



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

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Recommendations of the Board of Auditors

Report on the implementation of the recommendations of the Board of Auditors for the year 2016

Summary

UNOPS is pleased to respond to the recommendations made in the report of the Board of Auditors ([A/72/5/Add.11](#)) and to provide an update on the current status of implementation. The report of the Board of Auditors for the year ended 31 December 2016 was unqualified. UNOPS management continues to emphasize the importance of addressing audit concerns, to which the present document testifies by highlighting the current status and management plan for the audit recommendations yet to be implemented.

Elements of a decision

According to the assessment by UNOPS, progress has been achieved in the implementation of recommendations made for the year ended 31 December 2016 and UNOPS continues to address the remaining recommendations. The Executive Board may wish to acknowledge that due to the fact that recommendations were issued to UNOPS towards the end of July 2017 and that many of them require long-term attention, UNOPS will need to work beyond the financial year 2017 to implement them successfully.



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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 which works with a wide range of partners. Its service lines include: infrastructure; procurement; project management; financial management; and human resources. In 2016, UNOPS launched a governance, risk and compliance framework with the aim of simplifying its governance structure and further empowering UNOPS managers. As part of these efforts, a revised legislative framework and a governance model were promulgated. A Legislative Framework Committee, comprising members of senior management, has guided the revision of UNOPS policies and procedures. The opportunity and engagement acceptance process has been strengthened and integrated into the new enterprise resource planning (ERP) system, oneUNOPS. The roll-out of the enterprise risk management (ERM) system at the country, regional and corporate levels and the integration into oneUNOPS continued in 2017.

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 that it delivers. Its second sustainability report, "Impact", summarizes key achievements in 2016 and the UNOPS contribution to the Sustainable Development Goals through its work with partners. The report is aligned with the sustainability reporting standards of the Global Reporting Initiative. UNOPS is the first United Nations entity to adopt these internationally recognized sustainability reporting standards.

3. UNOPS launched its new ERP system on 1 January 2016 to transform its operations into a smarter, better integrated set of processes and systems, enhancing its ability to provide efficient operational support to partners and providing a system better fitting the International Public Sector Accounting Standards. The ERP system will improve the agility of UNOPS and further expand the provision of streamlined, high-quality and cost-effective transactional services in response to the operational needs of United Nations agencies and Member States.

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

5. In 2016, UNOPS also maintained its certification to 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 the State of Palestine continue to meet the OHSAS 18001 standard and coverage was extended to include Myanmar in 2016. 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.

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

B. Present challenges and measures to address them

6. UNOPS meet the minimum operational reserve requirement in 2016. The formula for calculating the minimal operational reserve requirements, approved by the Executive Board in 2013, stipulated that the operational reserve should be equivalent to four months average of administrative expenditure for the last three years of operation. The operational reserves requirement as of 31 December 2016 was \$20.7 million. For the year ended 31 December 2016, the actual operational reserve balance was \$131.6 million. A portion of this reserve will also be utilized to fund investment projects supporting the UNOPS strategy.

7. End-of-service and post-retirement benefits for both management-funded and project-funded staff as at 31 December 2016 amounted to \$77.1 million (\$59.8 million for after-service health insurance and \$17.3 million for repatriation grants). All UNOPS end-of-service and post-retirement benefit liabilities are fully funded as at 31 December 2016.

Issues to watch and risks to mitigate

8. UNOPS continues to maintain narrow operational margins, keeping its fees low in order to pass on the maximum value and benefit to its partners and beneficiaries. The rate of recovery for projects in 2016 remained below 6 per cent.²

9. The UNOPS business model exposes the organization to certain operational and financial risks. The UNOPS operational reserve could be used to provide against these risks. In 2016, as part of the governance, risk and compliance framework UNOPS implemented an ERM system in order to improve decision-making across all levels of the organization and develop appropriate management responses to the identified risks

10. More than 250 licenses for the Institution of Occupational Safety and Health certification online training were issued in 2016 to UNOPS personnel and contractors, as part of organizational capacity-building efforts. In addition, more than 70 UNOPS personnel and contractors participated in face-to-face training on health, safety and environment in Afghanistan, Democratic Republic of the Congo, Denmark, Ethiopia, Ghana and Tunisia. These workshops empower participants to implement safety and environmentally sound measures in their projects and offices. Moreover, awareness of occupational health and safety among UNOPS personnel was addressed through a global 10-week campaign.

