**Executive Board of the
United Nations Development
Programme, the United Nations
Population Fund and the United
Nations Office for Project Services**

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Recommendations of the Board of Auditors

Report on the implementation of the recommendations of the Board of Auditors for the year 2017

Summary

UNOPS is pleased to respond to the recommendations of the Board of Auditors made in the report A/73/5/Add.11 and to provide an update on the current status of implementation. The report of the Board of Auditors for the year ended 31 December 2017 was unqualified. UNOPS management continues to emphasize the importance of addressing audit concerns, to which the present document testifies by highlighting the current status and management plan for the audit recommendations yet to be implemented.

Elements of a decision

According to UNOPS assessment, progress has been achieved in the implementation of recommendations made for the year ended 31 December 2017 and UNOPS continues to address the remaining recommendations. The Executive Board may wish to acknowledge that owing to the fact that recommendations were issued to UNOPS towards the end of July 2018 and that many of them require long-term attention, UNOPS will need to work beyond the financial year 2018 to implement them successfully.

Contents

I. UNOPS summary response to the United Nations Board of Auditors

A. Background

1. UNOPS is a self-financed entity of the United Nations system that works with a wide range of partners. Its service lines include: infrastructure, procurement, project management, financial management and human resources. In 2016, UNOPS launched a governance, risk and compliance framework with the aim of simplifying its governance structure and further empowering UNOPS managers. As part of these efforts, a revised legislative framework and a governance model were promulgated. Its Legislative Framework Committee, comprising members of senior management, has guided the revision of UNOPS policies and procedures. UNOPS has strengthened its opportunity and engagement acceptance process and integrated it into its new enterprise resource planning (ERP) system, oneUNOPS. The roll out of the enterprise risk management (ERM) system at the country, regional and corporate levels and its integration into oneUNOPS have continued in 2018.

2. UNOPS understands and shares the importance that its partners place on sustainability. UNOPS is committed to integrating social, environmental, economic and national capacity considerations in every project it delivers. Its third sustainability report, "Impact", summarizes key achievements in 2017 and UNOPS contribution to the Sustainable Development Goals through its work with partners. The report is aligned with the sustainability reporting standards of the Global Reporting Initiative. UNOPS is the first United Nations entity to adopt these internationally recognized sustainability reporting standards.

3. In the course of 2017, UNOPS regularized its support and development of its ERP platform. It merged the ERP and the information and communications technology (ICT) teams into a unified team and formally concluded the ERP programme (known as the Business Innovation and Improvement Programme). In early 2017, UNOPS focused on follow up activities through 'task forces' on payroll, transactional support and reporting, and later focused on improving ICT governance and enhancements. External validation has verified that the automation of business processes has enabled UNOPS to have more streamlined and efficient business processes, as compared to the pre-2016 situation. In 2018, ICT shifted its focus to creating a business-centred ICT team. This has resulted in a new governance model covering strategic and operational ICT, and a new structure designed to move ICT from service provider to business partner. This process is supported by business analysts and enterprise architects focused on delivery of business solutions. One of the first results of the new ICT model is the launch of the "Reimagine Work" programme, which aims to dramatically improve the ways in which UNOPS colleagues can communicate and collaborate more effectively in informal and formal ways. Finally, UNOPS has undertaken an assessment of its oneUNOPS ERP implementation by Gartner, which resulted in a validation of the strategic business case, and an outperformance of the financial business case.

4. UNOPS maintained its global International Organization for Standardization (ISO) 9001 Quality Management System certification. In addition, it maintained ISO 14001 Environmental Management System certification in Afghanistan, Denmark, Ghana, Myanmar and Sri Lanka and its offices in the State of Palestine and Kosovo[1] and extended the certification to Sierra Leone and Tunisia.

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[1] All references to Kosovo in this document should be understood to be in the context of United Nations Security Council resolution 1244 (1999).

5. In 2017, UNOPS also maintained its certification for the Occupational Health and Safety Assessment Series (OHSAS) 18001, the internationally applied standard for occupational health and safety management systems. UNOPS operations in Denmark, Myanmar, the State of Palestine and Kosovo continue to meet the OHSAS 18001 standard. UNOPS extended its coverage to include Ghana in 2017. UNOPS is committed to reducing the health and safety risks to its personnel and contractors when working on infrastructure projects, some of its most potentially hazardous activities.

B. Present challenges and measures to address them

6. In 2017, UNOPS met the minimum operational reserve requirement. The formula for calculating the minimal operational reserve requirement, approved by the Executive Board in its decision 2013/33, stipulated that the operational reserve should be equivalent to four months average of administrative expenditure for the last three years of operation.[2] As of 31 December 2017, the operational reserve requirement was $20.7 million. For the year ended 31 December 2017, the actual operational reserve balance was $158.6 million. UNOPS will use a portion of this reserve to fund investment projects supporting the UNOPS strategy.

7. As at 31 December 2017, end-of-service and post-retirement benefits for both management-funded and project-funded staff amounted to $83.6 million ($66.5 million for after-service health insurance, $16.8 million for repatriation grants and $0.3 million for death benefits). All UNOPS end-of-service and post-retirement benefit liabilities are fully funded as at 31 December 2017.

Issues to watch and risks to mitigate

8. The UNOPS business model exposes the organization to certain operational and financial risks. The UNOPS operational reserve could be used to provide against these risks. To mitigate those risks, an ERM system has been implemented and is currently being enhanced.

