



**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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UNFPA – Recommendations of the Board of Auditors

United Nations Population Fund

**Report on the recommendations of the United Nations Board of Auditors for 2022
Status of implementation**

Report of the Executive Director

Summary

The UNFPA Executive Director is pleased to submit, in accordance with Executive Board decision 97/2, the present report on the implementation of the recommendations contained in the report of the United Nations Board of Auditors for the financial period ended on 31 December 2022 (A/78/5/Add.8).

The United Nations Board of Auditors acknowledged that UNFPA closed 2022 in strong financial health owing to the continued support of its donors and sound financial management practices, including processes and controls designed to keep the expenses within the available financial resources. In the opinion of the Board of Auditors, the organization's financial statements represent fairly, in all material respects, the financial position of UNFPA as of 31 December 2022 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

A separate table, available on the UNFPA Executive Board website, provides an updated status of the implementation of the audit recommendations.

Elements of a decision

The Executive Board may wish to commend the sustained high rate of recommendation implementation by UNFPA in recent years. The Board may also wish to acknowledge the present report, detailing the actions taken as well as the forthcoming measures aimed at implementing the recommendations of the Board of Auditors for the financial period ending on 31 December 2022.

Note: The present document was processed in its entirety by UNFPA.



I. Overview

1. For the past 13 consecutive years, UNFPA has received an unqualified audit opinion on the organization's financial statements from the United Nations Board of Auditors (BOA). UNFPA continues to accord the highest priority to accountability and transparency, achieving a record of unqualified audit opinions and resolving the concerns of the Board of Auditors.
2. UNFPA has fully implemented 75 per cent of the 36 outstanding recommendations open at the beginning of the financial year 2022, as reflected in the Board of Auditors report for the year ended 31 December 2022. In that report, the Board of Auditors considered an implementation rate of 75 per cent as an indication of a solid commitment of UNFPA to managing previous recommendations and acknowledged management's efforts, encouraging the Fund to continue the process of implementing recommendations.
3. UNFPA received 37 new recommendations in the Board of Auditors report issued in July 2023 and has already implemented 15 of the new recommendations; the organization has submitted supporting documentation requesting the closure of these recommendations. Three recommendations depend on implementing the next phase of the enterprise resource planning (ERP) project (Quantum Plus) and will continue to be under implementation this year. UNFPA endeavours to implement a significant portion of the remaining recommendations (comprising the outstanding ones from 2021, 2020, and 2019) by the close of May 2024, ahead of the annual audit of the financial statements for the year ending 31 December 2023.
4. The Board of Auditors provides the opinion that the financial statements of UNFPA present fairly, in all material respects, the financial position of UNFPA as of 31 December 2022 and its financial performance and cash flows for the year ended, in accordance with IPSAS.
5. UNFPA appreciates the overall conclusion of the Board of Auditors that the Board did not identify significant errors, omissions, or misstatements in its review of the financial records for the year ending 31 December 2022. UNFPA continues to improve in the areas of information and communications technology (ICT), supply chain management, the Oversight Advisory Committee, the Office of Audit and Investigation Services, the Sustainable Development Goals, human resources management, and programme management.

II. Introduction

6. The UNFPA Executive Director (per Executive Board decision 97/2) is pleased to submit a report on implementing the recommendations of the United Nations Board of Auditors for the year ended on 31 December 2022 (A/78/5/Add.8). The Advisory Committee on Administrative and Budgetary Questions (ACABQ) reviewed a summary of the principal findings and conclusions of the Board of Auditors and the corresponding report of the United Nations Secretary-General.
7. The Executive Board of UNDP, UNFPA, and UNOPS, in paragraph 2 of its decision 2022/2, asked to harmonize further the reporting formats on the implementation of the Board of Auditors recommendations, as appropriate, including, where possible, the time frames for the detailed reporting and the thematic categorization of recommendation into those that are a priority and any other priorities and requested to work with UNICEF, UN-Women and the World Food Programme in that regard, as appropriate.
8. To implement this decision, UNFPA, in consultation with the UNDP, the United Nations Capital Development Fund (UNCDF), UNOPS and UNICEF, agreed to a common template; this report is aligned, accordingly, to report on the implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2022.
9. The Executive Board of UNDP, UNFPA and UNOPS, in paragraph 4 of its decision 2023/1, asked UNDP, UNCDF, UNFPA and UNOPS to state the impacts of implemented recommendations, including on organizational culture in its reporting on audit recommendations.

10. To implement this decision, UNFPA, in consultation with UNDP, UNCDF and UNOPS, agreed to include a section on the impact of the implementation of audit recommendations, including on organizational culture, in this report on the implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2022 (see Section V).

III. Status of recommendations for the year ended December 2022

11. The Board of Auditors made 37 new recommendations for 2022. The tables below summarize the implementation status of the main recommendations (table 1) and all recommendations (table 2) for the financial period ending 31 December 2022.

Table 1. Status of implementation of main recommendations for 2022, by thematic area

<i>BOA report thematic area</i>	<i>Total</i>	<i>Closure requested</i>	<i>Under implementation</i>
Information and communications technology	4	3	1
Supply chain management	3	1	2
Office of Audit and Investigation Services	3	2	1
Total	10	6	4
<i>Percentage</i>	<i>100%</i>	<i>60%</i>	<i>40%</i>

Table 2. Status of implementation of all recommendations for 2022, by thematic area

<i>BOA report thematic area</i>	<i>Total</i>	<i>Not accepted</i>	<i>Closure requested</i>	<i>Under implementation</i>
Information and communications technology	7	-	6	1
Supply chain management	14	-	4	10
Oversight Advisory Committee	2	2	-	-
Office of Audit and Investigation Services	6	-	4	2
Sustainable Development Goals	2	-	-	2
Human resources management	2	-	-	2
Programme management	4	-	1	3
Total	37	2	15	20
<i>Percentage</i>	<i>100%</i>	<i>5%</i>	<i>41%</i>	<i>54%</i>

12. This report presents the implementation status for all recommendations the Board of Auditors made for 2022 and prior periods. This section comprises seven subsections, addressing: (a) information and communications technology; (b) supply chain management; (c) the Oversight Advisory Committee; (d) the Office of Audit and Investigation Services; (e) the Sustainable Development Goals; (f) human resources management; (g) programme management; and (g) a separate section on the status of recommendations from prior financial periods (2021, 2020 and 2019).

