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, 2018

Summary

UNOPS is pleased to respond to the recommendations made in the report of the United Nations Board of Auditors (A/74/5/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 2018 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 2018. 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, for the year ended 31 December 2019.

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Contents

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

A. Background

1. UNOPS is a self-financed entity of the United Nations system that works with a wide range of partners. Its service lines include infrastructure, procurement, project management, financial management and human resources. In order to better support projects in these service lines, in 2019 UNOPS has taken the significant step to implement an enterprise portfolio and project management system, known as oneUNOPS Projects. Usage of this system is mandatory and includes an enterprise risk management (ERM) system at the country, regional and corporate levels.

2. UNOPS understands and shares the importance that its partners place on sustainability. UNOPS is committed to integrating social, environmental, economic and national capacity considerations in every project it delivers. Its fourth sustainability report, "Impact", summarizes key achievements in 2018 and UNOPS contribution to the Sustainable Development Goals through its work with partners. The report is aligned with the sustainability reporting standards of the Global Reporting Initiative. UNOPS is the first United Nations organization to adopt these internationally recognized sustainability reporting standards.

3. In 2018, UNOPS shifted its information and communication technology (ICT) focus to creating a business-centred ICT team. This has resulted in a new governance model that covers both strategic and operational ICT and a new organizational structure designed to move ICT from being a service provider to a business partner. The Reimagine Work programme, which was one of the first results of the new ICT model, continues to provide UNOPS personnel innovative ways of collaboration. In 2019, UNOPS focused its ICT work on enhancing system processes and increasing efficiencies around the time of period closure and on developing two new ERP modules: one for contract management and the other for project management. UNOPS is also developing a new platform for reports that merges data from all UNOPS systems into one place.

4. In 2019, UNOPS has 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 14 other countries.

5. In 2018, 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 2018, 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 2018, the operational reserve requirement was $21.7 million. For the year ended 31 December 2018, the actual operational reserve balance was $192.9 million. UNOPS will use a portion of this reserve to fund investment projects supporting the UNOPS Strategic Plan, 2018-2021.

7. As at 31 December 2018, end-of-service and post-retirement benefits for both

management-funded and project-funded staff amounted to $85.1 million ($67.6 million for after-service health insurance, $17.1 million for repatriation grants and $0.3 million for death benefits). All UNOPS end-of-service and post-retirement benefit liabilities are fully funded as at 31 December 2018.

Issues to watch and risks to mitigate

8. The UNOPS business model exposes the organization to certain operational and financial risks. The UNOPS operational reserve is used to provide against these risks. To mitigate those risks, UNOPS has implemented an ERM system that provides oversight of project and programme-level risks. In addition, senior management regularly reviews tops risks on at least a quarterly basis.

9. In 2018, UNOPS issued 122 online health and safety training licenses to UNOPS personnel and contractors, as part of organizational capacity building efforts. In addition, 270 UNOPS personnel, contractors and government counterparts (229 UNOPS personnel and 41 external people) participated in face-to-face health, safety, social and environment (HSSE) training at various 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 2018 (A/74/5/Add.11), the United Nations Board of Auditors issued 11 recommendations classified as high priority and 18 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 2019 and many of them require long-term attention, UNOPS will need to work beyond the financial year 2019 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. It notes that the implementation rate reported by the United Nations Board of Auditors for the 2018 cycle was 61 per cent, up from 27 per cent for 2017. As observed by United Nations Board of Auditors, UNOPS management took measures to strengthen accountability for implementation in 2018. The effect of these measures is evident in the present report. As demonstrated in the implementation schedule provided in this report, and the 2019 audit cycle, UNOPS management is targeting an implementation rate above 60 per cent.