9. In 2017, through its certified online training course, the Institution of Occupational Safety and Health issued 157 licenses to UNOPS personnel and contractors, as part of organizational capacity-building efforts. In addition, 184 UNOPS personnel, contractors and government counterparts (130 UNOPS personnel and 54 external people) participated in face-to-face training on health, safety, social and environmental (HSSE) management in Argentina, the Central African Republic, El Salvador, Ghana, Guatemala, Guinea, Liberia, Peru, Sierra Leone, Sri Lanka and Tunisia. These workshops empower participants to implement sound HSSE management measures in their projects and offices

II. UNOPS responses to the recommendations of the Board of Auditors

10. In its report for the year ended 31 December 2017 (A/73/5/Add.11), the Board of Auditors issued four recommendations classified as high priority and eight classified as medium priority. The implementation of all recommendations is on track for completion as per the set timelines. Owing to the fact that the recommendations were issued in July 2018 and that many of them require long-term attention, UNOPS will need to work beyond the financial year 2018 to implement them successfully. The specific responses to these recommendations are in annexes 1 and 2.

11. UNOPS management continues to emphasize the importance of addressing audit concerns. It notes that the implementation rate reported by UNBOA for the 2017 cycle

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[2] Calculated as the ratio of "net revenue from management fees, reimbursable services and advisory income" in relation to "total project expenses" as per A/72/5/Add.11.

was 27 per cent, down from 38 per cent for 2016. As observed by UNBOA, in 2018 management took measures to strengthen accountability for implementation. The effect is evident in the present report. By end 2018, the implementation rate for the 2017 will be above 50 per cent.

III. Conclusion

12. UNOPS is pleased to respond to the report of the Board of Auditors for the year ended 31 December 2017. UNOPS is confident that all issues highlighted in the report of the Board of Auditors will be addressed in a satisfactory manner.

Annex 1

Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2017 (A/73/5/Add.11)

Table 1. Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented/ closure requested	In progress	Target date set	No target date
Finance	1	-	1	-	-	-
Infrastructure and project Management	2	-	-	2	2	-
Procurement	1	-	-	1	1	-
Total	**4**	**-**	**1**	**3**	**3**	**-**

Table 2. Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented/ or closure requested	In progress	Target date set	No target date
Finance	3	-	2	1	1	-
Infrastructure and project Management	2	-	-	2	2	-
People and change	1	-	-	1	1	-
Procurement	5	-	1	4	4	-
Shared services	1	-	1	-	-	-
Total	**12**	**-**	**4**	**8**	**8**	**-**

1.   **In paragraph 32, the Board recommended that UNOPS: (a) prescribe the records and information to be provided by the investment manager and undertake periodic inspection of the records and audit of the funds management in line with the provisions in the agreement, (b) review the contract agreement with the Custodian and include provisions to conduct an independent inspection and/or audit of relevant records of the Custodian pertaining to UNOPS investment.**

2.   The UNOPS Internal Audit and Investigations Group (IAIG) has completed an in-depth audit of the information held by the custodian Northern Trust on UNOPS assets. The results of this audit have been circulated in a memo to the UNOPS Executive Office and the United Nations Board of Auditors (UNBOA). UNOPS has held discussions with its custodian Northern Trust and has agreed to amend the Master Custody Agreement to include provisions allowing UNOPS to conduct independent audits and inspections of the relevant records pertaining to UNOPS investments.

Department responsible:	Finance Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

3.   **In paragraph 42, the Board recommended that UNOPS expedite implementation and operationalization of the Enterprise Portfolio and Project Management System and Enterprise Risk Management system as planned.**

The Infrastructure and Project Management Group has established an internal project structure to implement and deliver this project and ensure timely operationalization of the Enterprise Portfolio and Project Management system (EPPM) and the ERM system initiatives. Now called oneUNOPS Projects, it will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019. Trainings will be conducted in parallel to enable its operationalization.

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2019

4.   **In paragraph 48, the Board recommended that UNOPS initiate the process of financial closure of projects soon after they are operationally closed so as to complete the process within the stipulated period.**

5.   UNOPS accepts the recommendation. UNOPS has established a plan to close its financial books on a quarterly basis, which will improve project closure. Projects can be financially closed in time as agreed with the donors. UNOPS also implemented changes to its ERP system so that personnel responsible for project closure receive notifications in advance (three months, one month and on the expiry date) when a project is due for financial closure after the operational closure process. A new field labelled 'finance closure manager' has also been added to the system. This helps to track and identify the person responsible for each stage of project closure. Hence, UNOPS considers this recommendation implemented and requests closure.

Department responsible:	Finance Group
Status:	Implemented
Priority:	Medium
Target date:	n/a

6.   **In paragraph 49, the Board recommended that UNOPS develop a system in oneUNOPS that triggers the action for the financial closure immediately after operational closure, so that the same can be completed within the targeted period.**

7.   UNOPS accepts the recommendation. As mentioned in the reply to paragraph 48 of the 2017 report, UNOPS implemented changes to its ERP system so that personnel responsible for project closure receive notifications in advance (three months, one months and on the expiry date) when a project is due for financial closure after the operational closure process. A new field labelled 'finance closure manager' has also been added to the system. This helps to track and identify the person responsible for each stage of project closure. Hence, UNOPS considers this recommendation implemented and requests closure.