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

11. In its report for the year ended 31 December 2016 ([A/72/5/Add.11](#)), the Board of Auditors issued 16 recommendations classified as high-priority and 16 classified as medium-priority. The implementation of all recommendations is on track for completion as per the set timelines. Due to the fact that the recommendations were issued in July 2017 and that many of them require long-term attention, UNOPS will need to work beyond the financial year 2017 to implement them successfully. The specific responses to these recommendations are in annexes 1 and 2.

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

III. Conclusion

12. UNOPS is pleased to respond to the report of the Board of Auditors for the year ended 31 December 2016. UNOPS is confident that all issues highlighted in the report of the Board of Auditors will be addressed in a satisfactory manner.

Annex 1

Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2016 (A/72/5/Add.11)

Table 1
Status of implementation of main recommendations

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Implemented or closure requested</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Corporate Support Group	2	-	2	2	-
Finance Group	1	1	-	-	-
Finance Group and Information and Communications Technology	1	-	1	1	-
Information and Communications Technology	1	-	1	1	-
Infrastructure and Project Management Group	6	-	6	6	-
People and Change Group	3	-	3	3	-
Procurement Group	2	1	1	1	-
Total	16	2	14	14	-

Table 2
Status of implementation of all recommendation

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Implemented or closure requested</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Ethics Office	1	-	1	1	-
Corporate Support Group	5	-	5	5	-
Finance Group	5	2	3	3	-
Finance Group and Information and Communications Technology	1	-	1	1	-
Information and Communications Technology	2	-	2	2	-
Infrastructure and Project Management Group	10	-	10	10	-
People and Change Group	4	-	4	4	-
Procurement Group	4	3	1	1	-
Total	32	5	27	27	-

1. **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. In paragraph 21, the Board further recommended that UNOPS include explanations of material differences in items between the original and final management budgets and between the final budget and the actual amounts in the financial statements.**

2. UNOPS agrees to the recommendation and starting from 2017, will provide the requested information to the Executive Board in the annual report of the Executive Director. UNOPS confirms that material differences in items between original and final management budgets and the actual amounts will be explained in future financial statements.

Department responsible: Finance Group
Status: In progress
Priority: Medium
Target date: First quarter, 2018

3. **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.**

4. UNOPS acknowledges the recommendation. As part of implementation of the governance, risk and compliance framework, the internal control framework will be reviewed along with controls embedded in the system. UNOPS will strengthen supervisory checks to minimize human errors in bank payments. An updated standard operating procedure will be circulated to field offices to further clarify the steps to be followed in a payment process.

Department responsible: Finance Group
Status: In progress
Priority: Medium
Target date: Second quarter, 2018

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

6. In implementing its new governance, risk and compliance framework, UNOPS has given due consideration to the recommendation. Currently, UNOPS analyses the impacts and consequences of such changes to the structure.

Department responsible: People and Change Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2018

7. **In paragraph 36, the Board recommended that UNOPS review the role of Integrated Practice Advice and Support vis-à-vis the practice groups to enable the speedy implementation, where considered relevant by the practices, of advisories and solutions provided by Integrated Practice and Support. In paragraph 37, the Board further recommended that UNOPS assess the feasibility of including the project management sphere in the remit of Integrated Practice Advice and Support.**

8. Consultations are ongoing regarding structural implications for the governance, risk and compliance framework. The inclusion of the project management sphere in the Integrated Practice Advice and Support work domain is being considered. Discussions are ongoing between Integrated Practice Advice and Support, the Infrastructure and Project Management Group and other relevant groups, under the overall guidance of the General Counsel, to analyse the impacts and consequences of such changes before any conclusions are determined. Management is liaising with the respective groups via established mechanisms (regular meetings) to ensure speedy implementation, where relevant.

Department responsible: Corporate Support Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2018

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

10. Management previously considered the recommended alignment and decided against it, noting that [ST/SGB/2006/6](#) applies only to the Secretariat and does not bind UNOPS. However, UNOPS is currently in the second year of a pilot scheme in relation to financial disclosure and conflicts of interest, after which there will be a full review which will give priority consideration to the recommendation.

Department responsible: Ethics Office
Status: In progress
Priority: Medium
Target date: Second quarter, 2018

11. **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.**

12. UNOPS will ensure compliance with its administrative instruction on business continuity and disaster recovery planning at all of its offices and components and include information technology assets, data and systems.