III. Conclusion

12. UNOPS is pleased to respond to the report of the United Nations Board of Auditors for the year ended 31 December 2018. 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 2018 (A/74/5/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	-	1	2	2	-
Information and communications technology	3	-	2	1	1	-
Infrastructure and project management	2	-	1	1	1	-
Procurement	1	-	1	-	-	-
Shared Services Centre	2	-	2	-	-	-
Total	**11**	**-**	**7**	**4**	**4**	**-**

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	10	-	4	6	6	-
Information and communications technology	9	-	8	1	1	-
Infrastructure and project management	2	-	1	1	1	-
Procurement	3	-	3	-	-	-
Shared Services Centre	5	-	4	1	1	-
Total	**29**	**-**	**20**	**9**	**9**	**-**

1.   **In paragraph 22, the United Nations Board of Auditors (the Board) recommended that UNOPS ensure that the review of project classification by the Integrated Practice Advice and Support or the Finance Group is captured in oneUNOPS to leave an appropriate audit trail.**

2.   UNOPS is currently exploring ICT development options to capture evidence of review of project classification in the ERP system, with an appropriate audit trail, rather than outside the ERP, as is currently the practice.

Department responsible:	Finance Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2020

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

4.   UNOPS is currently developing reports in the ERP system, in which project outputs will be key tables in the corporate financial statements, which were previously being prepared manually in Excel. Use of these new reports

will significantly reduce the time UNOPS takes to prepare financial statements, and it will minimize the risk of error due to manual intervention.

Department responsible:	Finance Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2020

5.   **In paragraph 30, the Board recommended that UNOPS establish a growth and innovation reserve and document a detailed procedure for use of the funds in such reserve, as well as their accounting and management.**

6.   UNOPS has begun implementing the recommendation, working to establish a specific fund with necessary controls to ensure that the use of its funds are as intended.

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

7.   **In paragraph 37, the Board recommended that UNOPS ensure that costs are correctly captured and that a correct and complete valuation of inventory is made at year-end on the basis of specific reviews.**

8.   UNOPS has significantly revised its templates used to capture local offices' inventory information. For example, there is now a section users must complete on freight/transportation costs, which users had not consistently captured previously. Similarly, the new template requires users to input inventory values that were receipted, rather than inventory values per purchase order. The revised templates contain a number of data validations, which users must pass prior to submiting them to headquarters.UNOPS introduced the new inventory submission template during second quarter closure 2019, which it further improved through additional data checks and validations during the third quarter closure.

Department responsible:	Finance Group
Status:	Implemented
Priority:	High
Target date:	N/A

9.   **In paragraph 44, the Board recommended that UNOPS explore the possibility of having a comprehensive inventory module in oneUNOPS that would facilitate accounting accuracy, uniformity in reporting arrangements and analysis to improve inventory management.**

10. UNOPS has significantly revised its templates used to capture inventory information from local offices. For example, there is now a section users must complete on freight/transportation costs, which users had not consistently captured previously. Similarly, the new template requires users to input inventory values that were receipted, rather than inventory values per purchas order), and it captures information such as write-off and utilization. The revised templates contain a number of data validations which users must pass prior to submitting them to headquarters. In addition to the revised templates, UNOPS has carried out a cost benefit analysis of implementing an inventory module in the ERP system, and concluded that the new templates are fit to capture information as required by IPSAS 12; there would be little, if any, additional value in implementing an inventory management system.

Department responsible:	Finance Group
Status:	Implemented
Priority:	Medium

Target date:	N/A

11. **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.**

12. The process to reassess the useful economic life has been designed and approved by the relevant internal processes. The approach is based on an analysis of asset categories and defines the principles to identify asset categories that should be considered for a revised useful economic life duration. UNOPS will document the process in its process and quality management system.

Department responsible:	Shared Services Centre
Status:	Implemented
Priority:	High
Target date:	N/A

13. **In paragraph 60, the Board recommended that UNOPS ensure correct recording of asset data and review all migrated assets to guarantee correct valuation and depiction of asset data within oneUNOPS.**

14. UNOPS released the physical verification tool in oneUNOPS in December 2017 and migrated the data afterwards. UNOPS undertook a controlled process that included systematic quality and accuracy checks. The verification tool in the ERP system picks up all capitalized in-service assets that will be physically verified. Since it released the physical verification tool in December 2017, UNOPS has conducted four physical verification exercises (2017: year-end verification; 2018: mid-year verification and year-end verification; 2019: mid-year verification).

