [ST/AI/2017/1](#), information about unsatisfactory conduct may be brought to the attention of (a) the responsible official, with a copy to OIOS or (b) OIOS.

133. On receipt of any such information, the responsible official shall forward it to OIOS and should, where possible, acknowledge receipt of such information (if provided anonymously, it also must be brought to the attention of OIOS).

134. As most cases of fraud and corruption are uncovered through whistle-blowers, staff and third parties should be aware of the United Nations policy on protection of whistle-blowers and the policy on protection against retaliation. Along with OIOS and management, the Ethics Office is responsible for administering the policy on protection against retaliation ([ST/SGB/2017/2/Rev.1](#)), which offers enhanced protection for those who reveal wrongdoing.

VI.B. Detecting and addressing fraud within the Organization: Role of investigations

135. Investigations are crucial to detecting fraud within the Organization. The purpose of an investigation is to gather information in order to establish the facts that gave rise to the allegation of unsatisfactory conduct, including fraudulent acts. As stated previously, the United Nations Secretariat takes a zero-tolerance approach to fraud and corruption involving its staff members, other personnel or third parties in relation to their work with the Secretariat. This means that all allegations of fraudulent acts committed by any individual or entity involved in a contractual relationship with the Organization will be vigorously pursued.

³⁸ [ST/SGB/2018/1/Rev.2](#).

³⁹ OIOS link to provide confidential reports of waste, fraud, mismanagement or other wrongdoing in the United Nations. Available at <https://oios.un.org/page?slug=reporting-wrongdoing>.



VI.B.1. Investigations of allegations involving United Nations staff

136. The steps followed in the Secretariat for conducting investigations and disciplinary proceedings are detailed in the administrative instruction on unsatisfactory conduct, investigations and the disciplinary process ([ST/AI/2017/1](#)), relevant extracts from which are referenced below. Section 5 (preliminary assessment of the information about unsatisfactory conduct) contains a discussion of those processes, which include the following:

- OIOS retains the ultimate authority to decide which cases it will consider and shall determine whether the information of unsatisfactory conduct received merits any action, and if so, is better handled by the responsible official or by OIOS. OIOS may at any time decide how a case is better handled by it.
- If OIOS decides to investigate the misconduct, the responsible official will defer to OIOS and cease all involvement in the matter.⁴⁰
- If OIOS determines that the matter is better handled by the responsible official, it shall send the matter back to the responsible official, who shall conduct a preliminary assessment to determine whether an investigation is warranted.

137. Upon conclusion of the preliminary assessment, the responsible official shall decide to either

- a. Initiate an investigation of all or part of the matters raised in the information about unsatisfactory conduct; or
- b. Not initiate an investigation.

138. In cases where the responsible official decides not to initiate an investigation, the responsible official should decide either to close the matter without further action or to:

- a. Take managerial action, without prior consultation with the staff member; and/or
- b. Issue a written or oral reprimand, provided that the staff member has had the prior opportunity to comment in writing on the facts and circumstances, in accordance with staff rule 10.2 (c).

139. The administrative instruction further provides that, if OIOS does not investigate the matter and refers it to the responsible official, the responsible official may appoint an investigative panel.⁴¹

140. The investigation process shall be considered confidential. The requirement for confidentiality applies equally to staff, management and investigators to prevent unauthorized disclosure of private information or information deemed not appropriate for distribution. Confidentiality, in this context, means that information is shared and reported on a need-to-know basis.

141. Pursuant to staff regulation 1.2 (r) and staff rule 1.2 (c), staff members are required to fully cooperate with all duly authorized investigations and to provide any records, documents, information and communications technology equipment or other information under the control of the Organization or under the staff member's control, as requested.⁴²

⁴⁰ [ST/AI/2017/1](#), para. 5.2. The General Assembly in its [resolution 59/287](#) requested the Secretary-General to establish an administrative mechanism for the mandatory reporting by programme managers of allegations of misconduct to the Office of Internal Oversight Services.

⁴¹ [ST/AI/2017/1](#), para. 6.3.

⁴² *Ibid.*, sect. 6.