Department responsible: Information and Communications Technology
Status: In progress
Priority: Medium
Target date: First quarter, 2018

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

14. This recommendation will be addressed via a robust governance framework that emphasizes alignment of systems to required business controls and an enterprise benefits assessment framework.

Department responsible: Information and Communications Technology
Status: In progress
Priority: High
Target date: First quarter, 2018

15. **In paragraph 68, the Board recommended that UNOPS review the procedure and practices for project closure and address the deficiencies that contribute to delay in the completion of the project closure process.**

16. The organizational directive on management of UNOPS partners and resulting agreements was signed on 13 October 2017, making the Infrastructure and Project Management Group inter alia responsible for establishing standards and guidance materials to operationalize the directive. This includes the Project Management Manual, which specifies the steps, roles and responsibilities in the closure process, in order to address the deficiencies highlighted by the Board of Auditors. Progressive roll-out of the manual will begin by 31 December 2017, with all projects to be fully compliant by the end of the second quarter of 2018.

Department responsible: Infrastructure and Project Management Group

Status: In progress
Priority: Medium
Target date: Second quarter, 2018

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

18. During the first quarter of 2017, UNOPS incorporated in the engagement acceptance module of oneUNOPS a mandatory step for engagement amendment in which the project manager specifies the reason for extension, i.e., scope, budget or time, and provides justification for the engagement reviewers and subsequent approval from relevant engagement authority. This has effectively resolved the issue raised by the Board in relation to insufficient information for change in engagement. The Project Management Manual puts greater focus on project overview at country level. The data and information collected through those new or improved processes will be incorporated to the enterprise project management (EPM) system, which is an effective tool to deliver management oversight that is expected to be online in 2018.

Department responsible: Infrastructure and Project Management Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2018

19. **In paragraph 79, the Board recommended that UNOPS spell out its sustainability policy in the form of an organizational directive to prioritize projects and programmes with higher contributions to sustainability.**

20. As part of the process underway to revise all organizational directives as part of the governance, risk and compliance framework implementation, UNOPS will ensure that its sustainability policy is clarified.

Department responsible: Infrastructure and Project Management Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2018

21. **In paragraph 80, the Board recommended that UNOPS realign its business process and delivery practices with its mandate of delivering sustainability and clearly lay down priority service lines, key focus areas, activities, projects and partners for the delivery of sustainable products and services to contribute towards helping countries achieve sustainable development.**

22. The UNOPS Strategic Plan, 2018-2021 clearly lays down its priority service lines and key focus areas for delivery of sustainable products and services to contribute towards helping countries achieve sustainable development. UNOPS will review its business processes and delivery practices in order to ensure alignment with the plan.

Department responsible: Infrastructure and Project Management
Status: In progress
Priority: High
Target date: Fourth quarter, 2019

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

24. In line with the revision of the organizational directives, UNOPS will review its engagement acceptance process to embed sustainability considerations. UNOPS will continue to explore options for its portfolio management approach to ensure maximization of sustainability considerations and financial viability.

Department responsible: Infrastructure and Project Management
Status: In progress

Priority: High
Target date: Fourth quarter, 2018

25. **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 sustainability targets and deliverables to facilitate the monitoring of progress during the life of a project.**

26. As part of the process of revising its standards management framework for the acceptance and delivery of its projects, currently underway, UNOPS will enhance the environmental and social screening tool for broader adoption across its portfolio.

Department responsible: Infrastructure and Project Management
Status: In progress
Priority: Medium
Target date: Fourth quarter, 2018

27. **In paragraph 95, the Board recommended that UNOPS incorporate sustainability targets and deliverables in 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.**

28. UNOPS has developed more specific guidance in the Project Management Manual on how to incorporate sustainability into projects throughout the various stages of the engagement process. Sustainability is addressed as a requirement at the pre-engagement, planning and implementation stages and therefore incorporated in project initiation documents, quarterly reports and final project reports. To ensure that sustainability contributions are prioritized in engagements and defined within project initiation documents, UNOPS will include sustainability elements in the organizational directives dealing with engagement acceptance, management and closure. The screening, monitoring, measurement and reporting of UNOPS services in accordance with its mandate and directions provided by the Executive Board and with organizational directives, including contributions to sustainable results, will be conducted at project, programme and portfolio levels in accordance with the governance, risk and compliance framework. This includes through the engagement acceptance, quarterly assurance and quarterly business review processes.