13. The following paragraphs report on the status and management action plans for every recommendation issued by the Board of Auditors report for the year ended 31 December 2022 (issued in July 2023).

A. Information and communications technology

14. **In paragraph 40, the Board recommends that UNFPA formalize and maintain the current enterprise resource planning project documentation updated, in order to enhance a proper project governance, as well as proper assignment of accountabilities and responsibilities.**

<i>Business unit responsible</i>	Information Technology Solutions Office
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

15. UNFPA has compiled a comprehensive repository of project documentation and is now maintaining this on an ongoing basis. This includes a complete archive of the minutes of ERP project board meetings, Quantum Plus progress reports, field advisory board documents, meeting notes and all inter-agency Quantum-related documents.

16. **In paragraph 41, the Board recommends that UNFPA develop a framework for monitoring implementation and managing resources for ICT projects, establishing a clear path with timelines, responsibilities, milestones to be achieved, risk assessment and stages to implement the projects entirely.**

<i>Business unit responsible</i>	Information Technology Solutions Office
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

17. In 2023, UNFPA established more robust ICT governance processes to oversee and manage ICT projects. This includes a new ICT Project Management Methodology, released in February 2023, updated UNFPA ICT Board Terms of Reference (2023) and updated UNFPA ICT Portfolio Committee Terms of Reference (2023) as well as editorial updates to Policy and Procedures for Information and Communications Technology (ICT) Governance (2023) in May 2023.

18. **In paragraph 53, the Board recommends that UNFPA monitor project expenses and set benchmarks to serve as early indicators of potential resource depletion, crucial for effective resource management.**

<i>Business unit responsible</i>	Information Technology Solutions Office
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

19. UNFPA has implemented an enhanced process to oversee ERP project budgets and expenses. Beginning with the project board meeting in September 2023, budget progress reports are presented to the ERP project board monthly.

20. **In paragraph 54, the Board recommends that UNFPA accelerate the actions to define the modules developed on Atlas pending to be included in the enterprise resource planning Quantum.**

<i>Business unit responsible</i>	Information Technology Solutions Office
<i>Status</i>	In progress
<i>Priority</i>	High
<i>Target date</i>	December 2023

21. UNFPA management would like to report that work to transfer the Global Programming System and shipment tracker modules started in early 2023, is progressing well and on track to go live as scheduled.

22. **In paragraph 62, the Board recommends that UNFPA, in coordination with UNDP, sign a memorandum of understanding and a service level agreement to clearly define the rules of engagement and services provided related to the enterprise resource planning Quantum.**

<i>Business unit responsible</i>	Information Technology Solutions Office
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

23. UNFPA management would like to report that UNFPA signed a new memorandum of understanding for the Quantum ERP on 7 March 2023, followed by a more detailed service-level agreement on 14 April 2023.

24. **In paragraph 68, the Board recommends that UNFPA ensure the execution of revoking access for all ICT resources for separated staff in a timely manner.**

<i>Business unit responsible</i>	Information Technology Solutions Office
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

25. Quantum partner agencies have implemented the Quantum Identity and Access Management (IDAM) system to manage user provisioning as part of the Quantum implementation. This new system has strengthened and automated processes for revoking user access.

26. **In paragraph 75, the Board recommends that UNFPA establish a disaster recovery plan procedure to define a clear scope of applicability, reporting and responsibilities for executing and supervising plans from headquarters to country, subregional or regional offices to monitor the establishment and the conduction of the disaster recovery exercises.**

<i>Business unit responsible</i>	Information Technology Solutions Office
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

27. UNFPA has worked with all country offices and established a central repository of all disaster recovery plans.

B. Supply chain management

28. **In paragraph 90, the Board recommends that UNFPA develop and issue a supply chain management policy in order to implement a coordinated approach to supply chain and logistics within the organization.**

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	High
<i>Target date</i>	December 2024

29. UNFPA management acknowledges and supports the recommendation to develop and issue a supply chain management policy to implement a coordinated approach to supply chain and logistics within the organization. An assessment of the Supply Chain Management Unit (SCMU) terms of reference was conducted to ensure fitness for purpose, and the results were approved. The implementation of this recommendation is progressing as planned, and the revised policy is scheduled to be issued in 2024.

30. In paragraph 91, the Board recommends that UNFPA conduct an assessment in regard to the fulfilment of the functions included in the Supply Chain Management Unit terms of reference to define an implementation schedule and accountabilities to accomplish the Supply Chain Management Unit mandate.

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

31. UNFPA management appreciates the Board’s recommendation and would like to report that the suggested action has been successfully implemented. A comprehensive assessment of the SCMU terms of reference was conducted and subsequently approved, demonstrating UNFPA commitment to ensuring the effective fulfillment of the SCMU mandate.

32. In paragraph 92, the Board recommends that UNFPA take the necessary actions to complete the initial implementation activities of the Supply Chain Management Unit.

