**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**

# UNOPS: Report on the implementation of the recommendations of the United Nations Board of Auditors, 2019

*Summary*

UNOPS is pleased to respond to the recommendations made in the report of the United Nations Board of Auditors (A/75/5/Add.11) and to provide an update on the current status of implementation. The report of the United Nations Board of Auditors on UNOPS activities for the year ended 31 December 2019 was unqualified.

*Elements of a decision*

UNOPS management continues to emphasize the importance of addressing audit concerns. According to UNOPS assessment, progress has been achieved in the implementation of recommendations made for the year ended 31 December 2019. UNOPS continues to address the remaining recommendations. The Executive Board may wish to acknowledge the progress UNOPS has achieved and welcome the next report on implementation.

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# 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 order to better support projects in these service lines, in 2019 UNOPS took the significant step to implement an enterprise portfolio and project management system, known as oneUNOPS. Usage of this system is mandatory and includes – among others – an enterprise risk management (ERM) feature at the project, engagement and business unit levels (country offices, clusters, etc.).

2.  UNOPS shares the importance that its partners place on sustainability. It is committed to integrating social, environmental, economic and national capacity considerations in project implementation. Its annual sustainability report summarizes key achievements 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 was the first United Nations organization to adopt these internationally recognized sustainability reporting standards.

3.  In 2019, the Information and Communications Technology (ICT) Unit further strengthened its approach to governance and refined its methods of working by formulating an annual roadmap based on submissions by all policy units. The annual roadmap has enhanced the organization's ability to plan the roll-out of the associated systems and manage any process changes and change management. Systems enhancements in 2019 included specialized tools to manage key finance processes, tools to enable better workforce planning, and the development of specialized reports for key partners. Two new modules were also delivered: contract management and oneUNOPS Projects, with the inclusion of an enhanced engagement acceptance process incorporating output-based budgeting.

4.  In 2019, UNOPS maintained its global International Organization for Standardization (ISO) 9001 Quality Management System certification, as well as its ISO 14001 Environmental Management System certification in Denmark and in 17 other countries.

5.  In 2019, UNOPS 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 and in seven other countries continue to meet the OHSAS 18001 standard. 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 2019, 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. As of 31 December 2019, the minimum operational reserve requirement was $21.0 million.

7.  As at 31 December 2019, end-of-service and post-retirement benefits for both management-funded and project-funded staff amounted to $90.7 million ($71.9 million for after-service health insurance, $18.3 million for repatriation grants and $0.4 million for death benefits). All UNOPS end-of-service and post-retirement benefit liabilities are fully funded as at 31 December 2019.

*Issues to watch and risks to mitigate*

8.   The UNOPS business model is demand-driven and self-financed, unique in the United Nations system. It provides services in exchange for a fee in some of the most challenging environments, including fragile states facing high levels of uncertainty. UNOPS has developed robust risk management practices to manage increasingly complex operations in such unpredictable operational environments. UNOPS accumulated surpluses are its only contingency for unforeseeable residual risks within UNOPS liabilities. UNOPS is currently undertaking a minimum operational reserve study to ensure the reserve is fit for purpose.

9.   In 2019, UNOPS issued 70 online health and safety training licenses to UNOPS personnel and contractors, as part of organizational capacity building efforts. In addition, 255 UNOPS personnel, contractors and government counterparts participated in face-to-face health, safety, social and environment (HSSE) training at 13 locations across the globe. These workshops empower participants to implement sound HSSE management measures in their projects and offices.

## II.   UNOPS responses to the recommendations of the United Nations Board of Auditors

10.   In its report for the year ended 31 December 2019 (A/75/5/Add.11), the United Nations Board of Auditors issued 10 recommendations classified as high priority and 13 classified as medium priority. The implementation of all recommendations is on track for completion as per set timelines. Because the recommendations were issued in July 2020 and many of them require long-term attention, UNOPS will need to work beyond the financial year 2020 to implement them successfully. Annexes 1 and 2 provide the specific responses to these recommendations.

11.   UNOPS management continues to emphasize the importance of addressing audit concerns. As observed by United Nations Board of Auditors, UNOPS management took measures to strengthen accountability for implementation in 2019. In the implementation schedule provided in this report, UNOPS is targeting an implementation rate of more than 60 per cent for the 2020 audit cycle.