142. At the end of the investigation, an investigation report shall be prepared. In accordance with paragraphs 6.15 to 6.17 of [ST/AI/2017/1](#), it shall include:

- a. Analysis of the obtained information;
- b. Copies of all supporting documentation (such as records of interviews, written statements, documents, photographs other reproductions of any physical evidence);
- c. Factual findings;
- d. In case of a financial loss finding, the amount of financial loss and its computation;
- e. Section 7 of [ST/AI/2017/1](#) differentiates OIOS and non-OIOS investigation reports and provides instructions on transmittal of investigation reports accordingly. It also specifies the mandatory recipients of investigation reports, based on the outcome.

143. Pursuant to paragraph 8.2 of [ST/AI/2017/1](#), on the basis of the investigation report, supporting information and any additional information obtained, the Assistant Secretary-General for Human Resources shall decide whether to

- a. Initiate a disciplinary process pursuant to staff rule 10.1 (c) by issuing written allegations of misconduct pursuant to section 8.3;
- b. Take managerial actions and/or administrative measures, if the unsatisfactory conduct, in the view of the Assistant Secretary-General for Human Resources, does not rise to the level of misconduct, or refer the matter to the responsible official for possible managerial and/or administrative action; or
- c. Close the matter.

144. The rights and obligations of staff members subject to a disciplinary process are covered in paragraphs 8.3 to 8.7 of [ST/AI/2017/1](#). Among them is the right of the staff member to respond in writing to the allegations of misconduct within one month of the date of receipt of the allegations.

145. Pursuant to paragraph 9.2 of [ST/AI/2017/1](#), on the basis of the investigation report, all supporting documentation, and responses from the subject staff member, the Assistant Secretary-General for Human Resources shall decide whether to

- a. Take no further action and inform the responsible official and the subject staff member accordingly;
- b. No longer pursue the matter as a disciplinary case and determine whether to take administrative measures and/or managerial action or refer the matter to the responsible official for possible managerial and/or administrative action;
- c. Recommend to the Under-Secretary-General for Management Strategy, Policy and Compliance, that the latter:
 - i. Decide that the facts are established to the requisite standard of proof;
 - ii. Impose disciplinary measures provided for in staff rule 10.2 (a);
 - iii. Where relevant, take administrative measures and/or managerial action; and
 - iv. Where relevant, make the determination referred to in section 9.5 (of [ST/AI/2017/1](#)) and decide to recover the financial loss to the Organization, in full or in part.

VI.B.1.A. Actions based on investigations of allegations involving United Nations staff.

146. Under Article X of the Staff Regulations and Rules, rule 10.1 (a) states that “the Secretary-General may impose disciplinary measures on staff members who engage in misconduct”.

147. Rule 101.2 of the [Financial Regulations and Rules](#) provides that all United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions.

148. As established in staff rules 10.2 (a) and (b), possible disciplinary measures against staff members based on the results of the investigation of alleged misconduct range from written censure to dismissal. Other measures may include the financial recovery of losses to the Organization or the referral of credible allegations of criminal wrongdoing to national authorities, when appropriate.

149. In addition, the General Assembly, in its resolution [62/63](#) on criminal accountability of United Nations officials and experts on mission, requested the Secretary-General to bring credible allegations that reveal that a crime may have been committed by United Nations officials and experts on mission to the attention of the States against whose nationals such allegations are made, and to request from those States an indication of the status of their efforts to investigate and, as appropriate, prosecute crimes of a serious nature, as well as the types of appropriate assistance States may wish to receive from the Secretariat for the purposes of such investigations and prosecutions. The Assembly made similar requests in its subsequent

resolutions, most recently in resolutions [70/114](#), [71/134](#), [72/112](#), [73/196](#), [74/181](#) and [75/132](#).⁴³

150. In respect of recovery of financial loss to the Organization, paragraphs 9.5 and 9.6 of [ST/AI/2017/1](#) apply:

- a. In conjunction with a decision to impose a disciplinary measure, the Under-Secretary-General for Management Strategy, Policy and Compliance shall, on the basis of the recommendation of the Assistant Secretary-General for Human Resources, determine whether the actions of the staff member were wilful, reckless or grossly negligent. The Under-Secretary-General may then decide to recover, in part or in full, any financial loss suffered by the Organization pursuant to staff rule 10.1 (b);
- b. If a staff member will separate from service before the conclusion of investigative and/or disciplinary processes, the Under-Secretary-General for Management Strategy, Policy and Compliance, may decide to withhold the estimated financial loss suffered by the Organization from the staff member's final separation entitlements, until the investigation has been concluded and the findings support the imposition of financial recovery pursuant to staff rule 10.1 (b). In cases when the investigative and/or disciplinary processes cannot be finalized owing to the former staff member's lack of cooperation, the Organization has a right to recover the amount of the financial loss.

