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Population Fund and the United
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Recommendations of the Board of Auditors

UNDP: Report on the implementation of the recommendations of the Board of Auditors, 2013

Summary

In July 2014, the United Nations Board of Auditors formally issued its audit report for UNDP (A/69/5/Add.1) and awarded UNDP an unqualified (clean) audit opinion for the year ended 31 December 2013. This is the second full year of reporting under the International Public Sector Accounting Standards (IPSAS), and the unqualified opinion reiterates the continuing commitment of UNDP to compliance with IPSAS. This achievement also marks almost a decade of unqualified audit opinions for UNDP.

The Administrator continues to emphasize that transparency and accountability are top priorities for UNDP. This commitment to transparency is evidenced in the 2014 Aid Transparency Index, which recognized UNDP as the most transparent development organization for its “commendable performance” in publishing information beyond international standards this year, placing it first overall out of 68 major agencies evaluated worldwide. To review and strengthen the organization-wide accountability framework is an essential element of making UNDP fit-for-purpose under the current Strategic Plan, and significant progress has been made in this area.

As UNDP continues to move towards meeting higher standards of organizational transparency and accountability, the strategic management of top audit-related priorities will be closely monitored, with progress and challenges deliberated at forums chaired by the Administrator and the Associate Administrator.

The present report: reviews the notable progress made in addressing the top nine audit-related management priorities for 2012–2013 (as presented in document DP/2013/8 and endorsed by the Executive Board in decision 2013/7); presents the top eight audit-related management priorities for 2014–2015 and management actions that will be taken thereon; and reports on the implementation status of the recommendations of the Board of Auditors for the year ended December 2013. Pursuant to Executive Board decision 2010/9, details of the implementation status of the audit recommendations and the full audit report of the Board of Auditors are available on the UNDP [Executive Board website](#).

Elements of a decision

The Executive Board may wish to: (a) note the unqualified audit opinions issued by the United Nations Board of Auditors for 2013; (b) note progress made by UNDP in addressing the top nine audit-related priorities in 2012–2013; and (c) support ongoing UNDP management efforts in addressing the revised top eight audit-related management priorities for the 2014–2015 biennium and in implementing the recommendations of the Board of Auditors for the year ended 31 December 2013.



I. Introduction

1. UNDP has received an unqualified (clean) audit opinion from the United Nations Board of Auditors on its financial statements for the year ended 31 December 2013, marking almost a decade of unqualified audit opinions for UNDP. This is an important achievement as it reiterates the UNDP commitment to continuous improvement in financial management, transparency and accountability. UNDP will continue to strive for greater operational excellence. The tone set at the top by the Administrator has been instrumental in enabling UNDP to receive unqualified audit opinions.
2. Annex 1 presents the top eight audit-related management priorities for the biennium 2014–2015. It is important to remember that the top nine audit-related management priorities for the 2012–2013 biennium reflected progress made on the original top 10 for 2010–2011, top 11 for 2008–2009 and top 15 for 2006–2007. The progression of the top UNDP audit priorities since 2006–2007 from 15 to 8 is an indication of the improved performance of UNDP offices in their efforts to deliver on the UNDP mandate. In order to sustain this improved level and realize additional gains, UNDP will continue to strengthen its proactive oversight and monitoring.
3. The current top eight list of audit-related management priorities has been established subsequent to discussions with the Board of Auditors, the UNDP Office of Audit and Investigations (OAI), and the Audit Advisory Committee. This report also takes into consideration comments of the Advisory Committee on Administrative and Budgetary Questions (A/69/386) and the Fifth Committee in their respective reviews of the report of the Board of Auditors (A/69/5/Add.1) and the Concise summary of the principal findings and conclusions contained in the reports of the Board of Auditors for the biennium 2012–2013 and annual financial periods 2012 and 2013 (A/69/178).