Department responsible:	Finance Group
Status:	Implemented
Priority:	High
Target date:	n/a

8.   **In paragraph 57, the Board recommended that UNOPS review the applicability of its sustainable procurement criteria checklists to address all relevant and important sustainability concerns under various procurement categories.**

9.   UNOPS has already begun to review its sustainable procurement criteria checklists and developed additional draft criteria for gender mainstreaming in procurement. These were in the process of being reviewed and validated by several internal stakeholders. With regard to additional clauses for ICT and infrastructure, UNOPS continues to explore possibilities in these areas both inside and outside the scope of the checklist, which is a guidance document. For example, later this year, UNOPS will issue a request for information for a global e-waste take-back programme.

Department responsible:	Procurement Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2019

10.   **In paragraph 65, the Board recommended that UNOPS review the sustainability framework to ensure embedding of sustainability concerns based on category of goods/services procured as well as value of the contract.**

11.   UNOPS has already developed a draft revision of its sustainable procurement framework, including specific provisions for contract and solicitation types, as well as for 10 to 12 specific categories. This draft framework was presented at a senior procurement practitioners' workshop in Amman, Jordan in October 2018, and was discussed at length. UNOPS is currently in the process of refining the feedback it received during that event and incorporating it into the framework.

Department responsible:	Procurement Group
Status:	In progress

Priority:	High
Target date:	Fourth quarter of 2019

12.   **In paragraph 66, the Board recommended that a mechanism be put in place to assess satisfactory compliance with the essential elements of [the sustainable procurement] framework.**

13.   In line with its development of the new sustainable procurement framework (referred to in the above recommendation), UNOPS remains committed to establishing a proper measurement and reporting mechanism to assess its adoption of sustainable procurement. As such, UNOPS will roll out the mechanism to assess satisfactory compliance together with the framework.

Department responsible:	Procurement Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2019

14.   **In paragraph 73, the Board recommended that (a) UNOPS strengthen its reporting and monitoring mechanism of gender mainstreaming in projects, by ensuring that documentation of gender mainstreaming becomes, as far as feasible, an intrinsic part of the project management process. UNOPS should also ensure preparation of gender action plans by all gender focal points; and (b) the role of gender focal points be strengthened by providing necessary resources such as time and budget for effective implementation of their roles and responsibilities.**

15.   (a) UNOPS launched its gender mainstreaming strategy, 2019-2021, on 30 August 2018. The strategy lays out the approach and timelines to better institutionalize measures to integrate gender mainstreaming into projects, including planning, monitoring and reporting. The associated gender mainstreaming action plan requires that by 31 December 2019 all relevant UNOPS projects integrate gender considerations into their project plans (or a project-level gender action plan as part of its overall project plan) and report against the same, unless determined otherwise by the Engagement Authority.

        (b) In order to strengthen the role of gender focal points, the role of head of programme has, since February 2018, been defined as the role responsible for delivery of the gender mainstreaming strategy, 2019-2021, in UNOPS engagements, with the support of country office teams. With the adoption of the UNOPS gender mainstreaming strategy and the associated plan, which was launched on 30 August 2018, UNOPS regards this part of the recommendation to be ready for closure.

Department responsible:	Infrastructure and Project Management Group and People and Change Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2019

16.   **In paragraph 80, the Board recommended that UNOPS carry out the required changes in oneUNOPS and review the validation rules to ensure correctness of the data related to procurement and personnel.**

17.   UNOPS agreed with the recommendation and has made progress on implementation. Regarding procurement data correctness, in addition to the validation rules introduced in the ERP system (oneUNOPS) as of July 2018, UNOPS will address the remainder of procurement-related aspects by implementing a contract management module in oneUNOPS. In that regard, UNOPS has established and initiated a project between the Procurement Group and ICT (and other relevant stakeholders). In September 2018, UNOPS initiated software development work under this project and expects to roll it out across the organization by end of March 2019. Regarding personnel-related data, UNOPS has already implemented measures to ensure their correctness.

Department responsible:	Procurement Group and People and Change Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2019

18.   **In paragraph 86, the Board recommended that UNOPS review the "Position Titles" in use across the organization and continue its efforts to standardize them in line with the ICSC framework in a time-bound manner.**

19.   Since October 2018, UNOPS has been drafting a policy that addresses this recommendation. Review and analysis of position data are in progress, in tandem with the review of internal processes, in order to ensure the best way forward for future implementation.

Department responsible:	People and Change Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2019

20.   **In paragraph 92, the Board recommended that UNOPS prescribe the periodicity for updating the business continuity/disaster recovery plans and ensure that all the units update the business continuity/disaster recovery plans as per time-frame so prescribed.**

21.   The new Executive Office instruction on business continuity planning (Ref. EOI.ED.2018.03) was issued and is effective from 3 April 2018. It prescribes annual testing in section 6.1 and updating every 18 months in section 6.2. Therefore, this recommendation has been implemented.

Department responsible:	Shared Service Centre and Security
Status:	Implemented
Priority:	Medium
Target date:	n/a

22.   **In paragraph 100, the Board recommended that UNOPS strengthen its internal control mechanism to initiate procurement activities with clear and correct specifications.**

23.   UNOPS has implemented a number of measures that fully address this recommendation including at the policy/guidance level and also from a system perspective, through enhancements to its main eProcurement systems (UN Web Buy Plus and eSourcing).