151. With respect to the disposition of pension benefits in case of a staff member participating in the United Nations Joint Staff Pension Fund, in accordance with article 45 of the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund, in cases where a Pension Fund participant

⁴³ Criminal accountability of United Nations officials and experts on mission (General Assembly resolution [75/132](#) and [A/76/208](#)).

is the subject of a criminal conviction for fraud against his/her employing organization, by a competent national court, the Fund may, at the request of a United Nations member organization, remit to the relevant United Nations member organization a portion of the pension benefit payable to the participant.

VI.B.2. Investigation of allegations involving other Secretariat personnel

152. Other United Nations Secretariat personnel, in particular, officials other than Secretariat officials and experts on mission, consultants and individual contractors, interns and United Nations Volunteers under the applicable rules of the United Nations Development Programme, are governed by the respective applicable administrative issuances.

153. Cases of possible misconduct – including fraudulent acts – involving these categories of personnel should be reported to either the responsible officials or OIOS and should be investigated, as appropriate, in accordance with applicable procedures. It must also be noted that all categories of other

United Nations Secretariat personnel are required to cooperate fully with OIOS or other mandated investigations.

VI.B.3. Third parties (including vendors and implementing partners)

154. The Secretariat recognizes that, generally, to legally bind a third party to comply with certain obligations, such obligations must be included in a contractually binding document between the United Nations and that third party. Specific examples of such documents used in cases of vendors and implementing partners are provided as follows:

VI.B.3.A. Vendors

155. As established in section 1.5.3 of the [United Nations Procurement Manual](#) (“Ethical Behaviour of Vendors”), the United Nations expects all vendors who wish to do business with the Organization to comply with the United Nations Supplier Code of Conduct, which reflects the core values outlined in the Charter of the United Nations and the obligations of vendors in respect to possible conflicts of interest.

156. In addition, vendors have the obligation to comply with the United Nations General Conditions of Contract, which form an integral part of every contract between the United Nations and a vendor, and which contain provisions intended to deter and address fraudulent acts.

157. Although vendors provide a commercial service to the United Nations, they may be subject to some degree of audit or, if warranted, an investigation by OIOS. The purpose of that is not to establish the facts necessary for arbitrating or litigating a contract dispute related to those services, but rather to support internal processes, which may include contract termination and debarment from participating in future procurement exercises should corruption or other proscribed practices be established.



158. Corrupt or other proscribed practices implicating a vendor's employee may also implicate staff members who dealt with the vendor. Accordingly, the investigation may cover vendors and staff members. When a staff member is implicated, the findings may be used to support disciplinary action and/or the vendor's debarment, as well as potential criminal prosecution, civil litigation or commercial arbitration.

159. According to the [Procurement Manual](#), if a vendor is involved in prohibited practices, such as fraud, corruption, collusion, coercion, unethical conduct or obstruction, the Vendor Review Committee could recommend censure, suspension or removal from the vendor register by decision of the Under-Secretary-General of the Department of Management Strategy, Policy and Compliance. The provisions of such sanctions on vendors are laid out in section 3.5 ("Vendor Sanctions") of the Procurement Manual.

160. The Secretary-General's bulletin on post-employment restrictions for staff involved in the procurement process ([ST/SGB/2006/15](#)) stipulates sanctions against United Nations contractors or vendors that hire, compensate or offer employment to former staff members in violation of the bulletin's provisions, including having their registration as a qualified contractor or vendor with the United Nations barred, suspended or terminated in accordance with United Nations procurement policies and procedures. The United Nations Secretariat informs vendors of restrictions on employing staff after their service with the Organization through direct or implied reference to the bulletin's provisions in (a) the United Nations Supplier Code of Conduct, which is signed during vendor registration; (b) the requests for expressions of interest template, which is sent to vendors during solicitation; (c) the general conditions of contract that accompany vendor contracts; and (d) annual declarations of eligibility that require the vendor to declare that its situation has not changed since the previous year.