II. Review of progress made in addressing top audit-related management priorities in 2012–2013

4. Although it has moved to an annual financial audit cycle under the International Public Sector Accounting Standards (IPSAS), UNDP considers it necessary to track progress over a two-year period by drawing on lessons learned from the two years of IPSAS-based audits by the Board of Auditors.
5. Based on the findings of the Board of Auditors for the period ended 31 December 2013 and on discussions with OAI and the Audit Advisory Committee, there is general agreement that encouraging progress has been made on all top nine audit-related management priorities for the 2012–2013 biennium, although progress on various details within each audit priority has been somewhat uneven.
6. Excellent progress has been made on two audit priorities and on certain elements of the third priority, enabling them to be dropped altogether from the list in 2014–2015: (a) Atlas change controls; (b) IPSAS implementation; and (c) leave records and after-service health insurance (ASHI) management. The remaining half of this third audit priority (recruitment management) is a work in progress and will be carried forward.
7. Residual challenges remain in five areas that are proposed to be carried forward as audit-related management priorities in 2014–2015. These include: (a) national implementation (NIM) management; (b) programme/project management and quality assurance; (c) procurement planning and capacity-strengthening; (d) asset and inventory management, particularly ongoing adoption of the project asset transitional provisions under IPSAS and management of inventory; and (e) recruitment management.

8. Annex 2 provides a summary of the assessment of the top nine audit-related management priorities for the 2012–2013 biennium. The results of the internal assessment have been presented and endorsed by the Organizational Performance Group meeting, chaired by the Associate Administrator, and reviewed by the Executive Group meeting, chaired by the Administrator.

9. The following is a summary of progress made in the top nine audit-related management priorities for 2012–2013. Specific priority management actions planned or in progress to mitigate the above-mentioned residual challenges in the next two years are highlighted in the top eight audit-related management priorities for 2014–2015, as outlined in chapter III of this report.

A. NIM audit follow-up and framework/monitoring/support of the harmonized approach to cash transfers (HACT)

10. Progress made reflects the concerted efforts of regional bureaux and country offices, which have resulted in 96 per cent of NIM audit reports being received by OAI by 30 September 2014 (852 reports representing \$1.8 billion or 95 per cent of project expenditure to be audited) compared to 98 per cent and 94 per cent in 2012 and 2011, respectively. The net financial impact (NFI) for NIM audits with a modified audit opinion for fiscal year 2013 was \$13 million, representing 0.7 per cent of total audited expenditure, while in 2012 it was \$112 million, representing 5.7 per cent of total audited expenditure. A total of 81 per cent of 2013 NIM audit reports were submitted by the deadline of 30 April 2014 (84 per cent in 2013).

11. UNDP actively participated during 2013 in the revision of the 2005 HACT framework, with the goal of addressing implementation challenges and bottlenecks. Extensive inputs were provided by United Nations country teams and other United Nations agencies, and the revised HACT framework was approved by the United Nations Development Group (UNDG) in February 2014. The new HACT guidelines will be effective in 2015.

12. Although UNDP has made steady progress on this audit-related management priority, it will continue to remain a priority for 2014–2015 due to emerging requirements and issues, including: (a) NIM challenges that materialized during 2013 as noted by the Board of Auditors; (b) the pending roll-out of the revised HACT framework in 2014 for adoption by all country offices by 1 January 2015; and (c) transitioning to the new UNDP structure.

B. Programme/project design, monitoring and evaluation

13. While UNDP has made good progress in this area, residual issues remain to be addressed as noted by the Board of Auditors, particularly with respect to setting more effective project-level indicators and targets; project monitoring; timely issuance of quarterly progress reports; better project-level quality assurance mechanisms; and timely closure of projects. As result, this priority has been carried forward to 2014–2015. A range of organizational-level initiatives have been completed or are in progress as part of UNDP efforts to be ‘fit for purpose’ in implementing the 2014–2017 Strategic Plan, including the establishment of the Integrated Results and Resources Framework (IRRF); programme alignment; a strengthened corporate planning and results system; and a robust project-level quality assurance framework. The targeted outcome is to align the new corporate strategic planning system (enhanced results-based management platform) with project-level indicators in one system.

14. Through continued emphasis on the importance of timely project closure and the availability of monthly reports for headquarters and country offices, UNDP has made substantial progress in reducing the number of inactive projects during 2013. However, it is noted that final closure of projects also depends on timely completion of actions by implementing partners, as well as prompt receipt of instructions from donors on the treatment of any remaining balances. It will remain a priority in 2014–2015 to facilitate further mainstreaming and sustainability of results.