## III.   Conclusion

12.   UNOPS is pleased to respond to the report of the United Nations Board of Auditors for the year ended 31 December 2019. 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 United Nations Board of Auditors for the year ended 31 December 2019 (A/75/5/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 | 3 | - | - | 3 | 3 | - |
| Infrastructure and project management | 1 | - | - | 1 | 1 | - |
| Procurement | 2 | - | - | 2 | 2 | - |
| Shared Services Centre | 3 | - | 2 | 1 | 1 | - |
| Sustainable Infrastructure Impact Investments (S3I) | 1 | | - | 1 | 1 | |
| **Total** | **10** | **-** | **2** | **8** | **8** | **-** |

**Table 2. Status of implementation of all recommendations**

| Department responsible | Number of recommendations | Not accepted | Implemented/ closure requested | In progress | Target date set | No target date |
|---|---|---|---|---|---|---|
| Finance | 7 | - | 2 | 5 | 5 | - |
| Infrastructure and project management | 1 | - | - | 1 | 1 | - |
| Procurement | 4 | - | - | 4 | 4 | - |
| Shared Services Centre | 9 | - | 6 | 3 | 3 | - |
| Sustainable Infrastructure Impact Investments (S3I) | 2 | | | 2 | 2 | |
| **Total** | **23** | **-** | **8** | **15** | **15** | **-** |

1.      **In paragraph 23, the Board recommended that UNOPS review its required minimum operational reserves and adhere to its policy of full cost recovery, so that the risks arising during the course of its operations are effectively met and surpluses are not accumulated over and above the realistically assessed operational reserves.**

| | |
|---|---|
| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2022 |

2.      As directed in Executive Board decision 2020/8, UNOPS will undertake a review of minimum operational reserves. The review will be presented to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for review and afterward will be presented to the Executive Board.

3.      **In paragraph 37, the Board recommended that UNOPS convey to its partners and clients the components of the fee and fee increments that it charges for projects and adopt more transparent communication methodology in that regard.**

| | |
|---|---|
| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | Medium |

| | |
|---|---|
| *Target date:* | Fourth quarter of 2020 |

4. UNOPS has established a corporate action plan on how to improve its client relations for 2020. This includes an action to "develop and roll-out detailed external communication material explaining UNOPS value proposition, including pricing". Under this, UNOPS has started to work on improved presentation and explanation to partners of its cost recovery model, which should in turn address this specific recommendation.

5. **In paragraph 46, the Board recommended that UNOPS issue specific instructions following up on the issue of the framework, guidelines, procedures and policy to strengthen and formalize the processing and documentation of projects funded through the growth and innovation reserve.**

| | |
|---|---|
| *Department(s) responsible:* | Sustainable Infrastructure Impact Investments (S3I) |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2020 |

6. UNOPS accepted the generic recommendation but categorically disagreed with some non-factual comments made by the United Nations Board of Auditors in paragraphs 42-45 of the audit report. While UNOPS fully respects the right of the United Nations Board of Auditors to express opinions, the views of the auditee should also be represented fairly. UNOPS has had in place a robust policy framework before embarking on Sustainable Infrastructure and Impact Investments (S3I) activities. That included both internal UNOPS policies, which were and are applicable to S3I, as well as a detailed set of supplemental policy guidelines co-created over a nine-month period with one of the most renowned management consulting companies. While S3I is still in pilot phase, the policy-honing activities continued in uninterrupted fashion as UNOPS moved along. The final draft of the S3I supplementary policies should be completed by the fourth quarter 2020 and promulgated before the end of 2020. However, the work will not stop there and UNOPS will keep making significant further adjustments to the S3I policy framework until the end of the pilot phase at the end of 2023.

7. **In paragraph 63, the Board recommended that UNOPS review the status of implementation of the projects, establish a more structured process for monitoring their progress, reassess the risks to its investments on the basis of actual progress against the benchmarks and take appropriate steps for mitigation measures.**

| | |
|---|---|
| *Department(s) responsible:* | Sustainable Infrastructure Impact Investments (S3I) |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Fourth quarter of 2020 |

8. The Board's report states that UNOPS agrees with the recommendation. However, while UNOPS agreed with the general thrust of the Board's generic recommendation, UNOPS made it very clear that the organization did not accept many of the comments made by the Board that are not grounded in reality and show only rudimentary understanding of the ways in which the world of investments operates. Furthermore, some of the comments made by UNOPS have been ignored or misstated. The way the recommendation is worded is unhelpful in that it is so generic that it is virtually impossible to objectively assess the implementation status. UNOPS is of the view that its processes aimed at monitoring deal progress are already adequate and include frequent on-site verifications, monthly and quarterly progress reports, monthly and quarterly sets of management accounts and annual audit reports. To date, UNOPS has been receiving all dividend payments in full and on time. Of equal importance is the fact that the portfolio of projects, in particular in the area of affordable housing, is rapidly growing on three continents and ranging from middle-income to least-developed countries, with agreements endorsed at the highest level of the respective Governments. UNOPS will continue to apply best practices in the implementation of such projects and mitigating risks, but it will not limit itself to a one-time review of the status of implementation. Rather, UNOPS will keep reviewing all its S3I projects with much rigour and on an ongoing basis, learning from the unique experiences gained in the process and adjusting its working methods to achieve the best outcomes for the people in need.