Department responsible:	Shared Services Centre
Status:	Implemented
Priority:	Medium
Target date:	N/A

15. **In paragraph 65, the Board recommended that suitable controls be put in place to ensure that assets are depreciated in line wit the requirements of IPSAS 17 and that the depreciation of assets is not disrupted owing to work package expiry.**

16. UNOPS has implemented this recommendation. It is no longer possible to close a work package to which assets are associated.

Department responsible:	Shared Services Centre
Status:	Implemented
Priority:	Medium
Target date:	N/A

17. **In paragraph 71, the Board recommended that UNOPS disclose information related to segment assets and segment liabilities in the future financial statements in line with the requirements of IPSAS.**

18. UNOPS assets and liabilities have not previously been segmented because the majority are not currently recorded in the UNOPS ERP system by geographic location. For the assets and liabilities that are allocable, UNOPS will disclose them in line with IPSAS in its 2019 corporate financial statements. It will report the remaining assets and liabilities as 'unallocated amounts', as permitted by IPSAS 18.

Department responsible:	Finance Group
Status:	Implemented
Priority:	Medium
Target date:	N/A

19. **In paragraph 74, the Board recommended that UNOPS capture all the required information and disclose all the details of inventory as required under IPSAS 12 in the next financial statements.**

20. UNOPS has significantly revised its template used to capture inventory information from local offices. The new template now requires users to provide all information as required by IPSAS 12, including for example, recognition as expense and write-downs. UNOPS introduced the new inventory submission template during the 2019 second quarter closure and further improved it during the third quarter closure.

Department responsible:	Finance Group
Status:	Implemented
Priority:	Medium
Target date:	N/A

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

22. UNOPS has accepted the recommendation and started implementing it through a standardized data collection process.

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

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

24. UNOPS has accepted the recommendation and started developing a posting tool as requested.

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

25. **In paragraph 95, the Board recommended that UNOPS assess relevant risks during the engagement acceptance process, realistically projecting timelines and appropriately coordinating the various vendors contracted for the implementation of a particular project so that it is completed within the scheduled timelines.**

26. In April 2019, UNOPS released, for mandatory use, its enterprise portfolio and project management system – oneUNOPS Projects – which includes an ERM system. It systemizes the project management manual, which has been mandatory since 1 January 2019, and integrates an opportunity and engagement acceptance process. oneUNOPS Projects also includes both an enterprise risk and issues management feature and a scheduling feature. These help to improve the quality of project management thinking, thereby increasing the likelihood of delivering projects on time and within agreed parameters. The visibility of relevant risks enables better decision making by the Engagement Authority, contributing to proper coordination of vendors and work packages and to efficient management of project planning.

Department responsible:	Infrastructure and Project Management Group
Status:	Implemented
Priority:	High
Target date:	N/A

27. **In paragraph 104, the Board recommended that UNOPS ensure stricter compliance with the established procurement procedures and record reasons for deviating from them at the commencement of the process.**

28. Management understands the risk identified by the Board in this recommendation. This includes the requirement to thoroughly document higher risk situations, which are allowed for in procurement procedures, such as exceptions to the use of formal methods of solicitation (including standardization and pre-selection), and to

undertake this documetnation at the beginning of the process. In this regard, management draws attention to the following existing and recent risk management procedures:

(a) The review thresholds of UNOPS contracts and property committees (CPC) are based on risk factors, including in situations based on exceptions to the use of formal methods of solicitation for a value of $50,000 and above, which require an independent review of compliance to procurement policy prior to award. This was the case in the scenario raised in the recommendation, where the case minutes by the Headquarters Contracts and Procurement Committee (HQCPC) detail how justification for the exception was done in accordance with UNOPS procurement procedures.

(b) HQCPC analyzes, on a yearly basis, all awards made on the basis of exceptions to the use of formal methods of solicitation.

(c) The UNOPS eSourcing system now requires a mandatory justification to conduct a process further to an exception to the use of formal methods of solicitation and the approval in the system by the Procurement Authority, prior to the tender being advertised.