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	High
<i>Target date</i>	December 2023

33. UNFPA management agrees with the recommendation and acknowledges that certain aspects of the initial SCMU implementation activities have been affected by recent changes, including document reviews and adjustments to team roles and responsibilities. Consequently, several activities outlined in the 2021 documentation have become obsolete due to these shifts. SCMU is actively reassessing the initial implementation activities, prioritizing those that remain pertinent, and completing the necessary revisions.

34. In paragraph 101, the Board recommends that UNFPA define and approve a supply chain strategy to provide the organization with a holistic supply chain system.

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	June 2024

35. UNFPA management appreciates and supports the recommendation to define and approve a comprehensive supply chain strategy aimed at establishing an all-encompassing supply chain system for the organization. Concurrently, as part of the ongoing structural realignment within SCMU, a revised SCMU strategy is presently under development. This new strategy is designed to encompass a collective vision for a resilient, responsive and ready SCMU that aligns seamlessly with the Sustainable Development Goals, the overarching mandate of UNFPA, and the supply chain expectations within the broader sexual and reproductive health ecosystem. The strategy will explicitly articulate performance metrics, set targets and establish a systematic approach to measurement, ensuring clarity and accountability in supply chain endeavours.

36. **In paragraph 110, the Board recommends that UNFPA conduct the Supply Chain Management Unit and supply chain function risk assessments in order to address a complete risk approach.**

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	June 2024

37. UNFPA management acknowledges and supports the recommendation to conduct Supply Chain Management Unit and supply chain function risk assessments. In November, SCMU will participate in the regional enterprise risk management (ERM) workshop for the focal points of country offices to operationalize the new ERM Policy and enhance the practices in UNFPA departments.

38. **In paragraph 121, the Board recommends that the UNFPA Supply Chain Management Unit carry out an assessment of its staffing needs to effectively organize the responsibilities to successfully fulfil the functions defined in the terms of reference.**

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

39. UNFPA management appreciates the Board's recommendation and is pleased to confirm that the suggested action has been successfully implemented. A comprehensive assessment of SCMU staffing needs to effectively organize the responsibilities to successfully fulfil the functions defined in the terms of reference was conducted and subsequently approved.

40. **In paragraph 122, the Board recommends that the UNFPA Supply Chain Management Unit analyse the motives of turnover rate and take the necessary actions to address it.**

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

41. UNFPA management appreciates the Board's recommendation and is pleased to confirm that a thorough analysis of the turnover rate within SCMU has been conducted as part of a comprehensive assessment. The results of this analysis have informed a revised organizational structure that addresses the identified factors contributing to turnover.

42. **In paragraph 133, the Board recommends that UNFPA ensure that their business units conduct vendor's assessments when the purchase order is closed.**

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2024

43. The UNFPA management acknowledges and supports the recommendation. SCMU is collaborating closely with the Information Technology Services Office (ITSO) to explore innovative approaches for enhancing this process. The recently deployed ERP system holds the potential for improved process alignment and offers additional options for seamlessly integrating preventive controls directly into the system. Simultaneously, with the forthcoming implementation of its new

organizational structure, SCMU will gain enhanced oversight over this function. This restructuring is expected to provide a more effective framework for managing and monitoring the relevant processes.

44. In paragraph 134, the Board recommends that UNFPA improve oversight of business units with the timely fulfilment of vendor’s assessments in the vendor assessment application defined by the Population Fund.

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2024

45. The UNFPA management acknowledges and supports the recommendation. SCMU is collaborating closely with ITSO to explore innovative approaches for enhancing this process. The recently deployed ERP system holds the potential for improved process alignment and offers additional options for seamlessly integrating preventive controls directly into the system. Simultaneously, with the forthcoming implementation of its new organizational structure, SCMU will gain enhanced oversight over this function. This restructuring is expected to provide a more effective framework for managing and monitoring the relevant processes.

46. In paragraph 144, the Board recommends that the UNFPA Yemen Country Office carry out the forecast for reproductive health commodities, considering the ideal forecast and justifying the reason for using that methodology.

<i>Business unit responsible</i>	Yemen country office
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2023

47. UNFPA has worked in Yemen to ensure that forecasting is prepared in areas controlled by the de facto authorities and the Internationally Recognized Government.

48. In paragraph 145, the Board recommends that the UNFPA Yemen Country Office incorporate information about the forecast for reproductive health commodities in the supply plan, indicating if they belong to an estimation.

<i>Business unit responsible</i>	Yemen country office
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2023

49. The forecasting for reproductive health commodities in the supply plan will technically be finalized by a committee using service data and demographic data, as mentioned in the above recommendation.

50. In paragraph 152, the Board recommends that the UNFPA Türkiye Country Office clearly identify the service provision from the goods management given by UNFPA to the implementing partners when the activities and indicators are determined, thus enabling monitoring of them.

<i>Business unit responsible</i>	Türkiye Country Office
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2023

51. UNFPA management agrees with the recommendations. The UNFPA Türkiye Country Office formed an in-country supply chain management team in February 2023 and has started including supplies indicators in the workplans of implementing partners, as well as the types, sizes and values of the supplies in the activities of implementing partners workplans. The target date for implementation completion is the end of 2023.

52. In paragraph 153, the Board recommends that the UNFPA Türkiye Country Office standardize the parameters included in their primary and supplementary reports to enable the monitoring of the quantities and amounts established in the signed workplans between the implementing partners and the office.

<i>Business unit responsible</i>	Türkiye Country Office
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	May 2024

53. The supply chain management team of the UNFPA Türkiye Country Office is working on an internal tool aiming to link the Strategic Information System reports to the procurement plan, implementing partners workplans, the shipment tracker, distribution plans and stock reports.