9. **In paragraph 78, the Board recommended that UNOPS examine the risks of investment manager investing UNOPS portfolios in its own fund and take appropriate mitigation measures.**

| | |
|---|---|
| *Department(s) responsible:* | Finance Group |
| *Status:* | Closure requested |
| *Priority:* | Medium |

|  |  |
|---|---|
| *Target date:* | Not applicable |

10.     UNOPS has taken measures to implement the recommendations. UNOPS confirms that, effective July 2019, portfolios managed by UNOPS external manager, Legal and General Investment Management (LGIM), do not hold any investments in LGIM-owned/operated pooled investment vehicles. UNOPS, therefore, considers this recommendation implemented.

11.     **In paragraph 80, the Board recommended that UNOPS take immediate action to implement the asset and liability management study report and restructure its health-care portfolio so that the returns are sufficient to meet future liabilities.**

|  |  |
|---|---|
| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Fourth quarter of 2020 |

12.     UNOPS agreed during its Investment Advisory Committee held in June 2020 to implement a new asset allocation (and start a new manager search) for its after-service health insurance (ASHI) investment portfolio. This new allocation and manager should be in place before the end of the fourth quarter 2020

13.     **In paragraph 90, the Board recommended that UNOPS review and document the performance of the investment manager at intervals, as formalized in the statement of investment principles of January 2020.**

|  |  |
|---|---|
| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2024 |

14.     The supplier performance of the investment manager is formally evaluated against the contractual obligations following UNOPS prevailing procurement policies. UNOPS procurement policies currently require supplier performance to be formally evaluated upon completion of the whole award, which in the case of provident fund will be in 2024. UNOPS management will work with the Board to establish a process through which the recommendation can be closed, following UNOPS procurement processes and the review frequency prescribed therein.

15.     **In paragraph 92, the Board recommended that UNOPS consider the performance of the investment manager against the objectives of the statement of investment principles, while considering a further extension of the agreement with the investment manager.**

|  |  |
|---|---|
| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2022 |

16.     Although the contract of the investment manager may be considered for extension and performance against the statement of investment principles in 2022, the supplier performance of the investment manager is formally evaluated against the contractual obligations following UNOPS prevailing procurement policies and upon completion of the whole award in 2024. UNOPS management will work towards implementation of the recommendation.

17.     **In paragraph 109, the Board recommended that UNOPS assess its approach to the inclusion of provision for performance security, particularly for non-works contracts with high value, large volume or complexity, for ensuring seriousness on the part of suppliers and performance of the contract.**

|  |  |
|---|---|
| *Department(s) responsible:* | Procurement Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2021 |

18.     UNOPS accepted this recommendation and is working on the assessment for the additional performance security requirements as part of the ongoing revision to its procurement manual.

19.     **In paragraph 110, the Board recommended that UNOPS improve its monitoring to ensure that performance securities are submitted in a timely manner and kept valid throughout the contract period.**

| | |
|---|---|
| *Department(s) responsible:* | Procurement Group |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2021 |

20.     UNOPS accepted this recommendation and is assessing potential system enhancements to the contract management module of the enterprise resources planning (ERP) system, oneUNOPS, to improve the monitoring of performance securities received.

21.     **In paragraph 123, the Board recommended that UNOPS assess its approach to the inclusion of the provision of liquidated damage, in particular for high-value contracts, in order to mitigate the risk of potential late performance leading to financial loss to UNOPS and its partners.**

| | |
|---|---|
| *Department(s) responsible:* | Procurement Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2021 |

22.     UNOPS accepted this recommendation and is working on the assessment of its approach towards the inclusion of liquidated damages, as part of the ongoing revision of its procurement manual.

23.     **In paragraph 129, the Board recommended that UNOPS comply with the guidance regarding the supplier performance evaluation and complete the evaluations according to the prescribed timeline.**

| | |
|---|---|
| *Department(s) responsible:* | Procurement Group |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2021 |

24.     UNOPS accepted this recommendation and is working on its implementation, as part of its project to enhance supplier performance evaluation processes and practices.