(d) In March 2019, UNOPS launched an online course specifically targeted to procurement authorities, whose completion is mandatory prior to appointing personnel with delegation of authority in procurement. The online course covers in detail responsibilities of procurement authorities in a procurement process, and provides guidance on specific risk situations, including those derived through exceptions to the use of formal methods of solicitation. As of October 2019, the online course has been completed by almost to 100 per cent of all UNOPS personnel with a delegation of authority in procurement.

Department responsible:	Procurement Group
Status:	Implemented
Priority:	High
Target date:	N/A

29. **In paragraph 108, the Board recommended that UNOPS improve the project planning and avoid post facto or retroactive amendments to contracts so as to derive cost benefits instead of extending contracts through multiple amendments.**

30. UNOPS issued its project management manual (PMM), along with the operational instruction on project management, on 22 February 2018. PMM version 1.1 became mandatory on 1 January 2019. The PMM strengthens the project planning process and lays out the requirements for each stage of the project, including the completion of the project initiation document, which informs the implementation plan and related sub-plans. The PMM has been systematized into the enterprise portfolio and project management system, called oneUNOPS Projects. In April 2019, UNOPS released PMM version 2.0 for mandatory use. It includes a scheduling feature that enables engagement and project schedules to be created with associated tasks, relations and milestones, for the project executive's approval and oversight. UNOPS released a contract management module in oneUNOPS on 4 October 2019, the use of which is mandatory for all procurement contracts (goods, services and works). Among its other benefits, the module is expected to improve current contract management practices, including timely contract extensions, through an automatic reminder functionality.

Department responsible:	Procurement Group
Status:	Implemented
Priority:	Medium
Target date:	N/A

31. **In paragraph 117, the Board recommended that UNOPS ensure that the contract management module in oneUNOPS, among other requirements, provides for: (a) a unique identification system for all its contracts; (b) the nature of solicitation, along with the inclusion of performance security, liquidated damages and the like; (c) details about actual inclusion of provisions relating to performance security and liquidated damages in the final contract agreements; and (d) relevant details, such as the date of and reasons for termination.**

32. UNOPS released its contract management module and associated functionality and system enhacements in oneUNOPS on 4 October 2019. This software release includes, among other requirements, those identified by the Board in this recommendation.

Department responsible:	Procurement Group
Status:	Implemented
Priority:	Medium
Target date:	N/A

33. **In paragraph 125, the Board recommended that UNOPS review the need for completing the system development documentation for all functionalities of oneUNOPS, in line with its recently adopted strategies and practices, as well as international best practices.**

34. UNOPS has compiled and completed system development documentation for functionalities in oneUNOPS.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	N/A

35. **In paragraph 131, the Board recommended that UNOPS carry out a user sign-off review of the completeness of the data migration process to assess the risks and mitigate them.**

36. UNOPS has carried out a user sign-off review of completeness of data migration processes, and actions taken to validate data following migration, and therefore considers this recommendation implemented.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	N/A

37. **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.**

38. UNOPS has carried out a substantial review of pending change requests and closed requests no longer valid. Furthermore, UNOPS has reviewed and improved the process for bringing change requests before ICT governance bodies.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	High
Target date:	N/A

39. **In paragraph 139, the Board recommended that UNOPS restrict user accounts for staff to their contract period or dates of retirement, whichever is earlier. In respect of individul contractor agreements with indefinite contract periods, access rights may be provided after periodic review, renewable upon the receipt of feedback. UNOPS also should undertake user role reviews at regular intervals to check for role conflicts and document syntax rules for allocating oneUNOPS identifiers.**

40. UNOPS has changed its policy and will now automatically restrict user accounts for personnel to their contract periods. User role reviews are done regularly by the System Support Unit to ensure that role conflicts do not occur and syntax rules for allocating oneUNOPS identifiers are clear.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	N/A

41. **In paragraph 143, the Board recommended that UNOPS review the segregation of duties matrix and incorporate all role prohibitions and role conflicts prescribed and/or required by the business users.**

42. UNOPS has reviewed the segregation of duties matrix and has incorporated all role prohibitions and role conflicts pertaining to the roles found in oneUNOPS.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	High
Target date:	N/A

43. **In paragraph 149, the Board recommended that UNOPS establish and implement a formal ICT mandate, strategy and plan with clearly defined roles and responsibilities in the process and quality assessment system. The Board also recommended the establishment of a formal information security risk management and reporting framework, including a risk register, so as to monitor significant ICT risks, including business continuity and information security risks.**

44. UNOPS is working on establishing an ICT strategy and a formal information security risk management and reporting framework.