Department responsible: Infrastructure and Project Management Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2018

29. **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 through the business process, to be measured against predefined sustainability standard indicators, targets and deliverables, and having the results validated through a verification mechanism.**

30. In addition to the Global Reporting Initiative and organizational directives for occupational health, safety and social and environmental management, to better define sustainability indicators targets and deliverables, the UNOPS Strategic Plan, 2018-2021 incorporates knowledge management, gender and sustainability approaches. UNOPS is committed to improving knowledge management organization-wide as part of its work to collect, analyse, manage and disseminate lessons learned and best practices, and to standardize data on sustainability results for inclusion in output and, potentially, outcome reporting. This in addition to the revision of the risk assessment process, which considers how sustainability elements can best be integrated to support the development of more sustainable engagements at the design stage. This will better define expected deliverables in support of sustainable results. As addressed in the Project Management Manual, the final narrative report provided as a requirement at project operational closure recognizes sustainability considerations and associated outputs. This process needs to be integrated with EPM for automation of data inputs to the Global Reporting Initiative. The capacity of UNOPS to resolve the validation mechanism is therefore contingent on completion of the EPM solution. Negotiations are in progress on suitable indicators, targets and recognition in deliverables, which will inform the development of the validation mechanism.

Department responsible: Infrastructure and Project Management Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2018

31. In paragraph 106, the Board recommended that UNOPS develop a time-bound plan for the mandatory use of project management toolkits across UNOPS.

32. As part of its standards management framework, UNOPS is developing a time-bound plan for mandatory adoption of project management toolkits within the business processes and in revised training formats and guidance materials. UNOPS will design and implement a mechanism making these mandatory for relevant engagements through the policy framework and by incorporating filters for relevance to specific engagements so as to ensure that engagements drive optimal value without unnecessary processes and costs.

Department responsible: Infrastructure and Project Management Group
Status: In progress
Priority: Medium
Target date: Fourth quarter, 2018

33. In paragraph 111, the Board recommended that UNOPS: (a) develop a time-bound plan for covering all country offices under the environment management system, in compliance with ISO 14001 certification, in line with the commitment in the strategic plan for the period 2014-2017; (b) adopt uniform practice across all offices to deliver environmentally sustainable Infrastructure until such time that all other offices are brought under the environmental management system adopted under the ISO 14001 certification programme; and (c) augment human resources for the peer review system through the health, safety and environment subgroup.

34. Actions to address this recommendation are in progress. Successful completion depends on clear understanding of what uniform practices are expected in different locations and on the resources provided through the UNOPS budgeting process. Two operational instructions are being promulgated to make uniform practices mandatory. The drafting of the time-bound plan is underway, with the final version to be completed once the UNOPS budget for 2018 has been finalized. Organizational instructions setting environmental requirements for all UNOPS operations were promulgated on 30 August 2017, and more than 200 UNOPS personnel across the world took part in online awareness sessions on these requirements in September and October 2017. A time-bound plan for the extension and verification of the environment management system will be finalized when the budget for the Corporate Support Group has been confirmed by the UNOPS budgeting process. Key to the extent of the system's implementation and verification will be the funds set aside for home-based specialists and verification missions.

Department responsible: Corporate Support Group
Status: In progress
Priority: Medium
Target date: First quarter, 2018

35. In paragraph 115, the Board recommended that UNOPS prescribe appropriate methods for verifying and validating in order to ensure that the third parties and/or local contractors employing labourers for the implementation of UNOPS projects comply with the standards laid down in the policy for sustainable infrastructure.

36. UNOPS will introduce operational instructions elaborating work supervision and contract management, which will cover methods to check and validate that third parties and/or local contractors enforce contractually agreed conditions derived from the policy for sustainable infrastructure. Additional guidance on working for UNOPS as a contractor, now in draft, provides further information to contractors and build their capacities on mandatory requirements and best practices for UNOPS works contracts. In addition, guidance has been developed on direct implantation projects where no formal works contractor is engaged.

Department responsible: Infrastructure and Project Management Group
Status: In progress

Priority: Medium
Target date: Second quarter, 2018

37. **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.**

38. In the 2018-2019 biennial budget estimates, UNOPS proposed that \$20 million from its reserves be dedicated to support innovation and strategic initiatives. Because the estimates were approved by the Executive Board in decision 2017/27, management considers this recommendation implemented.