25.     **In paragraph 136, the Board recommended that UNOPS ensure compliance to its financial regulations and rules for the operational closure of projects and put in place appropriate checks to promptly change the status of projects as soon as their activities have ceased.**

| | |
|---|---|
| *Department(s) responsible:* | Infrastructure and Project Management Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2021 |

26.     As UNOPS operates under a decentralized model, the regional and country offices are responsible for project operational closure, following the project management manual, mandatory since 1 January 2019, and using the guidance and systems developed at the corporate level – under corporate oversight carried out by the Organization Portfolio Management Office (OPMO). In efforts to improve the operational closure of projects and prompt a change of the project status upon completion of the implementing stage, UNOPS released guidelines for project closure in October 2020, which guide country offices and project teams throughout the necessary closure-related activities, roles, responsibilities and accountabilities, so that project closure is appropriately planned and resourced. Furthermore, project managers can receive tailor-made assistance on operational closure from the Integrated Practice Advice and Support (IPAS) Unit. In addition, the application of the project management manual was improved by further embedding project closure considerations in OneUNOPS Projects (scheduled for release in the first quarter 2021). Lastly, UNOPS has begun making improvements to oversight, which is carried out by UNOPS headquarters.

27.     **In paragraph 147, the Board recommended that UNOPS pursue the transfer of new lines of business to the Bangkok Shared Services Centre and enable scalable operations in line with the objectives of setting up the centre and the UNOPS Strategic Plan, 2018-2021.**

|  |  |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | High |
| *Target date:* | Not applicable |

28.     The recommendation has already been addressed. The transfer of new services to the Bangkok Shared Services Centre (BSSC) is a continuous exercise that was demonstrated during the audit period and will continue to be actively pursued going forward. During 2018 and 2019, UNOPS reported that 13 new tasks were transferred to BSSC. Throughout 2020 at least three key new services (payment factory, bank account reconciliation and United Nations Web Buy Plus reconciliation) are in the BSSC transition plan.

29.     **In paragraph 155, the Board recommended that UNOPS establish strong governance structures to identify and evaluate service lines that could be considered for transfer to the Bangkok Shared Services Centre and develop business plans for each of those service lines.**

|  |  |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | Medium |
| *Target date:* | Not applicable |

30.     UNOPS understands that the recommendation is satisfied through its current corporate structure, composed of the Director, Shared Services Centre, the Director, Finance and Administration, and the UNOPS Senior Leadership Team. The Director, Shared Services Centre, reports directly to the Director, Finance and Administration, who sits on the UNOPS Senior Leadership Team, which is directly under the UNOPS Executive Director. Additionally, UNOPS has made the BSSC Steering Panel more robust in terms of its overall strength and influence for future service line analyses and transfers.

31.     **In paragraph 161, the Board recommended that UNOPS streamline the functioning of the Bangkok Shared Services Centre's steering panel through systematic documentation of its recommendations and their follow-up so that the panel contributes to the introduction of new service lines, which could then be followed up by the Centre or the Shared Service Centre Group.**

|  |  |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2020 |

32.     UNOPS confirms that the BSSC steering panel was established to represent the views and needs of UNOPS field offices, which are BSSC key clients. UNOPS has decided to update the terms of reference of the BSSC steering panel to expand membership within the panel and appoint new panel members. These steps should achieve the objective of granting the steering panel a stronger role in terms of its overall influence and ability to support implementation of service transfer to BSSC.

33.     **In paragraph 168, the Board recommended that UNOPS identify and prioritize ICT interventions that are essential for the work of the Bangkok Shared Services Centre, in consultation with relevant stakeholders, for fulfilment of the strategic goal of providing globally shared transactional services with economy, efficiency, effectiveness and scalability.**

|  |  |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | High |
| *Target date:* | Not applicable |

34.     UNOPS believes that this recommendation has already been implemented through the current method of evaluation and implementation of information technology projects. BSSC actively partners with the ICT Unit and jointly supports the

Senior Leadership Team to assess and decide on the required information technology development work and solutions needed with the goal of improving efficiency, automation and compliance for BSSC.

35.     **In paragraph 170, the Board also recommended that UNOPS develop business cases with details of activities, including ICT developments along with milestones, resources requirement, timelines and cost avoidance estimates, in a holistic manner for consideration during decisions on ICT submissions.**

| | |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | Medium |
| *Target date:* | Not applicable |

36.     The recommendation is already addressed within the current method of requesting information technology development work, design and solutions mapping, starting with the 2020 ICT road map. The 2020 road map has been divided into five streams by business focus and nature of information technology development.