Department responsible:	Information and Communications Technology Unit
Status:	In progress
Priority:	High
Target date:	First quarter of 2020

45. **In paragraph 158, the Board recommended that UNOPS review and update the existing ICT business continuity plan, document disaster recovery procedures, testing schedules and training requirements and carry out tests to check their robustness.**

46. UNOPS has reviewed and updated its ICT business continuity plan and scheduled and documented annual failover simulation exercises in order to uncover unidentified risks.

Department responsible:	Shared Services Centre
Status:	Implemented
Priority:	High
Target date:	N/A

47. **In paragraph 162, the Board recommended that UNOPS strengthen the governance mechanism and improve the periodicity of Strategic Advisory Board meetings in accordance with the procedure laid down in terms of reference and the operational instruction. Explicit risk documentation, including estimated start and end time, savings, cost and so on need to be included in the proposals.**

48. As the Senior Leadership Team has incorporated the ICT Strategic Advisory Board and defined a new terms of reference, the ICT governance body has been changed.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	N/A

49. **In paragraph 167, the Board recommended that UNOPS capture complete information for each engagement, including all amendments, in oneUNOPS and that a management information system report provide comprehensive details on all amendments.**

50. OneUNOPS captures all information for all amendments. Users are able to navigate to different amendments to visualize information captured on specific amendments. In addition, UNOPS maintains database-level change data logging, which captures change to every field in the tables. Engagement information is available on relevant reports, as requested by the business unit. Furthermore, the engagement addition and the engagement revenue addition, both of which are corporate key performance indicators, utilize this information to measure changes in engagement amount and associated revenue.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	N/A

51. **In paragraph 170, the Board recommended that UNOPS incorporate the requirements of Prince 2 methodology in oneUNOPS to enable UNOPS to manage its projects in terms of the requirements of its Project Management Manual.**

52. The Infrastructure and Project Management Group recognizes that the Board-identified requirements are critical and should be embedded in oneUNOPS Projects. UNOPS is updating the current template for the project initiation document and will begin developing functional requirements for an online project initiation document in the third quarter 2019, which it will incorporate in the system by the end of the second qwuater 2020. UNOPS will begin developing functional requirements for the inclusion of tolerances (against time, cost, scope) in the opportunity and engagement acceptance process in the fourth quarter 2019 for incorporation in the system by the end of the second quarter 2020. In relation to stage tolerances and associated controls, UNOPS will start developing functional requirements in the first quarter 2020 for incorporation in the system by the end of the fourth quarter 2020, subject to resource availability. UNOPS will incorporate sharing and availability of lessons learned with other projects in its global Lessons-learned library in early 2020. It will extract lessons learned from the system for analysis and inclusion in the project, for which it will file evidence as it cannot be automated within a system environment.

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2020

53. **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.**

54. UNOPS has been developing reports in the ERP system, in which outputs will be key tables in the corporate financial statements which were previously prepared manually in Excel. Testing of these reports is currently ongoing, in order to use them when preparing year-end financial statements. UNOPS began implementing a new treasury system in 2019, with aim of going live in 2020. In relation to inventory management, UNOPS has significantly revised its templates to capture inventory information from local offices, ensuring the templates capture information as required by IPSAS 12 and other information for internal review processes. The revised templates have a number of validation checks incorporated, which users must pass prior to submitting their inventory returns to headquarters for inclusion in corporate financial statements. In addition to the revised templates, UNOPS has undertaken a cost-benefit analysis of implementing an inventory module in the ERP system. It has concluded that the new templates are fit to capture information as required by IPSAS 12 and that there would be little, if any, additional value in implementing an inventory management system.