VI.B.3.B. Implementing Partners

161. In addition to what is contained in section IV.D of this Handbook, the departments and offices of the Secretariat should ensure that an adequate assessment, including a risk assessment, of an implementing partner's capacity and ability to deliver is carried out prior to engaging in a contractual relationship. Regular monitoring of the partner should be extended throughout the partner's engagement, including through assurance activities such as spot checks, field visits and third-party monitoring.

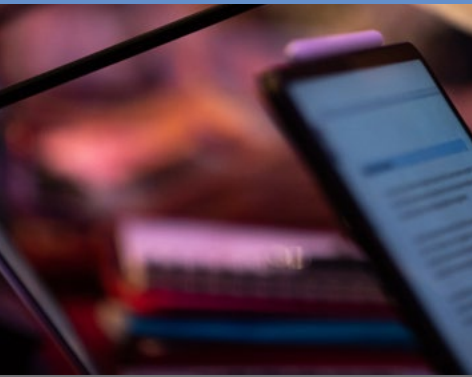
162. Due diligence in engaging an implementing partner could include vetting or conducting a capacity assessment of implementing partners to determine their eligibility to receive funding from the Secretariat entity and to ensure that contractual agreements with implementing partners duly reflect their obligations to comply with applicable rules and regulations concerning matters such as fraud prevention, reporting and full access to supporting documents related to funding. The implementing partners are expected to use resources efficiently and for their intended purpose and to refrain from, prevent and mitigate all possible fraudulent acts. Implementing partners must comply with the terms and conditions of their agreements, which should contain provisions to deter fraud and allow the right to audit and exercise oversight.

163. In cases where implementing partners, including non-governmental organizations, receive United Nations-administered resources, pursuant to agreements with the Organization, for United Nations-financed projects, the United Nations retains the right to conduct an audit and investigation into the use of the financial resources.

164. If the implementing partner is another United Nations agency or a government entity, the agreement to be signed by the participating entities must include a clause that defines how to deal with cases of fraud.

VII.

Reporting cases of fraud and misconduct to the Member States



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165. Paragraphs 5 (e) (ii) and 6 (c) (i) of the annex, entitled “Additional terms of reference governing the audit of the United Nations,” to the [Financial Regulations and Rules](#) entrusts to the Board of Auditors the responsibility of reporting on all cases of fraud or presumptive fraud to the General Assembly.

166. As indicated in paragraph 7 above, cases of fraud and presumptive fraud are reported by the Office of the Controller to the Board of Auditors, twice a year, in March for volume I entities (covering the regular budget and other funds), and in September for volume II entities (peacekeeping operations), following the procedures established for those purposes.

167. OIOS submits annual reports to the General Assembly on its activities in peacekeeping and programme areas funded by the regular budget, with references to specific investigations of possible misconduct, including fraudulent acts.

168. In addition, in accordance with General Assembly resolution [62/63](#) on criminal accountability of United Nations officials and experts on mission, and

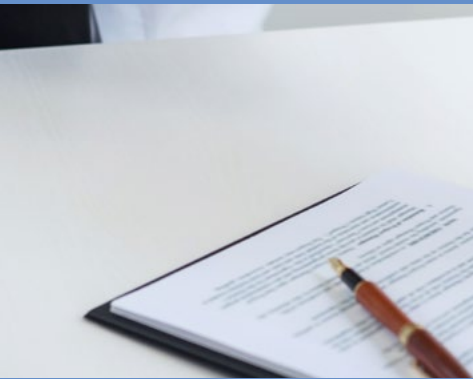
subsequent resolutions on the same topic, the Secretary-General reports to the Assembly on an annual basis the number and nature of cases involving credible allegations of criminal conduct against United Nations officials and experts on mission that have been referred to the States of nationality. In accordance with Assembly resolution [70/114](#), the reports of the Secretary-General also include information on the United Nations entity involved, the type of crime and summary of allegations and the status of any investigation, prosecutorial or disciplinary action taken by national authorities.

169. Cases of misconduct or criminal behaviour involving Secretariat staff members, and its disciplinary consequences, are made public by the Secretariat on an annual basis in accordance with General Assembly resolution [59/287](#), in which the Assembly requested the Secretary-General to ensure that all staff of the Organization are informed of the most common examples of misconduct and/or criminal behaviour and their disciplinary consequences, including any legal action, with due regard for the protection of the privacy of the staff member(s) concerned.