37.     **In paragraph 180, the Board recommended that UNOPS implement the treasury management system and related automation of the whole process to save time and funds, as well as potential loss to the projects.**

| | |
|---|---|
| *Department(s) responsible:* | Finance Group |
| *Status:* | Closure requested |
| *Priority:* | Medium |
| *Target date:* | Not applicable |

38.     In July 2019, UNOPS signed an agreement with Kyriba, its new treasury management system. The roll-out of the system took place in three phases that started in August 2020 and has been finalized.

39.     **In paragraph 185, the Board recommended that UNOPS consider a version management mechanism in the issue and revision of various instructions to enable tracking of the start of the activity or function at the Bangkok Shared Services Centre, followed by the dates and nature of revisions.**

| | |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | Medium |
| *Target date:* | Not applicable |

40.     The recommendation was implemented at the end of 2019 via UNOPS global introduction of the software suite, Google G-Suite, as UNOPS corporate productivity tool that will automatically address these concerns. Google G-Suite automatically manages version control as well as the dating and tracking of document changes.

41.     **In paragraph 190, the Board recommended that UNOPS incorporate reporting tools for performance requirement in ICT applications.**

| | |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Fourth quarter of 2020 |

42.     BSSC is supporting the ICT Unit with the development of an advanced human resources and payroll reporting platform in Google BigQuery (a serverless, highly scalable and cost-effective cloud data warehouse designed for business agility), which facilitates the creation of advanced reporting tools for BSSC.

43.     **In paragraph 197, the Board recommended that UNOPS study the processes relating to human resources and payroll and take steps to automate process flows and incorporate validation controls to avoid or at least reduce repetitive feeding of the same data, thereby ensuring data integrity and avoiding manual errors.**

| | |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | In progress |

| | |
|---|---|
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2021 |

44.      The recommendation is currently being addressed through a payroll and human resources automation project outlined by the ICT Unit as part of the 2020 road map. As part of this project, business needs will be identified and process mapping conducted through a working group composed of relevant stakeholders (ICT Unit, Finance Group, People and Change Group, Shared Services Centre, Partnership and Liaison Group) and followed up with appropriate solutions design and development by the ICT Unit.

45.      **In paragraph 207, the Board recommended that UNOPS prepare and prescribe integrated timelines delineating the functions of involved entities within UNOPS, in order to leverage the existence of the shared services centre for transactional services.**

| | |
|---|---|
| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | Medium |
| *Target date:* | Not applicable |

46.      The recommendation is already addressed. UNOPS has created the interactive online system, Process and Quality Management System (PQMS). Processes for all UNOPS entities are delineated in PQMS by both functional areas and by entity. PQMS shows detailed procedural workflows with delineated roles and responsibilities by units. In addition, PQMS is the UNOPS process repository, where all key processes are stored. PQMS is the link between the legislative framework and daily work. PQMS is divided in two parts, addressing both policy (the knowledge part) and the process map, where the process is designed in simple steps, allowing the process user to see the sequence of steps and which resource is responsible for each step.

# Annex 2

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

47.     In the annex to its report for the year ended 31 December 2019, the United Nations Board of Auditors provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 16 recommendations that were under implementation. According to UNOPS assessment, three of the 16 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 United Nations Board of Auditors for the year ended 31 December 2019

| Department responsible | Number of recommendations | Implemented/ closure requested | In progress | Target date set | No target date |
|---|---|---|---|---|---|
| | | | | | |
| Finance | 6 | - | 6 | 6 | - |
| Information and communications technology | 2 | 1 | 1 | 1 | - |
| Infrastructure and project management | 6 | - | 6 | 6 | - |
| Shared Services Centre | 2 | 2 | - | - | - |
| | | | | | |
| **Total** | **16** | **3** | **13** | **13** | **-** |

## B. Report of the United Nations Board of Auditors for the year ended 31 December 2016 (A/72/5/Add.11)

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

*Department(s) responsible:*    Infrastructure and Project Management Group
*Status:*    In progress
*Priority:*    Medium
*Target date:*    First quarter of 2021

49.     UNOPS delivers project outputs, contributing to the outcomes identified and owned by its partners, with a focus on delivery in time, cost and quality. UNOPS partners are the stakeholders who determine how project outputs are aligned within their sustainability targets and how they contribute to the Sustainable Development Goals. As such, the role of UNOPS is to ensure that, at the project level, sustainability is embedded within its delivery processes and how UNOPS manages projects. As part of its strategy to continuously enhance project management, in 2019 UNOPS released and made mandatory the enterprise portfolio and project management system (oneUNOPS) that incorporates the new project management policy requirements, including screening requirements for social and environmental and gender mainstreaming. The mandatory use of sustainability screenings (social, environmental and gender) enables UNOPS to screen and monitor projects against sustainability standards throughout a project's life cycle. The assurance on such sustainability elements is scheduled through the engagement quarterly assurance process in 2021; while a new feature in oneUNOPS Projects, to establish action plans informed by the screenings, is scheduled for release in the fourth quarter 2020, beginning with the gender action plan. In addition, UNOPS has developed guidance and tools to support its own projects as well as those of its partners. For example, UNOPS has shown how infrastructure projects can advance the