Department responsible:	Finance Group
Status:	In progress

Priority:	Medium
Target date:	Fourth quarter of 2020

55. **In paragraph 177, the Board recommended that UNOPS review the reports in the asset module and automate the quarterly closure of business assets. UNOPS should also record the residual value of assets and useful life of both tangible and intangible assets in oneUNOPS at each annual reporting date.**

56. UNOPS has reviewed the current need for reports and decided to deactivate some of them because they had become redundant in the maturing of the oneUNOPS assets module, in which work processes initially captured were replaced by other reports. UNOPS has reviewed the process around incorporating residual value at the time of capitalizing. However, as current residual value is considered to be zero, as per UNOPS policy, the development of a new functionality would not add any value. UNOPS has also initiated a separate process to review the useful lives of all UNOPS asset groups. Once this process is formalized, UNOPS will finalize the relevant ICT requirements for system enhancements.

Department responsible:	Shared Services Centre
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2020

57. **In paragraph 179, the Board recommended that UNOPS review the risks of having open resources without an active contract in the resource master, examine the controls in place and introduce additional controls if needed to ensure that only those contract resources who have entered into an active line of employment are processed for entitlements.**

58. UNOPS has reviewed the risks of having open resources without an active contract in the resource master. In the current setup with supporting processes, UNOPS has found the risk to be negligible and the proper controls to be in place.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	Medium
Target date:	N/A

Annex 2

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

59. In the annex to its report for the year ended 31 December 2018, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 19 recommendations that were under implementation. According to UNOPS assessment, nine of the 19 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 2018

Department responsible	Number of recommendations	Implemented/ closure requested	In progress	Target date set	No target date
Finance	4	2	2	2	-
Information and communications technology	2	2	-	-	-
Infrastructure and project management	5	-	5	5	-
People and change	1	-	1	1	-
Procurement	4	2	2	2	-
Shared Services Centre	3	3	-	-	-
Total	**19**	**9**	**10**	**10**	**-**

B. Report of the United Nations Board of Auditors for the year ended 31 December 2015 (A/71/5/Add.11)

60. **In paragraph 16, the Board further recommended that UNOPS consider how the reserve surplus might be utilized, in the context of a strategic review of UNOPS operational resourcing needs.**

61. Management has provided Board with full account of the strategic review process that it has undertaken. UNOPS has, in close collaboration with the Executive Board, assessed how reserve surplus might be utilized for operational needs. The assessment and strategic review have been conducted in the context of the funding gap identified to fund the implementation of the 2030 Agenda for Sustainable Development, and is elaborated in the midterm review of the UNOPS strategic plan, 2014-2017, and the UNOPS Strategic Plan, 2018-2021.

Department responsible:	Finance Group
Status:	Implemented
Priority:	High
Target date:	N/A

62. **In paragraph 44, the Board recommended that, on receipt of the systems control and configuration report, UNOPS evaluate the recommendations made by the external consultant to consider whether it provides sufficient assurance and, in the event of any weaknesses, undertake a review to determine whether any such weaknesses have been exploited.**

63. UNOPS has closed all recommendations from the 2016 fraud risk assessment done by Deloitte and therefore considers this recommendation fully implemented.

Department responsible: Information and Communications Technology Unit
Status: Implemented
Priority: Medium
Target date: N/A

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

64. **In paragraph 20, the Board recommended that UNOPS obtain the post facto approval of the Executive Board with respect to the original and final management budgets, including each line item.**

65. UNOPS budget estimates, 2020-2021 (DP/OPS/2019/5), endorsed by the Executive Board in its decision 2019/20 at its second regular session 2019, includes annex C: Comparison of original and final budget for the biennium 2016-2017. UNOPS therefore considers the recommendation fully implemented.

Department responsible: Finance Group
Status: Implemented
Priority: Medium
Target date: N/A

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

67. As of October 2019, the recommendation is considered and reported to Board as implemented. The following measures and actions were taken to strengthen the payment process aimed at eliminating double payment, overpayment and excess payment:

(a) Integration of oneUNOPS into the e-banking platforms;

(b) System improvements: the possibility of making the same payment twice was locked in oneUNOPS;

(c) Supplier data management: system control was added to oneUNOPS in March 2019 to reduce the creation of duplicate profiles in the system.