54. In paragraph 154, the Board recommends that the UNFPA Philippines Country Office strengthen the programme monitoring regarding the supplies to be provided by UNFPA to the implementing partners, through an accurate establishment of the activities indicators and targets embodied in the signed workplans.

<i>Business unit responsible</i>	Philippines Country Office
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

55. The Philippines Country Office has enhanced its monitoring of UNFPA supplies provided to implementing partners. The office ensures that the indicators and targets in UNFPA workplans align with those in implementing partners workplans. The country office procurement staff and warehouse focal points always cross-check its workplans with those of implementing partners before procuring and distributing inventories. The logistics assistant ensures timely receipt of delivery slips for uploading into the shipment tracker before monthly review by the International Operations Manager. Any discrepancies are promptly addressed. The country office conducts biannual physical verifications of supplies delivered to implementing partners and also checks supplies upon delivery. The UNFPA programme team, along with the logistics focal point, conducts post-distribution interviews with beneficiaries, to ensure that the implementing partners have distributed the correct commodities.

C. Oversight Advisory Committee

56. In paragraph 169, the Board recommends that UNFPA ensure the Oversight Advisory Committee's independence by updating their terms of reference with the aim to fulfil the International Standards for the Professional Practice of Internal Auditing and best practices.

<i>Business unit responsible</i>	Executive Board Branch
<i>Status</i>	Not accepted
<i>Priority</i>	Medium
<i>Target date</i>	Not applicable

57. UNFPA management underlines that the Oversight Advisory Committee (OAC) is an independent advisory body to the UNFPA Executive Director, in line with the Executive Board-approved oversight policy of UNFPA. This is the same as current practices in other United Nations organizations, with OAC-equivalent advisory bodies reporting to their respective executive heads. As per its terms of reference, the OAC undertakes structured and systematic reviews of the organization’s governance, risk management and internal control practices, notably as it relates to the independent oversight functions of audit and investigation, evaluation and ethics, to assist the Executive Director in fulfilling her oversight responsibilities. The OAC Chair has unrestricted access to the Executive Board and its President.

58. The OAC submits an independent report on its work for the previous year to the Executive Director each year; this report is provided to the Executive Board in advance of its annual session, along with the annual report of the Office of Audit and Investigation Services (OAIS) on internal audit and investigation activities. To facilitate interaction with the Executive Board, the OAC Chair is available to answer any questions or requests for clarification from Member States on the OAC report at informal and formal sessions of the Executive Board.

59. To further strengthen the relationship between the OAC and the Executive Board and prompted in part by the Joint Inspection Unit report on audit committees (JIU/REP/2019/6), UNFPA revised the terms of reference of the OAC and, inter alia, included language that allows the OAC to present its report at the annual session of the Executive Board, at the request of the Executive Board.

60. In this regard, it is worth noting that the Board decided at its annual session in 2023 that the OAC (and the equivalent bodies from UNDP and UNOPS) will present their annual report and key considerations to the Executive Board at its annual sessions. This is yet another way in which the links between the OAC and the Board have been strengthened and formalized. UNFPA further included in the revised terms of reference a requirement for its Executive Director to convene, on an annual basis, a meeting with the OAC Chair and the President of the Board to discuss matters of shared interest.

61. The OAC terms of reference also establish detailed safeguards and spell out clearly why the Committee’s appointees are independent.

62. UNFPA appreciates that there are different approaches to securing the independence of audit committees; however, it maintains that the current structure and functioning of the UNFPA Oversight Advisory Committee, as an advisory body to enable the Executive Director to fulfill her oversight responsibilities, is a best practice, guaranteeing its independence, and of immense value in strengthening oversight, transparency and risk management of the organization.

63. If implemented, the recommendation would deprive the Executive Director of the direct and firsthand advice that helps improve overall governance and oversight of UNFPA – including by the Executive Board – on an ongoing basis and would duplicate the function and role of the existing Oversight Advisory Committee, which already performs its duties with the requisite independence.

64. Finally, management is of the view that any change or recommendation for change to the UNFPA Oversight Advisory Committee only makes sense in the context of changes to all such committees across the United Nations, many of which have the same type of reporting lines as the UNFPA Oversight Advisory Committee.

65. In paragraph 170, the Board recommends that UNFPA strengthen its third line of defence by reviewing and updating the related oversight policies in order to reflect the new Oversight Advisory Committee definition and purpose.

<i>Business unit responsible</i>	Executive Board Branch
<i>Status</i>	Not accepted
<i>Priority</i>	Medium
<i>Target date</i>	Not applicable

66. UNFPA management notes that this recommendation is related to that contained in the previous paragraph 169; as noted in that response, management is of the view that the Oversight Advisory Committee is an independent advisory body to the UNFPA Executive Director, in line with the Executive Board-approved oversight policy of UNFPA. This is the same as current practices in other United Nations organizations, with OAC-equivalent advisory bodies reporting to their respective executive heads. Such bodies are not described nor intended as “audit committees” (i.e., formal governance bodies) but as “advisory” committees – established to assist the executive heads of United Nations organizations in discharging their oversight responsibilities effectively.