VIII.

Fight against fraud and corruption: the way forward



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170. As shown in this Handbook, attempts at fraud and corruption can manifest in numerous ways. However, the development of new technologies is enabling organizations to adopt proactive measures to prevent fraud and corruption from occurring and to act reactively to identify and address fraud and corruption, when it occurs, as quickly as possible.

171. These technology-enabled measures typically involve methods aimed at identifying patterns and causal relationships that help in the prevention and detection of fraud and corruption. These methods include the use of statistical data analysis or artificial intelligence, or a combination of both.

172. The Secretariat, using its enterprise applications, generates large quantities of data in the course of conducting its business. Within the framework of the [Data Strategy of the Secretary-General for Action by Everyone, Everywhere](#), which supports a data-driven transformation of the Secretariat, a more systematic analysis of data in administrative processes, using statistical techniques and artificial intelligence, could provide additional insights into addressing fraud and corruption in the United Nations.

173. In very general and simple terms, statistical data analysis techniques involving the comparison of observed data with expected values may consist of the following:

- Understanding the data and identifying deviations in patterns to note unusual incidents. These occurrences – combined with other indications – may raise an initial alert that the Organization may be confronting a fraudulent situation. For example, the measures of descriptive statistics (central tendency and variability) may help to identify values that exceed expected averages of the standard deviation of the given data set.
- Using multiple regression to identify whether the outcome of a dependent variable can be predicted



by the changes in the value of one or more independent variables. For example, a multiple regression analysis may help to determine if the value of entitlement fraud (dependent variable) can be predicted by staff grades, length of service, entity or duty locations (independent variables).

- Identifying outliers or extreme variations in a data set is a common way to detect unusual behavior that can be examined further. A probability distribution model, which indicates the probability for different values of a random variable, can be used to define the range of most commonly observed behaviours that can be considered normal, so that striking departures from such behaviours can be detected. Additional analysis focuses on those values to determine what is causing the abnormal pattern, which might indicate a fraudulent act.

- Applying data matching techniques can also help in identifying fraudulent behaviour. The data matching process involves identifying, matching and merging records that correspond to the same entities from several databases or even within one database.⁴⁴ With substantial adaption and customization, computerized data matching potentially allows the identification of fraudulent claims and payments that may affect inventories and stock management.

174. The scope of artificial intelligence to detect fraud and corruption includes the following:

- Data mining, also known as Knowledge Discovery in Databases, is the process of uncovering patterns and other valuable information from large data sets.⁴⁵ Data mining applications, which are widely used to detect fraud and corruption, work by using various algorithms and techniques to turn large volumes of data into useful information.
- Pattern recognition is a data analysis method that uses machine learning algorithms to automatically recognize patterns and regularities in data. The process includes matching information already stored in a database with incoming data in order to detect possible deviations from those patterns and to analyse the deviations in depth to identify their causes. Specific fields of artificial intelligence can be used to enable machines to execute such tasks, which can be very useful in detecting fraud.
- Anomaly detection, by implementing anomaly detection algorithms to detect abnormal patterns in transactions. Deep learning can also be incorporated to detect fraudulent activities by training the model with data from past fraudulent activities. That involves designing

algorithms that automatically find improvements based on previous experiences. That type of deep learning can help machines predict and respond to situations, even if they have not been explicitly programmed in those ways.

175. There are several commercially available fraud detection tools that use advanced machine learning algorithms. These tools continuously monitor user behavior, determine transactional risks and trigger alerts for possible fraudulent actions or transactions and their algorithms can adapt to the users' data and provide potential fraud detection results in a wide range of transactional areas including human resources, procurement, inventory and accounts payable.

176. Regular training and upskilling of staff on advanced and up-to-date methods and increased use of analytic technology to detect and address fraudulent activities are essential for strengthening an anti-fraud and anti-corruption culture in the Organization.

⁴⁴ Peter Christen, *Data Matching: Concepts and Techniques for Record Linkage, Entity Resolution, and Duplicate Detection*, Data-Centric Systems and Applications Series (Berlin, Springer, 2014), e-book.

⁴⁵ Available at www.sas.com/en_us/insights/analytics/data-mining.html#dmusers.

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..... *December 2022*