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

39. **In paragraph 128, the Board recommended that UNOPS, while finalizing its strategic plan for the period 2018-2021, consider aligning its long-term business strategies and delivery practices with the requirements of the Sustainable Development Goals.**

40. The UNOPS Strategic Plan, 2018-2021, adopted by the Executive Board in decision 2017/26, clearly states its priority service lines and key focus areas for delivery of sustainable products and services to contribute towards helping countries achieve the Sustainable Development Goals.

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

41. **In paragraph 137, the Board recommended that UNOPS integrate the lists of sanctioned vendors contained in other external vendor databases, such as the United Nations Global Marketplace, with oneUNOPS.**

42. UNOPS will integrate the oneUNOPS vendor database with the United Nations Global Marketplace, including its list of sanctioned vendors. This is expected to reduce risks, increase efficiency and improve reporting. The integration will take place via a multi-stakeholder project for inter alia software development, data cleaning and process change and adaptation. Implementation is expected to be finalized by the third quarter of 2018.

Department responsible: Procurement Group
Status: In progress
Priority: High
Target date: Third quarter, 2018

43. **In paragraph 143, the Board recommended that UNOPS comply with its Procurement Manual in respect of observing the minimum number of days allowed for the submission of bids, in order to provide a vendor with a sufficient number of days to prepare and submit a bid.**

44. UNOPS will actively monitor compliance with minimum solicitation periods through the appropriate eSourcing system indicators and will proactively address the issue with the offices responsible for such procurement activities. While the eSourcing system already has an indicator flagging tenders published under the minimum solicitation periods, it will be improved during the fourth quarter of 2017 to limit such instances to justified situations. A new functionality to ensure policy compliance already has been developed in the eSourcing system, through which the system detects the minimum period for the tender in compliance with policy (depending on the solicitation method, type of requirement, applicability of emergency procurement procedures, etc.) and does not allow the tender to be posted if the period fails to meet the minimum unless a justification is provided and approved by the procurement authority. Consequently, management considers this recommendation implemented.

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

45. **In paragraph 148, the Board recommended that UNOPS ensure adherence to the provisions of the Procurement Manual related to the preselection of vendors and to the exception provisions under the financial regulations and rules.**

46. UNOPS accepted this recommendation and has already implemented the following:

- (a) An updated Procurement Manual (revision 6) was issued effective 1 June 2017 in which a number of improvements were introduced, including further clarification regarding the provisions on pre-selection and exceptions;
- (b) A global webinar accompanied the launch of the revised Procurement Manual to explain all changes, including clarification on pre-selection. An additional webinar was conducted exclusively for Contracts and Property Committee (CPC) members, who typically review pre-selection processes;
- (c) UNOPS procurement training courses, including the procurement operations training, cover pre-selection processes;
- (d) Examination of recent pre-selection process minutes reviewed by the CPC verified that the pre-selection process is done according to policy.

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

47. **In paragraph 153, the Board recommended that UNOPS make efforts to validate the best price available by way of a formal solicitation method, costing studies, market research and expert consultation, wherever feasible.**

48. UNOPS acknowledges this recommendation and has already implemented the following:

- (a) The updated Procurement Manual (revision 6) effective 1 June 2017 introduced a number of improvements including further clarification of the provisions to justify reasonableness of cost, making it mandatory when fewer than three substantially compliant offers have been received, and recommended in all other instances;
- (b) The global webinar accompanying the launch of the revised Procurement Manual explained all changes, including clarification on justification of reasonableness of cost;
- (c) UNOPS procurement training courses, including the procurement operations training, cover the process of carrying out an assessment or validation of price;
- (d) A review by the Procurement Group of minutes of recent processes reviewed by CPC found detailed consideration of these issues.

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

49. **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 validations and alerts against duplicates in the oneUNOPS system, in order to enhance the quality of data sets.**

50. Additional systems controls have been put in place and further controls are planned for implementation.

Department responsible: Finance Group & Information and Communications Technology
Status: In progress
Priority: High
Target date: First quarter, 2018

51. **Paragraph 167 stated that UNOPS agreed with the Board's recommendation that it finalize guidance on the conduct of background checks for new recruits.**

52. UNOPS acknowledges and will issue guidance addressing the recommendation.

Department responsible: People and Change Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2017

53. **In paragraph 174, the Board recommended that UNOPS formulate policy directives and implementing instructions for the creation of an inclusive and accessible workplace for employees with disabilities.**