D. Office of Audit and Investigation Services

67. **In paragraph 184, the Board recommends that UNFPA review and approve a new version of the charter of the Office of Internal Audit and Investigation Services that ensures adherence to the International Standards for the Professional Practice of Internal Auditing.**

<i>Business unit responsible</i>	Office of Audit and Investigation Services
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

68. The Office of Audit and Investigation Services (OAIS) initiated the review and drafting of a revised OAIS Charter in May 2022, prior to the BOA audit. In its review, OAIS surveyed the charters of 17 United Nations funds and programmes and specialized agencies to identify good practices not reflected in its existing charter as well as to harmonize, where appropriate. The final version of the new OAIS Charter presented to the Executive Director for approval addresses: (a) recommendations from an external quality assurance of OAIS conducted in 2021; (b) recommendations of the Board of Auditors in its audit of the 2022 UNFPA financial statements; (c) decisions of the Executive Board (2022/22) on the report on the self-assessment of OAIS independence; and (d) comments and suggestions by the UNFPA Legal Unit, the Oversight Advisory Committee, the Evaluation Office, and the Office of the Executive Director. The revised OAIS Charter was approved by the Executive Director on 1 August 2023 and was shared with the Executive Board for information in advance of its second regular session in September 2023. The new charter has also been shared with the Board of Auditors.

69. **In paragraph 185, the Board recommends that UNFPA review and update its policies related to budget and human resources with the aim of enhancing the Office of Internal Audit and Investigation Services’ operational independence.**

<i>Business unit responsible</i>	Division for Human Resources and Division for Management Services
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

70. UNFPA has implemented the recommendation related to budget policies and updated its Resource Management Policy, effective October 2022, where it further clarified and codified the special treatment of independent offices (Office of Audit and Investigation Services and Evaluation Office) in terms of budgetary allocations and resource management. The revised policy specifies in paragraph 3 (f) iii and paragraph 32 the treatment of those offices in terms of budget allocations. Following the Executive Board’s approval of the Institutional Budget, these offices cannot have their allocations reduced, can freely redistribute funds between budget lines, and can request the rollover of unutilized funds across years, subject to funding availability and approval.

71. UNFPA management continuously updates its human resources policy framework to ensure it aligns with the organization’s needs and incorporates best practices and developments in human resources management. Throughout this process, the organization remains committed to upholding the independence and impartiality of critical units, such as OAIS, the Ethics Office and the Evaluation Office. Whenever concerns regarding specific human resources policy provisions come to the organization’s attention, they are thoughtfully reviewed and resolved. The following measures are already in effect:

- (a) The division heads are granted delegated authority for the recruitment of local staff, as specified in the Delegation of Authority document issued on 1 September 2022 (Version 1.2, approved in August 2023);
- (b) The Individual Consultant Policy grants the authority to engage individual consultants to division directors and heads of offices at headquarters, as well as to heads of regional offices, subregional offices and country offices (Paragraph 2a for reference).

72. In paragraph 186, the Board recommends that UNFPA establish a mechanism that allows the Office of Internal Audit and Investigation Services’ personnel to declare any potential conflict of interest per each assignment.

<i>Business unit responsible</i>	Office of Audit and Investigation Services
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

73. OAIS has fully implemented this recommendation through the issuance of OAIS Directive No. 2023-002 by the Director in June 2023. Copies of the directive were shared with the Board of Auditors and UNFPA management for note. The directive took immediate effect, and all OAIS personnel are now fully compliant, having completed their declarations for 2023. Compliance with the directive is required every year in perpetuity.

74. In paragraph 200, the Board recommends that UNFPA review and approve a new version of the manuals to conduct the activities of internal audits and investigations.

<i>Business unit responsible</i>	Office of Audit and Investigation Services
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2023

75. The recommendation is already under implementation. OAIS is establishing standard operating procedures to provide guidance and templates that will help streamline its audit and investigation procedures. These will be the basis for updating the existing manuals (Internal Audit Manual and Investigation Case Work Manual). Revision of the manuals will be undertaken in the fourth quarter of 2023. The target date for implementation is December 2023.

76. In paragraph 201, the Board recommends that UNFPA conduct a comprehensive analysis of the root causes of the significant delays and develop a mechanism to periodically review the level of compliance, with the aim to adhere to the timelines of audit reports and investigations.

<i>Business unit responsible</i>	Office of Audit and Investigation Services
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2023

77. OAIS has already established mechanisms that periodically review timelines for the issuance of both audit and investigation reports. With the establishment of a new Quality Assurance, Policy and

Reporting Unit in late 2022, the OAIS Directorate now actively monitors various phases of audit engagements through a detailed schedule and tracking tool. The Internal Audit Branch is already harnessing the benefits of the monitoring mechanisms, and recent reports have been finalized within significantly reduced timelines.

78. The Investigation Branch is on track to meet its overall 150 case closure target, as identified in its annual workplan, a number that will assist in reducing the investigations backlog while ensuring that new matters are addressed expeditiously. However, it should be noted that it is unlikely that legacy issues – such as vacancies, the nature of investigative work (reactive and requiring regular re-prioritization of matters, reallocation of human and other resources, and rapid case-related decision making), limited human resources, among others – which impacted the timeliness of investigations, will be fully resolved within one year, particularly given the continually evolving nature of OAIS work, including the fact that the number of complaints received and the emergence of new humanitarian situations cannot be predicted.

79. OAIS is continuously monitoring the initiatives it has put in place, with a view to reprioritizing resources and incorporating lessons learned to mitigate any reporting or investigation case delays and will provide an analysis of audit reporting and investigation timelines to close the recommendation on or before 31 December 2023.

80. In paragraph 202, the Board recommends that UNFPA define a reasonable timeframe for completing investigations.

<i>Business unit responsible</i>	Office of Audit and Investigation Services
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

81. In 2023, OAIS developed and applied specific case closure criteria to its backlog and overall caseload. OAIS also defined its intake and case referral process, contributing to a significant increase in the number of cases closed, in comparison with the same time of year in 2022. At present, OAIS has closed 100 per cent more cases than at the same time in 2022. In turn, this has enabled OAIS to reduce its overall case aging and to better define reasonable timelines for completing investigations.

E. Sustainable Development Goals

82. In paragraph 213, the Board recommends that UNFPA reinforce the mainstreaming of Sustainable Development Goals' impact in the programme implementation, including the activities, indicators and baseline data.