C. Procurement management at UNDP country offices

15. UNDP has made progress in this area through continued professionalization of procurement staff; conducting rigorous procurement capacity and risk assessments of country offices and implementing associated remedial support; and providing proactive advice on procurement planning. However, residual challenges remain, as noted by the Board of Auditors and OAI. UNDP will retain this as a priority area for 2014–2015, with greater emphasis on risk-based approaches to procurement planning and capacity enhancements.

D. Atlas change controls

16. UNDP has made very good progress in this area, and now has a fully functional information and communications technology (ICT) governance group and an updated Atlas change control manual. This audit priority has thus been removed from the list for 2014–2015.

E. Leave records and recruitment management

17. This priority contained three elements, two of which have been fully addressed (leave records, ASHI management) while the third remains a work in progress (recruitment management) and will be carried forward into 2014–2015. The Atlas absence management functionality (eServices) is now fully operational and being used in all UNDP offices for staff application and supervisor approval of leave/absence. In addition, effective management of leave is now monitored on corporate performance dashboards. With regard to ASHI, the necessary processes are now in place to allow UNDP to comply with the IPSAS requirement for more complete, accurate estimates of ASHI and leave accrual liabilities. UNDP has an ASHI liability funding plan that envisages full funding over a period of 15 years, beginning 1 January 2012. UNDP reviews this funding plan annually following the results of the actuarial valuation. With regard to recruitment management, the Atlas eRecruitment project roll-out was completed in early 2013 and the pre-pilot was completed in mid-2013. The eRecruitment project is comprised of three phases, the last of which is scheduled to be completed in 2016 and will provide solutions for this audit priority.

F. Management of high-risk programme portfolios

18. The Associate Administrator currently chairs the Executive Team, which has a specific mandate for addressing risks and problems in high-risk country offices that require immediate attention and action by the UNDP senior management team. Additionally, UNDP has a robust management strategy for projects funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the UNDP Organizational Performance Group, chaired by the Associate Administrator, receives regular reports on its implementation. UNDP is selected as Interim Principal Recipient for Global Fund grants in the most difficult country contexts, and as a result, the operating challenges and stakes are very high. Through its grant management rating system, the Global Fund acknowledges that the UNDP grants are performing well (96 per cent of grants rated A or B1). While good progress has been made, residual challenges remain in some areas.

G. Asset and inventory management

19. UNDP has implemented robust asset and inventory management processes and strong monitoring and oversight mechanisms, although challenges remain based on the findings of the Board of Auditors and OAI in country office audit missions, particularly in the areas of asset data quality and physical verification. While progress has been made, challenges still exist due to the organization's dependency on external partners, particularly with respect to

development project assets, which will be reported in the UNDP 2015 financial statements. As a result, this audit priority will be carried forward.

H. IPSAS implementation

20. Through continued staff training and strengthening of the quarterly, mid-year and annual accounting closure processes, UNDP has made significant progress in preparing IPSAS-compliant financial statements (and related accounting schedules) within a compressed timeline. Given the progress made in this area, and the resulting clean audit opinions for the past two years, this priority area has been removed. UNDP will recognize development project assets in its 2015 financial statements, which is the remaining area of IPSAS implementation for UNDP and an individual focus area for 2014–2015, as mentioned above.

I. Long outstanding audit recommendations

21. UNDP remains vigilant in actively resolving long outstanding audit recommendations for 18 months or more (pursuant to Executive Board decision 2006/19). As of October 2014, UNDP has a total of 12 recommendations of the Board of Auditors and 16 OAI recommendations that remain long outstanding (compared to 23 and 56, respectively, as of September 2013). The Executive Group, chaired by the Administrator, and the Organizational Performance Group, chaired by the Associate Administrator, regularly review the status of long outstanding audit recommendations and UNDP anticipates continued good progress in this area.

III. Management plans for addressing top eight audit-related priorities in 2014–2015

22. In consultation with the Board of Auditors, OAI and the Audit Advisory Committee, a revised list of the top eight audit-related management priorities for the 2014–2015 biennium has been established and endorsed both by the Organizational Performance Group (chaired by the Associate Administrator) and by the Executive Group (chaired by the Administrator).