54. **In paragraph 175, the Board further recommended that, as an enabling action for making the organization more inclusive and accommodating towards persons with disabilities, UNOPS endeavour to maintain data on employees with disabilities and complete an accessibility assessment of all its offices, digital platforms and processes, as a matter of priority.**

55. UNOPS acknowledges the recommendations and will work towards addressing them.

Department responsible: People and Change Group
Status: In progress
Priority: High
Target date: First quarter of 2018

56. **In paragraph 180, the Board recommended that UNOPS ensure implementation of its policy regarding the 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.**

57. **In paragraph 181, the Board further recommended that UNOPS ensure regular preparation of a quarterly travel plan as an enabling tool for effectively monitoring ad hoc official duty travel and making cost-effective flight reservations.**

58. The response to the recommendation in paragraph 180 is in progress pending the new corporate travel management system, which will prompt users to book a minimum of seven days in advance. The terms of reference for the system are being developed based on the outcome of a request for information. Related to the recommendation in paragraph 181, Integrated Practice Advice and Support is preparing an information campaign to inform all UNOPS units about the new requirement for quarterly travel plans.

Department responsible: Corporate Support Group
Status: In progress
Priority: Medium
Target date: First quarter, 2018

Annex 2

A. Comments on the status of implementation of the recommendations of the Board of Auditors for prior years

59. In the annex to its report for the financial period ended 31 December 2016 ([A/72/5/Add.11](#)), the Board of Auditors provided a summary of the status of implementation of recommendations for previous financial periods. Of the 37 recommendations noted from prior periods, 14 were fully implemented and 23 were not implemented or under implementation. Information is provided below on the 23 recommendations that were under implementation. According to an assessment by UNOPS, 3 of the 23 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 annex 2 of the audit report. The table below summarizes the overall situation.

Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2016

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Implemented or closure requested</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target Date</i>
Finance Group	3	1	2	2	-
Finance Group and Information and Communications Technology	1	-	1	1	-
Information and Communications Technology	2	-	2	2	-
Infrastructure and Project Management Group	4	-	4	4	-
Legal Group and Risk and Quality Group	2	-	2	2	-
People and Change Group	7	2	5	5	-
Risk and Quality Group	4	-	4	4	-
Total	23	3	20	20	-

B. Report of the Board of Auditors for the biennium ended 31 December 2011 ([A/67/5/Add.10](#))

60. In paragraph 48, the Board reiterated its previous recommendation that UNOPS: (a) draw lessons from its existing projects and consider measures to enable it to close projects in time; and (b) address the backlog of projects that need closure.

61. In three months, UNOPS closed 11 of the 34 projects pending for closure (as at 25 October 2017) and is addressing the remaining backlog of 23 projects by building on the momentum observed since the establishment of the tracking and oversight throughout the watch list. Overall, 305 projects were closed in 2017 (as at 25 October 2017), on average within six months after the implementation end date. In addition, UNOPS has introduced changes to the project closure process, accompanied by a webinar to introduce the changes, guide users and make them aware of the importance of project closure.

Department responsible: Infrastructure and Project Management Group
Status: In progress
Priority: Medium
Target date: Second quarter, 2018

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

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

63. UNOPS acknowledges the comment of the Board of Auditors regarding the status of implementation of the recommendation. To date, the following are considered implemented:

(a) A Senior Risk Officer has been appointed;

(b) A fraud risk assessment was conducted in December 2016 to identify the major types of fraud risk UNOPS faces; UNOPS is currently working to establish its risk appetite, which is expected to be endorsed by the Executive Office by end-December 2017;

(c) UNOPS is continuing to roll out the ERM. Organizational risk registers are available and the Risk and Quality Group will work with regions/country/hub/clusters to engage them in working with the registers, including uploading the registers as part of the quarterly assurance process. The group is furthermore working closely with the Information and Communication Technology group to support the ERM work.

Department responsible: Risk and Quality Group

Status: In progress

Priority: High

Target date: Fourth quarter, 2017

64. In paragraph 82, UNOPS agreed with the Board's recommendation that it develop a mechanism to generate better information on the post-completion performance of buildings.