<i>Business unit responsible</i>	Policy and Strategy Division
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	June 2024

83. The Sustainable Development Goals constitute the overarching results that the UNFPA strategic plan aims to contribute to. The strategic plan contributes to achieving all 17 Sustainable Development Goals but most directly contributes to Goals 3, 5, 10, 13, 16 and 17. It ultimately contributes to Goal 1, ending poverty in all its forms everywhere. Hence, by default, all the work of the UNFPA strategic plan is designed to contribute to achieving the Goal. The requirements for the next phase of the ERP project (Quantum Plus) include providing a mechanism for monitoring the UNFPA contribution to the Sustainable Development Goals, which will allow UNFPA to reinforce the mainstreaming of their impact in programme implementation, including activities, indicators and baseline data. The upcoming UNFPA results and resources planning system, expected to be launched

for the 2024 planning, will include a tag on the Sustainable Development Goals. The tag will link a Goal to the relevant programme outputs, activities and their corresponding baselines and targets.

84. In paragraph 214, the Board recommends that UNFPA implement a mechanism to monitor the adoption of the committed Sustainable Development Goal globally and across all the regions in order to enhance transparency, accountability and detect gaps to be addressed.

<i>Business unit responsible</i>	Policy and Strategy Division
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	June 2024

85. The requirements for the upcoming UNFPA results and resources planning system include providing a mechanism for monitoring the UNFPA contribution to the Sustainable Development Goals. The upcoming UNFPA results and resources planning system, expected to be launched for the 2024 planning, will include a tag on the Sustainable Development Goals, which will allow monitoring of UNFPA contributions globally and across the regions.

F. Human resources management

86. In paragraph 225, the Board recommends that the UNFPA Türkiye Country Office ensure that service contract personnel are only recruited under the conditions stated in the guidelines that apply to the entity and guarantee that no core functions are listed under the activities to be performed.

<i>Business unit responsible</i>	Türkiye Country Office
<i>Status</i>	In progress.
<i>Priority</i>	Medium
<i>Target date</i>	June 2024

87. UNFPA management agrees with the recommendations. UNFPA is working to introduce a new contract modality that will replace the current service contract modality. The new contract modality will allow the country office to continue to engage locally recruited personnel for support functions, whereas managerial functions will only be conducted by UNFPA staff.

88. In paragraph 226, the Board recommends that the UNFPA Türkiye Country Office establish a plan to avoid inappropriate prolonged use of non-staff personnel currently under contract.

<i>Business unit responsible</i>	Türkiye Country Office
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	June 2024

89. Implementation of the approved realignment is ongoing. UNFPA is working to introduce a new contract modality that will replace the current service contract modality.

G. Programme management

90. In paragraph 238, the Board recommends that the Information Technology Solutions Office coordinate with the Türkiye Country Office in order to assess the local data collection system to identify risks, support services, stability, effectiveness, and impact on the internal system performance after its launch.

<i>Business unit responsible</i>	Türkiye Country Office and Information Technology Solutions Office
<i>Status</i>	In progress
<i>Priority</i>	Medium

<i>Target date</i>	March 2024
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91. UNFPA management agrees with the recommendations. The UNFPA Türkiye Country Office has started the evaluation process of the chosen supplier together with ITSO to identify risks, support services, stability, effectiveness and impact on internal system performance, in line with current policies. In consultation with the Türkiye Country Office and other UNFPA headquarters business units, ITSO has started exploring the possibility of assessing and using an implementing partner data management system within the organization to have effective real-time data collection and reporting regarding beneficiaries and service delivery.

92. In paragraph 239, the Board recommends that UNFPA formalize a confidential management clause regarding beneficiaries into the agreements signed with their implementing partners.

<i>Business unit responsible</i>	Policy and Strategy Division and Legal Unit
<i>Status</i>	Implemented
<i>Priority</i>	Medium
<i>Target date</i>	Implemented and closure requested

93. UNFPA management has already implemented this recommendation. Clause 21.3 of the UNFPA General Terms and Conditions for Implementing Partner Agreements already provides that all data compiled by or received by implementing partner under the Agreement (including beneficiary data) shall be the property of UNFPA, shall be made available for use or inspection by UNFPA at reasonable times and in appropriate places, shall be treated as confidential, and shall be delivered only to UNFPA authorized officials on completion of work under the Agreement. As such, implementing partners are already contractually obligated to ensure the confidentiality of beneficiary data, and any breach of that obligation would potentially subject the implementing partner to liability for breach of contract. (The UNFPA General Terms and Conditions for Implementing Partner Agreements are available at www.unfpa.org/IP).

94. The foregoing notwithstanding, the Board of Auditors may wish to note that UNFPA has embarked on a process of reviewing all UNFPA legal forms and all UNFPA general terms and conditions, service conditions and general conditions of contract for alignment with the requirements contained in the UNFPA data protection policy. Accordingly, UNFPA may decide to revise the above-referenced clause of the UNFPA General Terms and Conditions for Implementing Partner Agreements if this is deemed necessary or helpful during the review.

95. In paragraph 240, the Board recommends that UNFPA take mitigating measures regarding the manner of access to its information in the local data collection system when a non-institutional electronic address is used.

<i>Business unit responsible</i>	Information Technology Solutions Office & Legal Unit
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	May 2024

96. UNFPA management agrees with the recommendations and will undertake an assessment and mitigation of local ICT applications-related risk as part of operationalizing the ICT component of the new ERM policy by the second quarter of 2024.

97. In paragraph 241, the Board recommends that UNFPA assess the use of an implementing partners management system within the organization, in order to have effective real-time data collection and reporting regarding the beneficiary service delivering.