Department responsible:	Procurement Group
Status:	Implemented
Priority:	Medium
Target date:	n/a

Annex 2

A. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

24.   In the annex to its report for the year ended 31 December 2017, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Of the 39 recommendations noted from prior periods, 18 were fully implemented and 21 were not implemented or under implementation. Information is provided below on the 39 recommendations that were under implementation. According to a UNOPS assessment, 18 of the 39 recommendations relating to previous financial periods have been implemented. The information below is set out in the order in which the recommendations are presented in the annex of the audit report. The table below summarizes the overall situation.

Table 3
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the year ended 31 December 2017

Department responsible	Number of recommendations	Implemented/ closure requested	In progress	Target date set	No target date
Ethics	1	1	-	-	-
Finance	7	2	5	5	-
Information and Communications Technology	7	7	-	-	-
Infrastructure and Project Management	9	2	7	7	-
Legal	2	-	2	2	-
People and Change	9	6	3	3	-
Procurement	1	-	1	1	-
Shared Services	3	2	1	1	-
Total	**39**	**20**	**19**	**20**	**-**

B. Report of the Board for the year ended 31 December 2012 (A/68/5/Add.10)

25.   **In paragraph 44, the Board recommended that UNOPS: (a) appoint a fraud risk owner, or senior risk officer, at a suitably senior level, to be accountable for the active management of fraud risks throughout UNOPS activities; (b) perform a comprehensive organization-wide fraud risk assessment to identify the major types of fraud risk that UNOPS faces; and (c) define UNOPS tolerance to different types of fraud risk and ensure that fraud controls are commensurate with that risk appetite.**

26.   Segregation of roles and responsibilities between assurance, policy/control entities and operational functions across UNOPS has been fully achieved – including in the area of fraud risk management – through implementation of UNOPS governance, risk and compliance framework. UNOPS has assigned responsibility for corporate risk management and the ERM framework to the chief financial officer. UNOPS ERM will become mandatory as of 1 January 2019, when a new ERM online solution will be launched across UNOPS. This will further enhance the management, escalation and control mechanisms with respect to key risks across organizational levels.

> *Departments responsible:*   Finance Group
> *Status:*   In progress
> *Priority:*   High
> *Target date:*   Fourth quarter of 2018

27.   **In paragraph 82, the Board recommended that UNOPS develop a mechanism to generate better information on the post-completion performance of buildings.**

28.   The Infrastructure and Project Management Group relocated the requirements related to post-completion performance of buildings covered in the design planning manual and embedded them in the project management manual, which will be mandatory as of 1 January 2019.

Departments responsible:	Infrastructure and Project Management Group
Status:	Implemented
Priority:	High
Target date:	n/a

C.   Report of the Board for the year ended 31 December 2013 (A/69/5/Add.11)

29.   **In paragraph 34, the Board recommended that practical steps be taken to implement enterprise risk management strategies, policies and procedures across the entity without further delay, and specifically that it: (a) identify, document and assess key risks to achieving strategic objectives; (b) regularly update and monitor risk information that can be aggregated at the entity level; (c) document risk tolerances so that they are understood and applied throughout the organization; (d) use risk registers to record the likelihood of a risk materializing, the impact of the risk, the proposed mitigating actions and the assessed level of risk post-mitigation; and (e) assign risk owners to take responsibility for monitoring and controlling each risk.**

30.   Based on the principles of the UNOPS governance risk and compliance framework (GRC), the implementation of UNOPS ERM framework is ongoing. UNOPS ERM will become mandatory as of 1 January 2019 when a new ERM online solution will be launched across UNOPS. This will further enhance the management, escalation and control mechanisms with respect to key risks across organizational levels. It will also help UNOPS to aggregate and monitor risk information at the enterprise level, document and apply common taxonomies and standard tolerances throughout the organization, and record, track and assign ownership of risks and responses throughout the organization.

Departments responsible:	Finance Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2018

D.   Report of the Board for the year ended 31 December 2014 (A/70/5/Add.11)

31.   **In paragraph 36, the Board recommended that UNOPS reconfirm the level of expected savings arising from the implementation of enterprise resource planning and seek to obtain viable benchmark cost data to inform a review of the realized process cost benefits.**

32.   The report on this item was finalized and presented to the Executive Office. Highlights included that: (a) financial business has been exceeded; (b) process benefits have been realized; and (c) implementation costs incurred with oneUNOPS are at the low end, compared to a global average of ERP implementations.

Departments responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	High
Target date:	n/a

33.   **In paragraph 39, the Board recommended that UNOPS further explore opportunities to improve business process efficiency by standardizing work practices and processes, the delegation of authority and the alignment of access rights with improvements in the internal control framework and based on the needs of the business.**

34.   UNOPS has revised and updated its policy framework, which has included issuance of a new Executive Organizational Instruction (EOI) on Delegation of Authority and Accountability Framework. The objective of this policy is to create transparency and accountability for key decisions and ensure that the organization is committed within the scope of the delegated authorities. The EOI reflects and builds on the organizational principles concerning segregation of responsibilities and activities outlined in EOD.ED.2017.02: Organizational Principles and Governance Model, and in EOI.ED.2018.01: Organizational Structure. Delegation of authority issuance and corresponding access rights require authorization from appropriate authorities. All such authorizations are documented and recorded. UNOPS has also reviewed and mapped its business processes to standardize work practices and improve business process efficiency. UNOPS business processes were mapped against the American Productivity

and Quality Centre (APQC) process classification framework and further refined to reflect UNOPS-specific business needs. The processes are documented in UNOPS process and quality management system.