68. UNOPS will continue to monitor to ensure the controls in place eliminate occurrences of double payment, overpayment and excess payment.

Department responsible: Shared Services Centre
Status: Implemented
Priority: Medium
Target date: N/A

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

70. The new Executive Office instruction on business continuity planning (reference: EOI.ED.2018.03) was issued effective as of 3 April 2018. In October 2018, UNOPS hired a specialist to assist the Chief of Security, among other duties, to coordinate updating of the business continuity plans. Based on this instruction and the provision of a specialist to assist with coordination, the business continuity plans were updated in 2018 and 2019. There is now a system of continuous checking and updating. This process of updating business continuity plans is working effectively and there is no further action required for this recommendation.

Department responsible: Shared Services Centre
Status: Implemented
Priority: Medium
Target date: N/A

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

72. In January 2019, UNOPS developed and released the enterprise portfolio and project management system, oneUNOPS Projects. OneUNOPS Projects version 2.0 was officially adopted as mandatory for all UNOPS engagement in April 2019. The system incorporates policy requirements, including those for social and environmental screening and gender mainstreaming screening, as included in the UNOPS project management manual (PMM). OneUNOPS Projects does not allow any engagement to progress from one stage (pre-engagement PMM) to another (initiation) unless the screenings have been completed. In addition, 'sustainABLE', a tool launched in March 2019 to advance sustainability in development projects, enables identification of sustainable deliverables for infrastructure projects that can be monitored in oneUNOPS Projects. UNOPS will guarntee the assurance of such sustainable elements through its engagement quarterly assurance process, which will be embedded in oneUNOPS Projects by 31 December 2019. The first quarterly report is planned to be available at the end of the first quarter 2020.

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2020

73. **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.**

74. In January 2019, UNOPS developed and released the enterprise portfolio and project management system, oneUNOPS Projects. OneUNOPS Projects version 2.0 was officially adopted as mandatory for all UNOPS engagement in April 2019. As part of the online environment, the system automatically provides a template for the project initiation document, whose sub-plans for health, safety, social and environmental management and gender mainstreaming are rolled forward into the implementation plan and are therefore linked to the budget and the schedule. This enables reporting and assurance at all stages of sustainable deliverables, as defined in the project initiation document. UNOPS will guarantee the assurance for such sustainable elements through the engagement quarterly assurance process, which will be embedded in oneUNOPS Projects by 31 December 2019. The first quarterly report is planned to be available at the end of the first quarter 2020.

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2020

75. **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.**

76. In January 2019, UNOPS developed and released the enterprise portfolio and project management system, oneUNOPS Projects. OneUNOPS Projects version 2.0 was officially adopted as mandatory for all UNOPS engagement in April 2019. The system functionality requires that all project outputs be defined in line with UNOPS operations and mandate in the engagement acceptance process and be approved by the engagement authority. These project outputs are then automatically linked to the budget and the schedule, which become the project baseline. Results-based reporting, which is embedded in oneUNOPS Projects is linked to the engagement acceptance process and to the project benefits and has moved from a finance-only perspective to other project management areas. UNOPS will guarantee the assurance of outputs on a quarterly basis, which is part of automated results-based reporting. The quarterly assurance process requirements have been finalized and will be embedded in oneUNOPS Projects by 31 December 2019. The first quarterly report is planned to be available at the end of the first quarter 2020.

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2020

77. **In paragraph 120, the Board recommended that UNOPS take steps to establish a distinct innovation fund, as envisaged in the Strategic Plan for the period 2014-2017.**

78. UNOPS has started implementing the recommendation, working to establish a specific reserve with necessary controls to ensure that use of its funds are as intended.

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

79. **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 for data, data validation and alerts regarding duplicates in the oneUNOPS system, in order to enhance the quality of data sets.**

80. UNOPS has implemented the recommendations from 2016, paragraph 156, by adding validations and justifications in the oneUNOPS ERP system (with regard to suppliers) in order to enhance the quality of the data, control the creation of duplicate data, and maintain a cleaner database.