23. The residual challenges noted above have been brought forward, and in some cases fine-tuned or revised to reflect the identification of emerging risks. Additionally, two new priorities have been added in light of the current changes being made to the structural and accountability framework to ensure that UNDP is ‘fit for purpose’ to implement the Strategic Plan. The top eight audit priorities for 2014–2015 are: (a) implementing partner fiduciary and capacity management, including strengthening compliance with controls; (b) programme/project management and quality assurance, including strengthened monitoring and evaluation; (c) procurement planning, professionalization and capacity-strengthening; (d) structural change management and benefits realization; (e) management accountability and implementation of field-level controls; (f) asset and inventory management; (g) recruitment management and separation controls; and (h) long outstanding audit recommendations. Annex 2 provides an overview of the top eight audit-related management priorities for the 2014–2015 biennium.

24. The top eight audit-related management priorities for the 2014–2015 biennium are described below with a discussion on how UNDP management intends to address the audit risks and underlying systemic issues. UNDP continues to be cognizant of the challenging financial context and the need to continue achieving cost savings, efficiencies and effectiveness.

A. Implementing partner fiduciary and capacity management

25. This priority includes enhancing the management of implementing partners, including strengthening compliance with controls; improving the timeliness of NIM report submissions; and strengthening NIM audit follow-up actions related to modified audit opinions and significant NFI.

26. A significant portion of UNDP programmes are delivered with implementing partners using NIM, with this modality accounting for \$2.4 billion in 2013. During 2014–2015, UNDP will implement an integrated suite of measures to strengthen the fiduciary and capacity management associated with its work with implementing partners. This will include: (a) implementation of the revised undg HACT framework by all country offices, ensuring stronger linkages between assessments, capacity-building needs and assurance and evaluation activities; (b) review and strengthening of the existing UNDP NIM manual with a particular focus on risk-based approaches, and ensuring the ‘right’ controls are in place for the country context and associated risk profile, combined with more rigorous monitoring of compliance with controls; (c) closer review and earlier actions by regional bureaux and country offices in situations where an implementing partner receives consecutive years of modified NIM audit opinions with significant NFI; and (d) exploring options for UNDP to exercise its fiduciary role with implementing partners. UNDP will also continue its focus on improving the timeliness of NIM audit report submissions.

B. Programme/project management and quality assurance

27. This priority includes: (a) improving the quality of results-centred programme and project management, including strengthening of monitoring and evaluation; (b) continued close management of high-risk programmes and projects; and (c) ensuring timely financial closure of projects and refunds to donors. Guided by the IRRF, results-based management is a foundational component of the UNDP approach to being ‘fit for purpose’ in implementing the 2014–2017 Strategic Plan. A key first step in this area has been programme alignment, which has proceeded rapidly and on schedule. Supporting this effort, a project-level results-based management quality assurance system piloted in 2013 will be rolled out late in 2014 or early in 2015.

28. The Executive Team will continue to provide oversight and guidance on high-risk programmes and projects; and the Organizational Performance Group will continue its oversight of the Global Fund management strategy. Additionally, a Global Fund Partnership Team in the HIV, Health and Development Group provides dedicated support to regional bureaux and country offices to improve performance and management of Global Fund grants and develops tools and guidelines to address problem areas (such as sub-recipient management, asset management and now inventory management).

29. UNDP expects to further improve the timely financial closure of projects and associated refunds to donors, where applicable. A new corporate tool in Atlas has been developed and is about to be launched for headquarters and country offices to enable more proactive, ongoing review of projects eligible for closure, along with streamlined and automated tools to effect more efficient closure. However, as previously noted, improvements in the timeliness of project closure are also dependent on timely actions by external parties.

C. Procurement planning and professionalization/capacity-strengthening

30. This priority includes enhancing procurement compliance and capacity (planning, certification, capacity assessments); strengthening consolidated category-based procurement; and implementing pre-emptive investigations to mitigate risk of procurement-related frauds.

31. Procurement is a large facet of UNDP programme activities and both the Board of Auditors and OAI indicate that procurement planning, capacity and compliance require

continued strengthening. Currently, UNDP employs a one-size-fits-all approach to procurement planning and professionalization certifications, requiring both regardless of the volume and value of procurement that may be undertaken by an office. During 2015, UNDP will implement a more risk-based approach to procurement planning and professionalization certifications to ensure that limited procurement resources are applied in the most effective manner to mitigate procurement risks.