attainment of the SDGs. These include several reports – including "Infrastructure underpinning the SDGs" and the complementary tool, sustainABLE – which project developers (an anyone interested) can use to identify activities to include in projects that will enhance the ability to influence the achievement of the SDGs. UNOPS notes that the Board wishes to assess the effectiveness of the aforementioned elements by reviewing the results of the new quarterly assurance process; UNOPS has ensured the Board that its project activities and outputs are now systematically screened against sustainability aspects and that guidance and tools are available.

50.     **In paragraph 95, the Board recommended that UNOPS incorporate sustainability targets and deliverables into project initiation documents, for mandatory screening and monitoring, measurement and reporting of sustainability contributions at all stages of the project life cycle, from engagement acceptance, quarterly assurance, and project progress reports to project closure reports.**

*Department(s) responsible:*     Infrastructure and Project Management Group
*Status:*     In progress
*Priority:*     High
*Target date:*     First quarter of 2021

51.     In alignment with the answer made to the recommendation in paragraph 87 of the 2016 report, UNOPS delivers project outputs, contributing to the outcomes identified and owned by its partners, with a focus on delivery in time, cost and quality. UNOPS partners are the stakeholders determining how the project outputs are aligned within their sustainability targets and how they contribute to the SDGs. As such, the role of UNOPS is to ensure that, at the project level, sustainability is embedded within its delivery processes and how UNOPS manages projects. UNOPS notes with appreciation that the Board acknowledged that UNOPS incorporated sustainability considerations into project initiation documents embedded in its enterprise portfolio and project management system (oneUNOPS); and UNOPS acknowledges that the Board wishes to assess the effectiveness of the system put in place by assessing the results of the new quarterly assurance process.

52.     **In paragraph 102, the Board recommended that UNOPS establish a standard procedure for sustainability results reporting at the output and outcome levels by capturing data throughout the business process, to be measured against predefined sustainability standard indicators, targets and deliverables, and having the results validated through a verification mechanism.**

*Department(s) responsible:*     Infrastructure and Project Management Group
*Status:*     In progress
*Priority:*     High
*Target date:*     First quarter of 2021

53.     In alignment with the answer made to the recommendations in paragraphs 87 and 95 of the 2016 report, UNOPS delivers project outputs, contributing to the outcomes identified and owned by its partners, with a focus on delivery in time, cost and quality. UNOPS partners are the stakeholders determining how project outputs are aligned within their sustainability targets and how they contribute to the SDGs. As such, the role of UNOPS is to ensure that, at the project level, sustainability is embedded within its delivery processes and how UNOPS manages projects. As part of its strategy to continuously enhance project management, UNOPS released and made mandatory in 2019, its enterprise portfolio and project management (oneUNOPS) which incorporates the new project management policy requirements. The system functionality requires that all project outputs are defined in line with UNOPS operations and mandate in the engagement acceptance process and are approved by the engagement authority. The system makes mandatory the use of social and environmental and gender mainstreaming screenings, which enables UNOPS to screen and monitor projects against sustainability standards throughout a project's life cycle. The assurance on such sustainability elements is scheduled through the engagement quarterly assurance process in 2021, while a new feature in oneUNOPS Projects to establish action plans as informed by the screenings is scheduled for release in the fourth quarter 2020, with the first one being the gender action plan. The revised quarterly assurance process will also include aspects related to the Global Reporting Initiative in order to strengthen the quality of data collection (moving from annual to quarterly collection). UNOPS has ensured that its project activities and outputs are now systematically screened and monitored against sustainability aspects and, in addition, that guidance material and tools are available to support both its own projects as those of its partners. Lastly, oneUNOPS Projects now includes an output-based reporting feature covering all project management areas, which is linked to the engagement acceptance process and to project benefits.

54.	**In paragraph 156, the Board recommended that UNOPS review its existing standard operating procedures relating to vendor database management to ensure that it has a strong system of checks with defined formats of data, data validations and alerts regarding duplicates in the oneUNOPS system to enhance the quality of data sets.**

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| *Department(s) responsible:* | Information and Communication Technology Unit |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2020 |

55.	UNOPS will review the data in question to assess if more clean-up is possible. It is however important to recognize that the United Nations Global Marketplace (UNGM) data is not owned by UNOPS and that the UNOPS ERP system holds the vendor data of all personnel which by nature are not registered in the UNGM database.