Departments responsible:	Information and Communications Technology Unit and Finance Group
Status:	Implemented
Priority:	Medium
Target date:	n/a

35.   **In paragraph 58, the Board recommended that UNOPS: (a) obtain feedback from practice groups on the performance of the People and Change Practice Group as a business partner; (b) manage and monitor the benefits of recent organizational reforms, including the Global Shared Service Centre; and (c) develop a measure covering the cost-efficiency of the human resources function, such as the human resources staff-to-workforce ratio.**

36.   UNOPS has developed and will continue to monitor benchmark ratios to measure human resources management efficiency.

(1) Management of human resources – Personnel Administration Services at Bangkok Shared Service Centre (BSSC) (current ratio in 2018 of BSSC FTE/number of personnel – 1:517);

(2) Management of human resources – Payroll Services at BSSC (current ratio in 2018 of BSSC FTE/number of personnel – 1:741).

UNOPS is in the process of working with UNBOA to finalize closure of this item.

Departments responsible:	People and Change Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

37.   **In paragraph 62, the Board recommended that the People and Change Practice Group, working with the other practice groups, collect and assess information on the knowledge and experience of its workforce to inform future skills and workforce planning.**

38.   This work is under way. The ICT component of this solution entered the 'analysis' stage in October 2018 and is focused on requirement gathering for workforce visualization and system-enabled position and position title management.

Departments responsible:	People and Change Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2019

39.   **In paragraph 70, the Board recommended that UNOPS monitor turnover rates as a result of resignations, to inform its workforce planning.**

40.   UNOPS continues to monitor turnover rates and can provide detailed analysis hereof for the past three years. UNOPS is in the process of working with UNBOA to finalize closure of this item.

Departments responsible:	People and Change Group
Status:	Implemented
Priority:	Medium
Target date:	n/a

41.   **In paragraph 75, the Board recommended that UNOPS: (a) fully test future business case assumptions to ensure that they are supported by evidence and adequately reviewed; (b) closely monitor the impact of changes to terms for local contractors to ensure that the expected benefits are realized in practice; and (c) implement measures to address the very high turnover levels among international individual contractors, subject to careful analysis of the causes of turnover and characteristics of such positions.**

42.   UNOPS continues to monitor turnover rates and can provide detailed analysis hereof for the past three years. UNOPS is in the process of working with UNBOA to finalize closure of this item.

Departments responsible:	People and Change Group
Status:	Implemented
Priority:	High
Target date:	n/a

43.   **In paragraph 101, the Board recommended that UNOPS review the merit award scheme to ensure it is consistently aligned to the achievement of its objective to break even.**

44.   UNOPS has a well-structured policy framework that ensures that merit reward payments are well aligned to the objectives of the merit rewards scheme. The organization prides itself on its continuous review and adjustment of distribution mechanisms, overall budgets and other mechanisms related to incentive structures, in order to continue to ensure alignment with the main objective, including ensuring the merit reward does not exceed a break-even total budget limit. UNOPS is working with UNBOA to finalize closure of this item.

Departments responsible:	People and Change Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

E.   Report of the Board for the year ended 31 December 2015 (A/71/5/Add.11)

45.   **In paragraph 15, the Board recommended that that UNOPS reassess the approved minimum level of operational reserves in order to take into account actuarial gains and losses previously incurred and the inclusion of property, plant and equipment.**

46.   UNOPS appreciates the consideration of the Board and will continue to work with UNBOA to find a solution to close this recommendation.

Departments responsible:	Finance Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2019

47.   **In paragraph 16, the Board recommended that UNOPS consider how to utilize the reserve surplus in the context of a strategic review of UNOPS operational resourcing needs.**

48.   UNOPS appreciates the consideration of the Board, and will continue to work with UNBOA to find a solution to close this recommendation.

Departments responsible:	Finance Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2019

49.   **In paragraph 32, the Board recommended that, if adopted, the new governance, risk and compliance framework be used to support the development of a statement on internal controls to bring together the structure of the processes and the assurances that underpin them.**

50.   UNOPS has completed its GRC review and is now in the process of issuing a new organizational instruction on the UNOPS internal control framework to set out the key components and principles for an effective framework for internal control, thus bringing together the structure of the key processes and assurances for the internal control framework (ICF).

Departments responsible:	Legal Group and Finance Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2019

51.   **In paragraph 33, the Board recommended that UNOPS consider the implementation plan for the new framework, ensuring that it is sufficiently detailed, clear and realistic, incorporating sufficient training and communication plans, and that it has clear accountabilities and clear linkage to other UNOPS initiatives.**

52.   UNOPS has completed its GRC review and is now in the process of issuing a new organizational instruction on the UNOPS internal control framework to set out the key components and principles for an effective framework for internal control, thus bringing together the structure of the key processes and assurances for the ICF.