32. Additionally, to improve management efficiency and compliance, UNDP is in the process of implementing three activities: (a) a proactive project-centric procurement planning review to identify large planned procurement expenditures and provide earlier support by headquarters to country offices to improve efficiency and compliance; (b) consolidating different procurement 'categories' into centralized contracts such as for vehicles, ICT, renewable energy products, etc., enabling country offices to buy from a central long-term agreement (LTA) source; and (c) working with OAI to develop a risk-based framework and to identify and undertake proactive investigations. The UNDP structural changes will also bring headquarters procurement expertise closer to country offices, with procurement hubs in Kuala Lumpur, Copenhagen and New York, as well as regional procurement advisors in Bangkok, Addis Ababa and Amman. A key focus in the coming months will be to build awareness of where country offices can go to get 'turnkey' procurement services to support their programme implementation efforts and improve both compliance and risk management.

D. Structural change management and benefits realization

33. This priority includes ensuring follow-through of the full implementation of the identified structural changes to ensure that the objectives have been achieved and the full benefits realized, while continuing to mitigate implementation challenges. The structural change exercise is part of a larger commitment by UNDP to the Executive Board to improve its institutional effectiveness to meet the Strategic Plan's objectives. Its goals are to ensure that country offices are better supported for delivery and programme implementation, to improve the organization's financial sustainability and promote better integration, both functionally and geographically. The changes will:

- (a) *Strengthen the UNDP regional presence* with more advisory and support services based in the regional hubs, to help country offices to deliver better, faster and cheaper and reduce the headquarters footprint by approximately 30 per cent;
- (b) *Consolidate policy functions* with all programme and policy support functions aligned to the new Bureau for Policy and Programme Support. A new separate Crisis Response Unit has been established at headquarters to coordinate crisis response;
- (c) *Shift the grade profile* of the UNDP workforce to achieve a more effective management-to-staff ratio and establish better career paths;
- (d) *Clearly define accountabilities* within the organization, ensure clarity about where functions are performed, reduce duplication of functions and promote more collaboration.

34. To ensure that the structural changes are carefully managed to achieve the above-mentioned objectives, UNDP has established a Structural Change Governance Group (SCGG), led by the Associate Administrator, and including senior leadership representatives from central and regional bureaux. The SCGG meets regularly and as frequently as required, with a focus on: ensuring consistency and coherence throughout the organization in the implementation of the structural change plan and its alignment to the Strategic Plan; the integrity and fairness of the structural change process at the corporate level; and reviewing challenges associated with the structural change process and mitigating actions to address them.

35. The SCGG is supported by the Executive Office Implementation Team, comprised of UNDP staff and external experts, in the planning, coordination and management of the

implementation of the organizational transformation, working closely with bureau focal points. Bureau implementation teams, under the leadership of bureaux directors, are responsible for planning and implementing the agreed structural changes, in line with the guidance of the SCGG.

36. With this well-defined and robust governance and change management approach in place and functioning, UNDP is confident that it will be able to clearly demonstrate that the restructuring has achieved its objectives and that risks associated with structural changes were suitably mitigated.

E. Management accountability and implementation of field-level controls

37. This priority includes strengthening the accountability framework through the organizational structural changes (e.g., functional alignment); and improving enterprise risk management (ERM) implementation, guided by the recommendations of OAI and external consultancies.

38. In conjunction with programme alignment, UNDP is also aligning its organizational structure and operating model to ensure it is 'fit for purpose' to deliver on the Strategic Plan and can meet three important goals: removing duplication; improving effectiveness; and moving support services closer to the countries UNDP serves. New bureau organograms have been released, along with terms of reference, and the realignment of staff with the new structures is largely complete, with the new organizational structure effective as of 1 October 2014. Key areas of work include the functional alignment of all policy services in the new Bureau of Policy and Programme Support; closer alignment of advisory services with programme country needs; and functional alignment of management services, particularly in global and regional hubs, to maximize the efficiency and effectiveness of UNDP operations, accountability and reporting systems. A new and transparent organization-wide accountability framework is also being developed, which will facilitate a common understanding of expectations and consistent practices across the organization. It will establish clear accountability for key organizational functions, provide a high-level framework for the coordination of joint activities between bureaux, and will aid in increased clarity and alignment of organizational functions.