56.	**In paragraph 180, the Board recommended that UNOPS ensure the implementation of its policy regarding booking of tickets at least seven days in advance of the travel date. Systems should be enabled to capture the data related to booking, to allow for better monitoring.**

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| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | Medium |
| *Target date:* | Not applicable |

57.	UNOPS acknowledges the conclusion made by the United Nations Board of Auditors with regard to closure of the recommendation. UNOPS further highlights its operations are mostly emergency in nature in most volatile locations. UNOPS position remains that travellers should aim for booking of tickets seven days in advance of departure, where possible, which is a strongly recommended practice but not a requirement. Given the nature of UNOPS operations, UNOPS cannot make this a requirement since situations arise where personnel need to book their tickets urgently, and hence cannot always adhere to the seven-day advance booking recommendation. While UNOPS does not need this guidance, it would like to maintain the seven-day advance booking recommendation in the Process and Quality Management System (PQMS) to continue encouraging personnel to do so. UNOPS is therefore actually in compliance with the policy and considers the recommendation implemented.

## C.	Report of the United Nations Board of Auditors for the year ended 31 December 2017 (A/73/5/Add.11)

58.	**In paragraph 42, the Board recommended that UNOPS expedite the implementation and operationalization of the enterprise portfolio and project management system and enterprise risk management system as planned.**

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| *Department(s) responsible:* | Infrastructure and Project Management Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2021 |

59.	The risk management functionality in oneUNOPS, while being already used across the organization since 2019, has been further enhanced to increase its usability and is available since April 2020. It provides users with a familiar interface to incorporate risks while leveraging additional capabilities that Google-Suite offers, thus improving use of the risk management feature. The functional requirements for the Engagement Acceptance Committee (EAC) integration in oneUNOPS were drafted in 2019 and system development now needs to be prioritized. The EAC submission process and associated monitoring is in the meantime done through a ticketing system (using JIRA software).

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

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| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2020 |

61.     UNOPS has again achieved a very high on-time closure rate (97 per cent) for the third quarter 2020. Overall, UNOPS has already closed 90 per cent of client projects on time for 2020, leaving a current backlog of 61 projects which, given that a total number of 1,651 active projects, represents a backlog of less than 4 per cent. UNOPS progress is still evident, especially considering that when the recommendation was issued the backlog stood at 370 projects, which represented approximately 24 per cent of then ongoing projects. Lastly, UNOPS has significantly improved its notification and follow up processes with project teams to ensure timely closure.

62.     **In paragraph 73, the Board recommended that:**

    a.     **UNOPS strengthen its reporting and monitoring mechanism with respect to mainstreaming of gender into projects, by ensuring that the documentation of gender mainstreaming becomes, as far as feasible, an intrinsic part of the project management process. UNOPS should also ensure the preparation of gender action plans by all gender focal points;**

    b.     **The role of gender focal points be strengthened by providing necessary resources, such as time and a budget, for the effective implementation of their roles and responsibilities.**

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| *Department(s) responsible:* | Infrastructure and Project Management Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | First quarter of 2021 |

63.     On recommendation (a): In order to strengthen its reporting and monitoring mechanism of gender mainstreaming in projects and ensure the preparation of gender action plans by all gender focal points, in 2019 UNOPS released its gender mainstreaming in projects guidelines in English, French and Spanish to help UNOPS project personnel mainstream gender considerations in projects UNOPS delivers. These guidelines are to be used in conjunction with the UNOPS gender mainstreaming and gender parity strategies and their associated action plans and policies. Embedded in its enterprise project and portfolio management system (oneUNOPS), gender mainstreaming considerations, such as all UNOPS engagements, must develop and implement a gender action plan if screened positively against gender mainstreaming criteria during the engagement development and acceptance process. A new feature in oneUNOPS to establish action plans as informed by the screenings is scheduled for release in the fourth quarter 2020, beginning with the gender action plan. The oversight of the milestones of the gender action plan will be done through the quarterly assurance process, the improved version of which is being embedded in oneUNOPS, with the first report scheduled to be ready in early 2021.

(b) Recommendation (b) was closed by the Board in 2018.

## D. Report of the United Nations Board of Auditors for the year ended 31 December 2018 (A/74/5/Add.11)

64.     **In paragraph 22, the Board recommended that UNOPS ensure that the review of project classification by Integrated Practice Advise and Support unit or the Finance Group is captured in oneUNOPS to leave an appropriate audit trail.**

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| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2021 |

65.     UNOPS has taken the decision to embed the process of project classification within the enterprise project and portfolio management system (oneUNOPS). The interface for project classification will require explicit confirmation of review of all project classification, providing an appropriate audit trail. This interface is currently under development by the ICT Unit.