Department responsible:	Information and Communications Technology Unit
Status:	Implemented
Priority:	High
Target date:	N/A

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

82. The policy recommends seven days advance booking, but it is not a requirement, since the operational nature of UNOPS often requires ad hoc arrangement of travel.

Department responsible:	Shared Services Centre
Status:	Implemented
Priority:	Medium
Target date:	N/A

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

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

84. The finalized engagement migration process was at 97 per cent in early September 2019. The remaining 3 per cent consisted of engagements that had migrated but which were not finalized in the system, as they were a combination of migration and amendment (time, scope, cost). Therefore, the migration process is considered completed. The development of enhanced functionalities, planned throughout the end of 2020, is ongoing, as planned (reference: management response to recommendations 2018, paragraph 170).

Department responsible:	Infrastructure and Project Management Group

Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2020

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

86. UNOPS has further improved its performance with regard to the timely financial closure of projects in 2019. This was made possible through increased support to all UNOPS offices, trainings, process improvements and new reporting capabilities implemented in 2019.

Department responsible:	Finance Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2020

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

88. UNOPS reviewed its sustainable procurement criteria list and updated it with two gender considerations, in line with the launch of its strategy on gender mainstreaming, and it will continue to update it on a regular basis, in light of new advice and guidance. In addition, UNOPS launched its sustainable procurement framework in April 2019, which includes specific considerations for 12 categories of products and services.

Department responsible:	Procurement Group
Status:	Implemented
Priority:	Medium
Target date:	N/A

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

90. UNOPS launched its sustainable procurement framework when it revised its procurement manual (version 6.1) on 1 April 2019. In doing so, UNOPS became the first United Nations organization to make sustainability a mandatory requirement for the majority of its tenders. The framework, which will come into effect on 1 January 2020, is divided into three parts: (a) mandatory considerations by contract and solicitation type; (b) specific considerations for 12 key categories of products and services; and (c) the 'do not buy' list of products and services.

Department responsible:	Procurement Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2020

91. **In paragraph 66, the Board also recommended that a mechanism be put in place to assess satisfactory compliance with the essential elements of the framework.**

92. UNOPS is currently embedding the sustainable procurement framework into its eSourcing system (the e-Tendering platform used for 95 per cent of all UNOPS tenders) to facilitate and assess compliance with the framework, including a dedicated reporting feature.

Department responsible:	Procurement Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2020

93. **In paragraph 73, the Board recommended that: (a) UNOPS strengthen its reporting and monitoring mechanism with respect to the mainstreaming of gender into projects, by ensuring that the documentation of gender mainstreaming becomes, as fas 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; and (b) the role of gender focal points be strengthened by providing necessary resources, such as time and a budget, for effective implementation of their roles and responsibilities.**

94. OneUNOPS Projects version 2.0 has been officially adopted as mandatory for all UNOPS engagement as of 16 April 2019. Gender mainstreaming screening is mandatory and embedded in the UNOPS enterprise project portfolio management system. This screening informs when a gender action plan is required for each engagement, and the oversight of gender mainstreaming milestones is captured under the quarterly assurance process, which will be embedded in oneUNOPS Projects by 31 December 2019. In early October 2019, UNOPS released guidelines to assist project teams in mainstreaming gender considerations in their projects, including the development of gender action plans.

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	First quarter of 2020

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

96. UNOPS released its contract management module and associated functionality and system enhancements in oneUNOPS on 4 October 2019. This software release addresses the validation rules that had led to incorrect procurement data, as identified by Board on this recommendation.

Department responsible:	Procurement Group
Status:	Implemented
Priority:	Medium
Target date:	N/A

97. **In paragraph 86, the Board recommended that UNOPS review the position titles in use across the organization and continue its efforts to standardize them in line with the ICSC [International Civil Service Commission] framework in a time-bound manner.**

98. UNOPS has made the anticipated progress with regard to this recommendation. It has developed a taxonomy and undertaken an organization-wide revision. In addition, UNOPS has launched the ICT improvement of its ERP system (in October 2019). UNOPS is in the process of reviewing all existing positions and assigning a standardized position title in the ERP system. UNOPS remains confident it will meet the target date for this recommendation.

Department responsible:	People and Change Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2020