Departments responsible:	Legal Group and Finance Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2019

53.   **In paragraph 44, the Board recommended that, on receipt of the system controls and configuration report, UNOPS evaluate the recommendations made by the external consultant to consider whether they provide sufficient assurance and, in the event of any weaknesses, undertake a review to determine whether any such weaknesses had been exploited.**

54.   We anticipate closure of three additional items by the end of the year, from the total of seven from the 2017 report. The completion date has been revised based on reduced availability of ICT development resources during the restructuring process undertaken in 2017.

Departments responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	n/a

55.   **In paragraph 48, the Board reiterated its previous recommendation that UNOPS obtain viable benchmark cost data to inform a review of the benefits arising from process improvements.**

56.   This report has been finalized and was presented to the Executive Office on 31 August 2018.

Departments responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	n/a

57.   **In paragraph 49, the Board recommended that future significant investments be subject to, in advance, a more robust analysis of process benefits and cost savings to better inform the evaluation of a project's success and to inform future implementation.**

58.   This report has been finalized and was presented to the Executive Office on 31 August 2018.

Departments responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	n/a

59.   **In paragraph 63, the Board recommended that UNOPS strengthen its engagement acceptance and risk management processes so that they are sufficiently robust to support the assessment of new or novel lines of business.**

60.   The development of the enterprise portfolio and project management (EPPM) system, now called oneUNOPS Projects, and which includes the ERM system, was launched in April 2018 to systemize the project management manual and integrate engagement development, acceptance and assurance processes. oneUNOPS Projects will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019. Trainings will be conducted in parallel to enable its operationalization.

Departments responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	Medium

> *Target date:*   First quarter of 2019

61.   **In paragraph 95, the Board recommended that UNOPS: (a) conduct a comprehensive review of its pricing policy to consider how best to take risk into account in ways that are consistent, transparent and evidence-based; and (b) develop a policy for the use of accumulated financial surpluses arising from "risk increments" received but not ultimately required.**

62.   UNOPS has established a policy on the use of its reserve in its organizational directive FG.2018.01, paragraph 6.6: "UNOPS reserves serve as an insurance mechanism against operational risks and provide cash liquidity in case of adverse circumstances. Their purpose is to support the long-term operations of UNOPS, including providing funds for internal, external and innovative investments in support of UNOPS strategic objectives." This policy clearly acknowledges that the reserve is established with two components: funds to cover required liquidity and funds to cover against operational risks. The latter is justified through UNOPS risk increment. The policy clearly states that these funds are meant to "support the long-term operations of UNOPS, including providing funds for internal, external and innovative investments". As such, after closing the first part of the recommendation in its 2017 audit, UNOPS has now addressed the second part of the recommendation, which is to establish a policy that governs the use of unutilized risk increments.

> *Departments responsible:*   Finance Group
> *Status:*   Implemented
> *Priority:*   Medium
> *Target date:*   n/a

F.   Report of the Board for the year ended 31 December 2016 (A/72/5/Add.11)

63.   **In paragraph 20, the Board recommended that UNOPS obtain post facto approval of the Executive Board on original and final management budget including each line item.**

64.   UNOPS considers introducing, as of 2019, a new element in its biennial budget estimates for requesting post facto approval by the Executive Board for the latest biennium for which certified financial statements are available. In connection with UNOPS budget estimates for biennium, 2020-2021, UNOPS considers requesting post facto approval for final budget for biennium 2016-2017.

> *Departments responsible:*   Finance Group
> *Status:*   In progress
> *Priority:*   Medium
> *Target date:*   Fourth quarter of 2019

65.   **In paragraph 25, the Board recommended that UNOPS reassess the adequacy of internal controls in bank payments and strengthen the supervisory checks to ensure that such incidents of double/over/excess payment do not occur in future.**

66.   The following concrete actions have been taken to strengthen the payment process aiming to eliminate double/over/excess payment:

- Integration of oneUNOPS to e-banking platforms: over the last three months UNOPS has worked on implementing the following:

  - Enhancement of the Host-to-Host of eleven (11) field offices bank accounts with Ecobank – Gambia, Ghana, Guinea-Conakry, Guinea-Bissau, Liberia, Mali, Niger, Senegal and Sierra Leone;

  - Ongoing setup of five (5) bank accounts for Citibank Argentina, Panama and Paraguay;

  - Ongoing setup of three (3) bank accounts for BBVA Colombia and Peru;

  - Completed setup of WorldLink currency INR;

  - Ongoing setup of WorldLink currencies: CNY and AZN.

- The Host-to-Host plan for the upcoming three months include the following:

  - Four (4) bank accounts for Ecobank Central African Republic, Democratic Republic of the Congo and South Sudan;

  - Nine (9) bank accounts for Standard Chartered Bank Indonesia, Kenya, Pakistan, Philippines, Sri Lanka and Turkey;

- Worldlink currencies: finalization of ongoing implementation for CNY and AZN and setup of two (2) new currencies, TJS and UZS.

Departments responsible:	Shared Service Centre
Status:	Implemented
Priority:	Medium
Target date:	n/a

67.   **In paragraph 30, the Board recommended that UNOPS establish a well-defined management reporting and monitoring structure and define the role of headquarters' directors (practice leads) for each practice.**

68.   UNOPS considers this item ready for closure. Previous implementation items are now combined with the promulgation of executive operational instruction EOI.ED.2018.02 – delegation of authority and accountability framework of 28 September 2018 – to address all aspects of the recommendations of 2016, paragraph 30.