<i>Business unit responsible</i>	Policy and Strategy Division & Information Technology Solutions Office
<i>Status</i>	In progress

<i>Priority</i>	Medium
<i>Target date</i>	May 2024

98. UNFPA management will assess the use of an implementing partner management system, in line with the recommendation and the set target date.

IV. Status of recommendations from prior financial periods

99. In annex 1 to its report for the year ended 31 December 2022, the Board of Auditors provided a summary of the status of the implementation of recommendations from previous financial periods. Information is provided below on the nine recommendations assessed by the Board of Auditors to be ‘under implementation.’ The information in table 3 below is in the order in which the recommendations are presented in annex 1.

Table 3. Status of outstanding recommendations from prior years

<i>BOA report thematic area</i>	<i>Total</i>	<i>Closure requested</i>	<i>Under implementation</i>
Travel management	1	-	1
Implementing partners management	2	1	1
Inventory management	4	1	3
Programme management	1	1	-
Last-mile assurance management	1	-	1
Total	9	3	6
<i>Percentage</i>	<i>100%</i>	<i>33%</i>	<i>66%</i>

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100. **In paragraph 165, the Board recommends that UNFPA Mozambique, Myanmar, and Ethiopia country offices strengthen and incorporate systemic tools with the main aim to improve the information system in the travel management process, aiming to increase its effectiveness and efficiency.**

<i>Business unit responsible</i>	Division for Management Services
<i>Status</i>	In-progress
<i>Priority</i>	Medium
<i>Target date</i>	Q2/2022
<i>Revised target date</i>	December 2024

101. In the context of the transition to the new ERP (Quantum), a new travel module has been developed in the UNDP platform UNall (ServiceNow) and is currently being used at UNFPA headquarters. The module will be rolled out in phases throughout 2024, with completion expected by the fourth quarter of 2024.

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102. **In paragraph 42, furthermore, the Board recommends that UNFPA incorporate automatic controls in the new enterprise resources planning system, with the aim to determine the implementing partners subject to mandatory assurance activities in a timely and accurate manner.**

<i>Business unit responsible</i>	Division for Management Services
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Original target date</i>	Q1/2023
<i>Revised target date</i>	Implemented and closure requested

103. UNFPA management agrees with the proposed control and has implemented this in the current system for managing partners. Partner management is outside the scope of the new ERP system.

104. **In paragraph 88, the Board recommends that UNFPA improve its supplies monitoring process at the regional and country governance level, with the purpose of detecting business units that require support to maintaining timely and accurate information about the entity's supplies and the inventory delivery to the implementing partners.**

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	High
<i>Original target date</i>	Q2/2022
<i>Revised target date</i>	June 2024

105. UNFPA management concurs with the recommendation, and a priority-based phased approach will be implemented in 2024. This approach will involve the hiring of logisticians with risk and oversight functions, who will be stationed in various regional offices.

106. In addition to the work conducted by the logisticians, the regional supply chain management specialists will collaborate closely with the last mile assurance and supply chain strengthening team at SCMU, as well as the country office inventory management team, to identify and address supply chain gaps in countries. This will encompass tasks ranging from quantification and planning to last-mile delivery.

107. The redesigned last mile assurance process is now fully operational and is being rolled out in 75 countries, including all UNFPA Supplies countries. The last mile assurance process, along with the collaborative efforts of the regional supply chain management specialists with the technical teams at SCMU – particularly the country office inventory management team – is pivotal to enhancing field offices' ability to manage supplies until they are transferred to implementing partners. These initiatives will create favourable conditions for improving the organization's supply monitoring process.

108. **In paragraph 89, in addition, the Board recommends that UNFPA incorporate preventive controls related to inventory information in the new enterprise resource planning, in order to provide early alerts at each stage of the supply process.**

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	High
<i>Target date</i>	December 2024

109. The timeline for the implementation of the trade and transportation module has been agreed upon for 2024 between ITSO and SCMU. This module is designed to provide early alerts for critical logistical milestones in the supply process. With the introduction of the new inventory solution, UNFPA will examine integration points between the Oracle Order and Transportation Module and the forthcoming country office inventory management solution (which will be designed in Quantum Plus). This integration aims to ensure that key logistical milestones are updated within the country office inventory management module.

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110. **In paragraph 78, the Board recommends that UNFPA strengthen the assurance activities plan and put in place preventive controls in its formulation process in the implementing partners assessment.**

<i>Business unit responsible</i>	Division for Management Services
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	December 2024

111. UNFPA management agrees with this recommendation and is developing a new implementing partner assurance system, with additional preventive controls for assessments, by 31 December 2024. In the meantime, the risk is minimized by using detective controls through a comprehensive review of active micro-assessment reports, conducted periodically to ensure accuracy and consistency with data entered into the system.

112. **In paragraph 103, the Board recommends that UNFPA Lebanon Country Office and the Democratic Republic of the Congo Country Office ensure that reviews are carried out in a timely manner by the Programme Officer before the approval of the workplan progress report and the respective funding authorization and certificate of expenditure form in order to safeguard the resources used by the implementing partner.**

<i>Business unit responsible</i>	Lebanon Country Office and the Democratic Republic of the Congo Country Office
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

113. The UNFPA Country Office in the Democratic Republic of Congo has developed a tool for quarterly monitoring of the annual workplan, the workplan progress report, the funding authorization and the certificate of expenditure form. A memo was issued to all staff emphasizing the need to comply with annual workplan management and monitoring. The weekly meeting of the country office delivery unit also reviews the submission timelines of these documents.

114. The Lebanon office has already implemented this recommendation by developing an internal control framework database.