39. In a report on UNDP ERM, issued in April 2014, OAI recommended better follow-up on the implementation of the risk management cycle and reporting thereon; and redesign of the ERM policy, procedures, tools and practices to leverage lessons learned since 2007 as well as current best practices in ERM. Following the OAI recommendations, UNDP initiated a study to review the overall UNDP ERM approach. Once completed, the study's findings will be considered by the UNDP Risk Management Committee, chaired by the Associate Administrator, and an appropriate action plan decided upon.

F. Inventory and asset management and IPSAS compliance on project assets

40. This priority includes enhancing asset and inventory management (recording, verifying, certifying, disposing of fully depreciated assets no longer in use, and proper storage, particularly of Global Fund project inventories); and ensuring compliance with IPSAS with respect to development project assets in 2015, in accordance with the IPSAS transitional provisions adopted by UNDP.

41. Through ongoing refinement of guidance materials, training, webinars and advisory support to headquarters and country offices, UNDP will continue to strengthen its mid-year and annual asset certification processes and quarterly inventory reporting process to facilitate further improvements in asset and inventory management, particularly in recording, verifying and certifying activities. The asset management policy was revised and reissued in 2014 to provide additional clarifications and improve compliance. An asset data quality dashboard has

also been developed for offices to use in monitoring and correcting data in the asset registers. UNDP is exploring the possibilities of adopting an available enterprise resource planning module for inventory recording and accounting.

42. With respect to pre-2012 development project assets, UNDP will record these assets in 2015. An external audit firm has been contracted to assist UNDP in validating the existence, completeness and accuracy of pre-2012 project assets in selected country offices. Efforts to improve management of Global Fund assets and inventories are progressing, and the Global Fund Partnership Team has supported country offices to prepare and implement rigorous inventory quality assurance plans, and developed guidance notes on quality control testing for all country offices and on asset management in the context of Global Fund grants. Further strengthening in this area is underway, including the provision of additional guidance materials and training; and implementation of LTAs with pharmaceutical quality control laboratories and external consultants.

G. Recruitment management and separation controls

43. This priority includes monitoring of recruitment lead-time; compliance with Compliance Review Board/Panel requirements; and closer monitoring of staff separation processes vis-à-vis Atlas access rights. UNDP has been working during 2014 to complete the phase 1 activities of the eRecruitment roll-out, including enhanced document upload capabilities and applicant screening functionalities, as well as recruitment reporting. The Compliance Review Panel/Board established at headquarters and country offices continues to provide independent reviews of the recruitment and selection process of successful candidates. To address immediate challenges associated with staff separation processes in Atlas, a change addressing future dated terminations was put into ATLAS production on 31 July 2014. UNDP will undertake a holistic review of this issue, thoroughly reviewing the end-to-end process undertaken by Bureau of Management units to ensure that both the business process and supporting systems controls are functioning effectively.

H. Long outstanding audit recommendations

44. UNDP remains vigilant in actively resolving long outstanding audit recommendations for 18 months or more (pursuant to Executive Board decision 2006/19) and includes it as a standing topic in financial management reviews. Progress in implementation will continue to be monitored by the Executive Group, chaired by the Administrator, and the Organizational Performance Group, chaired by the Associate Administrator.

IV. Status of audit recommendations of the United Nations Board of Auditors for the year ended 31 December 2013

45. For the year ended 31 December 2013, the Board of Auditors in its audit report of UNDP (A/69/5/Add.1) issued 28 audit recommendations (2012: 20 recommendations). Of the 28 recommendations, nine were classified as high priority while the remaining 19 were assigned a medium priority rating. Management agreed with all recommendations issued.

46. Of the 28 recommendations issued, 54 per cent relate to project design, management and evaluation, and their implementation will require continuous efforts by UNDP management to address underlying issues, most of which include the need for project-level quality assurance, monitoring and evaluation, and management of implementing partners, as well as monitoring compliance across all offices.

47. Consistent with practices adopted in previous years, UNDP has adopted a phased approach to the implementation of the audit recommendations, with clear accountabilities for the implementation of each recommendation and target completion dates. The phased

approach is based on the complexity and time required to resolve and discuss the issue with the Board of Auditors. It is important to note that implementation of the 2013 recommendations could start only after issuance of the final Board of Auditors report in July 2014.