Departments responsible:	People and Change Group and Quality Management Unit
Status:	Implemented
Priority:	High
Target date:	n/a

69.   **In paragraph 44, the Board recommended that UNOPS consider establishing its financial disclosure policy for its personnel so that it is aligned with the financial disclosure policy of the United Nations Secretariat (as defined in ST/SGB/2006/6).**

70.   UNOPS revised the form of its financial disclosure and conflict of interest declarations in 2016 and has previously reported to the Executive Board on this change and its impact. UNOPS accepted the UNBOA recommendation to consider alignment with ST/SGB/2006/6 and concluded that the current UNOPS policy on financial disclosure and conflict of interest (OI.Ethics.2018.02) does comply with those United Nations instruments applicable to the organization. The UNOPS policy also extends further than required, as it encompasses a broader range of personnel and includes interests and activities of unmarried partners.

Departments responsible:	Ethics Office
Status:	Implemented
Priority:	Medium
Target date:	n/a

71.   **In paragraph 50, the Board recommended that UNOPS ensure compliance with its administrative instruction on business continuity and disaster recovery planning at all its offices and components and include ITC assets, data and ITC systems.**

72.   This recommendation is implemented since UNOPS ensures continuously that these plans are updated. However, it is worth noting that at any point in time there may be new offices or offices with substantial changes, making it highly likely that there will always be some plans that either need to be written, tested or updated.

Departments responsible:	Shared Service Centre
Status:	Implemented
Priority:	Medium
Target date:	n/a

73.   **In paragraph 58, the Board recommended that UNOPS review the performance of oneUNOPS to assess whether all the intended controls are in place and effectively working; intended benefits from the new systems are being obtained; and information system delivery components are adequately aligned to the intended business requirements, including management information reports.**

74.   This report was finalized and presented to the Executive Office in August 2018.

Departments responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	High
Target date:	n/a

75. **In paragraph 73, the Board recommended that UNOPS review its project management information system, along with its transition to oneUNOPS, so that centralized information on project status, including extensions and reasons for delayed implementation, are captured for better management oversight.**

76. In order to centralize the information about project status and enable better project management oversight, the development of an EPPM system, now called oneUNOPS Projects, which includes the ERM system, was launched in April 2018 to systemize the project management manual and integrate engagement development, acceptance and assurance processes. oneUNOPS Projects will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019. Trainings will be conducted in parallel to enable its operationalization.

Departments responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2019

77. **In paragraph 81, the Board recommended that UNOPS build a portfolio management model to optimize the portfolio of delivery practices to ensure maximization of sustainability considerations as well as its own financial viability.**

78. In order to enable better integration of organizational adherence to policies and principles, the EPPM system, now called oneUNOPS Projects, which includes the ERM system, is systemizing the project management manual and integrating engagement development, acceptance and assurance processes. oneUNOPS Projects will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019. Trainings will be conducted in parallel to enable its operationalization.

Departments responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2019

79. **In paragraph 87, the Board recommended that UNOPS establish and adopt a sustainability screening tool to screen projects against sustainability standards at design stage, fixing of sustainability targets and deliverables to facilitate monitoring of progress during the life of project**

80. The project management manual, which includes social and environmental screening aspects applicable to all advisory or implementation projects, is in the piloting stage. The project management manual templates, including the project initiation document template are also being trialled. The project management manual and associated mandatory requirements are still scheduled to be further systemized through the development of the EPPM system, now called oneUNOPS Projects. It will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019. Trainings will be conducted in parallel to enable its operationalization.

Departments responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2019

81. **In paragraph 95, the Board recommended that UNOPS incorporate sustainability targets and deliverables in the project initiation documents for mandatory screening and monitoring, measurement and reporting of sustainability contributions through engagement acceptance, quarterly assurance, project progress reports and project closure reports.**

82. The project management manual templates, which includes the project initiation document template was released in early April 2018. The manual and its templates are currently being trialled by country offices. The manual and the templates are being systematized into the EPPM system (now called oneUNOPS Projects). oneUNOPS Projects will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019. Trainings will be conducted in parallel to enable its operationalization.

Departments responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2019

83.   **In paragraph 102, the Board recommended that UNOPS establish standard procedures for sustainability results reporting at the output and outcome levels, by capturing data through business processes measured against predefined sustainability standard indicators, targets and deliverables, and validating the results through a verification mechanism.**

84.   UNOPS will capture data in the EPPM system (now called oneUNOPS Projects) throughout the entire business process and systematically measure them against predefined standard indicators of outputs, which will contribute to UNOPS partners intended sustainable results. oneUNOPS Projects will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019.

Departments responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2019

85.   **In paragraph 106, the Board recommended that UNOPS issue a time-bound plan for mandatory adoption of project management toolkits across UNOPS.**

86.   The Infrastructure and Project Management Group standards management framework, which is part of the UNOPS Strategic Plan, 2018-2021, sets a time-bound plan for mandatory adoption of project management toolkits within business processes, in a revised form of trainings and guidance materials. The EPPM system is being developed to make these mandatory for relevant engagements through the policy framework and by building in controls to filter for relevance in specific engagements. Now called oneUNOPS Projects, it will be made available to all UNOPS projects in January 2019 and will become mandatory on 1 April 2019.