66.     **In paragraph 23, the Board recommended that UNOPS take steps to generate the financial statements from the oneUNOPS enterprise resources planning system so as to minimize the need for manual adjustments and interventions.**

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| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2021 |

67.     The UNOPS ICT Unit had previously developed reports in the ERP system, whose outputs are key corporate financial statements tables. The Finance Group is now working further with the ICT Unit to ascertain the feasibility of these reports' outputs to be within the ERP itself.

68.     **In paragraph 50, the Board recommended that UNOPS subject the property, plant and equipment to a systematic annual review to confirm the remaining useful life in line with IPSAS requirements.**

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| *Department(s) responsible:* | Shared Services Centre |
| *Status:* | Closure requested |
| *Priority:* | High |
| *Target date:* | Not applicable |

69.     UNOPS has established an annual process for the reassessment of the assigned useful life.

70.     **In paragraph 83, the Board recommended that UNOPS properly document the cases of waiver of administrative fees.**

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| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Fourth quarter of 2020 |

71.     UNOPS has started a substantive review of its advance financing management process, as it is governed fully by internal procedures. In this review, UNOPS will also evaluate the efficiency and effectiveness of the financial management aspects of the advance financing process and adjust the administrative fee process accordingly.

72.     **In paragraph 84, the Board recommended that UNOPS modify the interest distribution tool to correctly allocate the interest on advance financing cases**

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| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Fourth quarter of 2020 |

73.     UNOPS has started a substantive review of its advance financing management process, as it is governed fully by internal procedures. In this review, UNOPS will also evaluate the efficiency and effectiveness of the financial management aspects of the advance financing process and adjust the interest recovery process accordingly.

74.     **In paragraph 136, the Board recommended that UNOPS comprehensively review the pending change requests, classify them on the basis of priority and bring them before the ICT governance bodies for consideration so that the pending requests can be addressed comprehensively and within a definite time frame.**

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| *Department(s) responsible:* | Information and Communication Technology Unit |
| *Status:* | Closure requested |
| *Priority:* | High |
| *Target date:* | Not applicable |

75.     UNOPS has taken measures to implement the recommendations. UNOPS confirms that in addition to the process implemented in early 2020 for prioritization of change requests, effective 30 September 2020, change requests have a 12-month timeframe to be addressed.

76.      **In paragraph 170, the Board recommended that UNOPS incorporate the requirements of PRINCE2 methodology in oneUNOPS to enabling UNOPS to manage its projects in terms of the requirements of its project management manual.**

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| *Department(s) responsible:* | Infrastructure and Project Management Group |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Fourth quarter of 2021 |

77.      The development of oneUNOPS has substantially progressed since October 2019. The focus in the first quarter of 2020 has been on enhancing the usability of different functionalities within the system, such as risk management: (a) while the functional requirements for an online project initiation document have been completed, oneUNOPS is currently integrating different Google-Suite functionalities into the system and, once integration of Google-Suite has been tested by users, the integration of an online project initiation document as a Google Doc will be prioritized in the future; (b) the development of functional requirements for the inclusion of tolerances (against time, cost, scope) in the opportunity and engagement acceptance process, begun in the second quarter 2019, will be prioritized for development in the system in the future; (c) the integration of the new expenditure forecasting process was released in September 2020, while the new quarterly assurance process (which captures the 'manage by stages' principle in PRINCE2) will be released in January 2021 so it can be used for the fourth quarter 2020 quarterly assurance process; and (d) the full project closure process, as outlined in the project management manual, will be integrated into the system during the fourth quarter 2020 with a targeted release in early 2021. The functional requirements have been completed for the global lessons library, which is tentatively scheduled for development for the first quarter 2021.

78.      **In paragraph 174, the Board recommended that UNOPS automate the preparation of financial statements to ensure the credibility of financial information. UNOPS should also prioritize the implementation of treasury management and inventory valuation and management in oneUNOPS.**

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| *Department(s) responsible:* | Finance Group |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2021 |

79.      On the automation of financial statements, the ICT Unit had previously developed reports in ERP, whose outputs are key corporate financial statements tables. The Financial Group is now working further with the ICT Unit to ascertain the feasibility of these reports' outputs within the ERP itself. On treasury management, in July 2019 UNOPS signed an agreement with the firm Kyriba as its new treasury management system. The roll-out of the system took place in three phases beginning in August 2020 and has been finalized. On inventory valuation, this part of the recommendation was addressed and closed during the 2019 audit.

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