48. As of end-October 2014, about three months since the formal release of the report of the Board of Auditors, UNDP is pleased to note that management actions have already started on many of the 28 audit recommendations to ensure full implementation by the target completion dates. Pursuant to Executive Board decision 2010/9, a tabular listing of the status of the audit recommendations implementation is available on the Executive Board secretariat's website.

Table1. Implementation status by target completion dates

Target completion date	Due	Implemented	In progress	To be started	Total
2014, 4 th quarter	4	0	4		4
2015, 1st quarter	8	0	8	0	8
2015, 2nd quarter	5	0	5	0	5
2015, 3rd quarter	3	0	3	0	3
2015, 4th quarter	8	0	8	0	8
Grand total	28	0	28	0	28
Percentage	100%	0	100%	0	100%

Table 2. Implementation status by priority

Priority	Implemented	In progress	To be started	Total
High	0	9	0	9
Medium	0	19	0	19
Low	0	0	0	0
Total	0	28	0	28
Percentage of total	0	100	0	100

49. Of the 28 audit recommendations issued for the financial year 2013, one had been implemented and management has requested closure by the Board of Auditors. Most of these recommendations have target completion dates of 2015 due to the broad nature of their applicability, across all UNDP country offices.

V. Status of audit recommendations of the United Nations Board of Auditors for the year ended 31 December 2012 and 2010–2011

50. As of 31 October 2014, of the 20 audit recommendations issued to UNDP for the 2012 financial year, 14 (70 per cent) were assessed as fully implemented by the Board of Auditors and six (30 per cent) are under implementation. For the 2010–2011 biennium, 26 (81 per cent) were assessed as fully implemented and six (19 per cent) are under implementation. The United Nations Capital Development Fund (UNCDF) also received one recommendation which is under implementation. Various factors contributed to delays in the full implementation of the 12 pending audit recommendations (excluding the one UNCDF recommendation), such as:

- (a) Recent progress has been made and therefore UNDP management is requesting closure by the Board of Auditors (four recommendations);
- (b) Progress is expected to be ongoing and take place over time (four recommendations);
- (c) Management reprioritization due to the need for an alternate approach to implementation (one recommendation);

- (d) Full implementation requires timely and reciprocal actions of third parties (one recommendation);
- (e) Higher expectations of the Board of Auditors in terms of completion standards (two recommendations).

Table 3. Implementation status of previous years' recommendations

Recommendation status	Number of recommendations	Percentage of total
Implemented	40	77
Pending review by Board of Auditors after visits to country offices	4	8
In progress	8	15
Total*	52	100

*Excludes one UNCDF recommendation.

VI. Conclusion

51. UNDP is pleased to receive an unqualified audit opinion by the Board of Auditors for its second year of IPSAS implementation. This is a great testament to the hard work of all staff across UNDP offices globally. The revised top eight audit-related management priorities for 2014–2015 and specific actions required to address them establish a framework for UNDP management to respond to current and emerging challenges. The Executive Group and the Organizational Performance Group will continue to closely monitor progress made in addressing audit-related management priorities, with a view to ensuring that UNDP continues to enhance accountability, transparency and performance.

Annex 1

UNDP top eight audit-related management priorities for the 2014–2015 biennium

Implementing partner fiduciary and capacity management	Programme/project management and quality assurance
Procurement planning and professionalization/capacity strengthening	Structural change management and benefits realization
Management accountability and Implementation of field-level controls	Inventory and asset management and IPSAS compliance on project assets
Recruitment management and separation controls	Long outstanding audit recommendations

Annex 2

Preliminary assessment of progress: UNDP top nine audit-related management priorities for the 2012–2013 biennium

1. NIM audit follow and HACT monitoring and support	2	5. Leave record and recruitment management	3
2. Programme/project design, monitoring and evaluation	2	6. Asset and inventory management	3
3. Procurement management at UNDP offices	3	7. Management of high-risk programme portfolios	3
4. Atlas change controls	5	8. Long outstanding audit recommendations	3
		9. IPSAS implementation	5

Legend used	Color code
Conditions effectively addressed	5
Good improvements noted. On target	4
Improvements noted. More work remains	3
Remedial actions yet to be fully taken or intended effects of actions yet to be fully realized or inherent risks to be mitigated	2
Conditions worsened	1