115. **In paragraph 157, the Board recommends that UNFPA country offices in Lebanon and Colombia ensure that the delivery of the goods to implementing partners be linked with the distribution plan.**

<i>Business unit responsible</i>	Lebanon Country Office and Colombia Country Office
<i>Status</i>	Implemented
<i>Priority</i>	High
<i>Target date</i>	Implemented and closure requested

116. The country offices in Lebanon and Colombia have ensured that a distribution plan is created at the beginning of the workplans. The distribution plan is to be updated as soon as an unexpected humanitarian emergency arises. The country offices are committed to updating their distribution plans frequently so that the evidence between the global programming system and inventory is as accurate as possible, especially in a humanitarian emergency.

117. **In paragraph 176, the Board recommends that UNFPA Colombia Country Office work closely with headquarters in order to incorporate the categorization of the type of delivery**

document (programme supplies distribution agreements, direct distribution and delivery slips) into the new enterprise resource planning system.

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	May 2024

118. Automation of programme supplies distribution agreements and delivery slip handover documents will be deployed, as part of the interim country office inventory management system in Quantum Plus, by May 2024.

119. In paragraph 186, the Board recommends that UNFPA Democratic Republic of the Congo Country Office strengthen the preparation and review of the different reports involved in the last mile assurance process components.

<i>Business unit responsible</i>	Supply Chain Management Unit
<i>Status</i>	In progress
<i>Priority</i>	Medium
<i>Target date</i>	June 2024

120. UNFPA management has thoroughly reviewed the various reports associated with the last mile process component and the team structure supporting this process. All aspects have been meticulously revised and are now progressing smoothly. Considering the annual nature of this ongoing process, its finalization is anticipated by the second quarter of 2024.

V. Impact of implemented recommendations

121. UNFPA has consistently maintained a high rate of implementation, successfully reducing the number of outstanding recommendations. Delving into the related thematic areas, it is evident that most of these implemented recommendations have yielded substantial improvements in UNFPA organizational systems and practices, particularly within the top three thematic areas of (a) information and communication technology; (b) supply chain management; and (c) Office of Audit and Investigation Services (OAIS). These achievements underscore the organization's commitment to excellence and signify significant strides in fortifying the operational effectiveness of UNFPA. Management looks forward to building on this momentum and further advancing the collective objectives.

122. In 2023, UNFPA successfully implemented the recommendations in information and communication technology, resulting in a significant positive impact. Formalizing and maintaining the ERP project documentation has not only strengthened project governance and accountability but also fostered a culture of meticulousness and transparency within the organization. The establishment of a comprehensive framework for monitoring and managing ICT projects ensures a strategic approach with clear timelines and risk assessments, contributing to a culture of efficiency and strategic planning. UNFPA proactive measures – monitoring project expenses, accelerating actions on module development, signing agreements with UNDP, revoking access for separated staff, and establishing a disaster recovery plan procedure – collectively reflect a commitment to efficiency, transparency and security in ICT project management. These initiatives not only enhance the technological aspects of UNFPA but also contribute to a broader organizational culture that values innovation, collaboration and adaptability. This positions UNFPA for continued success in its technology-driven endeavours while nurturing a culture of excellence throughout the organization.

123. Similarly, UNFPA has made significant strides in supply chain management. Successful implementation of the SCMU terms of reference reassessment demonstrates its commitment despite some challenges, with revisions expected to be completed by the end of December 2023. A supply chain strategy, due in June 2024, aligns with the structural realignment of SCMU, emphasizing a

resilient and responsive approach, with explicit performance metrics and accountability. Comprehensive staffing needs assessments have already been completed, addressing turnover factors through organizational restructuring. Collaboration with ITSO and the impending ERP system deployment showcases UNFPA commitment to enhancing vendor assessments and oversight. Country-specific initiatives in Yemen, Türkiye and the Philippines are progressing, focusing on forecasting, standardizing parameters and strengthening programme monitoring, respectively. Culturally, these initiatives signify a shift towards a more proactive and collaborative approach within UNFPA, fostering continuous improvement and adaptability in response to changing circumstances. The emphasis on collective vision and strategic alignment reflects an organizational commitment to achieving the organization's overarching goals and mandates.

124. The implemented audit recommendations for OAIS have led to a transformative impact on the internal audit and investigation practices of UNFPA. This includes the approval of a revised OAIS Charter, aligning it with international standards, policy updates ensuring operational independence, and the establishment of mechanisms for personnel to declare conflicts of interest. Ongoing improvements in audit and investigation procedures, along with a dedicated focus on timeliness and efficiency, underscore the proactive approach of UNFPA to continuous enhancement. Furthermore, the organization has successfully defined reasonable timeframes for completing investigations, resulting in a remarkable 100 per cent increase in closed cases and a notable reduction in overall case aging, showcasing a significant cultural shift towards excellence, transparency and accountability. In summary, the implementation of these recommendations reflects even further enhanced commitment within UNFPA to international standards, operational independence, transparency and continuous improvement in audit and investigation practices. The comprehensive and collaborative approach to these changes signifies a commitment to excellence and underscores UNFPA dedication to upholding the highest standards of independence, integrity and accountability in its internal audit and investigation services.

VI. Conclusion

125. UNFPA management welcomes the report of the Board of Auditors for the UNFPA financial statements for the year ended 31 December 2022, and its overall conclusion that the organization closed 2022 in good financial health through its sound financial management practices, including processes and controls designed to keep its expenses within the available financial resources. UNFPA continues to accord the highest priority to achieving a record of unqualified audit opinions and resolving the concerns of the Board of Auditors. It is committed to addressing the areas of improvement identified in the report and will continue to strengthen and widen the scope of these initiatives.