Departments responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2019

87.   **In paragraph 115, the Board recommended that UNOPS prescribe appropriate check and validation methods to ensure that third parties/local contractors, which employ labourers to implement UNOPS projects, comply with the standards laid out in the policy for sustainable infrastructure.**

88.   The organizational instructions on UNOPS works contract (promulgated on 15 March 2018) mandated four standards, referred to in the policy for sustainable infrastructures, that inform the type of contract to be used in different scenarios. This is completed by the works contract template, which stipulates requirements for contractors – covering staff and labour rates, labour laws, facilities, engagement modalities, working hours, health and safety, and social safeguards (such as child labour, appropriate behaviour on site, sexual conduct and other areas) – and outlines reporting requirements and frequency. These elements are also captured in the health, weekly and quarterly safety site inspection reports mandated by the Executive Office instruction on implementation of three levels of requirements for health and safety and social and environmental management (promulgated on 25 August 2017) and referenced in the organizational instruction on construction supervision (promulgated on 15 March 2018). Finally, the construction supervision guidance publication (released on 10 September 2018) presents best practices and guidance focusing on effective quality management, health, safety, social and environment, contracts management and project controls.

Departments responsible:	Infrastructure and Project Management Group
Status:	Implemented
Priority:	Medium
Target date:	n/a

89.   **In paragraph 120, the Board recommended that UNOPS take steps to establish a distinct 'innovation fund' as envisaged in the strategic plan.**

90.   In the current UNOPS Strategic Plan, 2018-2021, there is no reference made to a distinct innovation fund. As such, management considers this recommendation closed.

Departments responsible:	Finance Group
Status:	Implemented
Priority:	Medium
Target date:	n/a

91. **In paragraph 137, the Board recommended that UNOPS integrate the sanctioned vendor lists of other external vendor databases, such as the United Nations Global Marketplace (UNGM) with oneUNOPS.**

92. UNOPS has established a project to undertake the integration of UNGM and oneUNOPS vendor databases, which will include synchronization of vendor sanction information. The project has already developed the functional requirements, which are currently being analyzed at the ICT Operational Governance Panel, which is the internal governance body at UNOPS that determines prioritization and sequencing of ICT initiatives from all units, based on existing resources. The panel has yet to determine the exact dates for actual implementation; however, it is still expected that the project will be implemented by end of 2019.

Departments responsible:	Procurement Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2019

93. **In paragraph 156, the Board recommended that UNOPS review its existing standard operating procedures related to vendor database management in order to ensure it has a strong system of checks, with defined formats of data, data validations, and alerts against duplicates in the oneUNOPS system so as to enhance the quality of datasets.**

94. The supplier clean-up project has been completed with positive results. UNOPS considers this recommendation fully implemented, as the supplier clean-up project has addressed all aspects of the recommendation.
    a. New controls have been added for defined formats for data entry;
    b. Alerts and data validations have been added to the supplier management module;
    c. Alerts for duplicate data in key fields implemented have been added to supplier management module.

95. In addition, UNOPS has added significant new validations and controls to oneUNOPS, a dedicated team in BSSC has conducted analysis and completed a comprehensive clean up of supplier data.

Departments responsible:	Finance Group and Information and Communications Technology Unit
Status:	Implemented
Priority:	High
Target date:	n/a

96. **In paragraph 167, UNOPS agreed with the Board recommendation to finalize guidance for conducting background checks for new recruits.**

97. UNOPS continues to monitor the processes on conducting background checks for new recruits. On this basis, UNOPS will move to close this recommendation now. UNOPS is working with UNBOA to finalize closure of this item.

Departments responsible:	People and Change Group
Status:	Implemented
Priority:	High
Target date:	n/a

98. **In paragraph 174, the Board recommended that UNOPS formulate the policy directives and implementing instructions to set up an inclusive and accessible workplace for employees with disabilities.**

99. Following the request of the Deputy Secretary-General, UNOPS is conducting a self-assessment in this area and will align with United Nations actions to move towards implementation of this recommendation.

100. UNOPS is awaiting the baseline and subsequent decision by the United Nations Secretariat to reissue its policy in the very near future and will take policy action immediately after the United Nations Secretariat has published its findings.

Departments responsible:	People and Change Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2019

101.   **In paragraph 175, the Board recommended that, as enabling action for making the organization more inclusive and disable-friendly, UNOPS endeavour to maintain data on employees with disabilities and complete an accessibility assessment of all its offices, digital platforms and processes on priority.**

102.   Following the request of the Deputy Secretary-General, UNOPS is conducting a self-assessment in this area and will align with United Nations actions to move towards implementation of this recommendation.

103.   UNOPS is awaiting the baseline and subsequent decision by the United Nations Secretariat to reissue its policy in the very near future and will take policy action immediately after the United Nations Secretariat has published its findings.

Departments responsible: People and Change Group
Status: In progress
Priority: High
Target date: First quarter of 2019

104.   **In paragraph 180, the Board recommended that UNOPS ensure implementation of its policy to book travel tickets seven days in advance of travel dates. Systems should be enabled to capture data related to booking for better monitoring.**

105.   The process to employ a suitable, global travel tool is proceeding as planned and a request for quotation (RFQ/2018/6713) for an independent travel advisor has been issued so that the terms of reference can be prepared. After the selected company has completed the terms of reference, UNOPS is expecting the request for proposals for the global travel tool provider to be launched during January 2019.

Departments responsible: Shared Service Centre
Status: In progress
Priority: Medium
Target date: Second quarter of 2019