65. The development of the subject mechanism is planned for completion by June 2018 due to competing priorities.

Department responsible: Infrastructure and Project Management Group

Status: In progress

Priority: High

Target date: Second quarter, 2018

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

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

67. The current status of implementation includes:

(a) Identification, documentation and assessment of key risks to achieving strategic objectives: the first UNOPS risk review has been completed and was presented to the Executive Office and Corporate Operations Group. The Executive Office requested that the quarterly business review be the forum for review, prioritization and response to the risk review, and the risk review was on the agenda for the second quarterly business review conducted in July 2017. UNOPS will continue to update and monitor risks;

- (b) A concept for the UNOPS risk appetite statement has been presented to the Executive Office, Audit Advisory Committee and Corporate Operations Group. The concept was accepted and the process of populating the content is ongoing. It is expected to be endorsed by the Executive Office by 31 December 2017;
- (c) The draft risk policy (organizational directive) and instruction (organizational instruction) have been presented to the Legislative Framework Committee and regional directors for review. It is expected that the policy and instruction will be promulgated in the fourth quarter of 2017;
- (d) Risk registers, with space to designate risk owners, are available and being rolled out. The Risk Quality Group will work with organizational units to encourage regular use of the registers and their inclusion as part of the quarterly assurance exercise.

68. It is worth noting that at an engagement level, the risk assessment conducted prior to the signature of engagements is now linked to quarterly assurance process to ensure regular updating and monitoring of the assessment. To support further detail and response allocation, risk registers are available at engagement level and encouraged to be uploaded in support of the assurance process. In addition, the Risk and Quality Group is exploring options for an information and communication technology (ICT) system to support the ERM work, as well as integration with project risk management in collaboration with the Infrastructure and Project Management Group.

Department responsible: Risk and Quality Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2017

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

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

70. UNOPS agrees to the recommendation. UNOPS plans to engage an external consultant to assist with the evaluation of total cost of ownership, total savings and overall benefits realization.

Department responsible: Information and Communications Technology
Status: In progress
Priority: High
Target date: First quarter, 2018

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

72. As part of the review of the internal control framework, UNOPS is reviewing business processes to ensure alignment with business needs and with a view to improving efficiency. As part of this work, UNOPS has mapped financial business processes to standardize work practices and processes across the organization, which will be followed by an update of the Process and Quality Management System

Department responsible: Finance Group
Status: In progress
Priority: Medium
Target date: First quarter, 2018

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

74. The internal audit report on the review of the Global Shared Service Centre describes the impact of the centre's establishment and provides an independent evaluation of the cost and functional efficiency gains.

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

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

76. UNOPS identifies gaps in the skills of its existing workforce through the performance assessment mechanism and through the establishment of talent management pools of experts in different business-critical roles. UNOPS devotes resources to train its workforce in order to reduce skills gaps and has developed robust selection and management processes to identify, place and rotate talents and form talent benches for the different business-critical roles. In the light of the response from the Board of Auditors, UNOPS confirms that the analysis will be revisited.

Department responsible: People and Change Group
Status: In progress
Priority: High
Target date: Second quarter, 2018

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

78. The human resource data warehouse project will be completed by September 2017, after which an analysis will be conducted.

Department responsible: People and Change Group
Status: In progress
Priority: Medium
Target date: Second quarter, 2018

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

80. The internal audit report on the GSSC review describes the impact of the establishment of the GSSC and provides an independent evaluation of the cost and functional efficiency gains.

Department responsible: People and Change Group
Status: In Progress
Priority: High
Target date: Fourth quarter, 2017

81. In paragraph 88, the Board recommended that UNOPS evaluate the impact of its recent additional investment in training, including whether the type and distribution of training provided is addressing the gaps between current workforce skills and future business needs.

82. A new learning management system will be in place in the third quarter of 2017, following which such further alignment would be possible.

Department responsible: People and Change Group
Status: In progress
Priority: Medium
Target date: Second quarter, 2018

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

84. Analysis and presentation/evaluation have been completed.

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

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

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

86. **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.**

87. There is an ongoing dialogue with the Executive Board regarding the utilization of the UNOPS operational reserves and specific detailed recommendations have been documented in the 2018-2019 biennium budget estimates to cover contingency and strategic investments. In these budget estimates, UNOPS has reassessed its use of available resources and established an additional budget for investments and for risk mitigation. This addresses UNOPS resourcing beyond the current operational requirements. As such, the investments will be considered during the four-year planning process which is aligned with the priorities of the Strategic Plan, 2018-2021. Consequently, management considers this recommendation implemented.

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

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

89. Regarding the recommendation on internal control under the governance, risk and compliance framework, the internal control framework, which is the responsibility of the UNOPS Chief Financial Officer, is an integral pillar and will be developed to bring together the various operational pieces including compliance, risk management and governance in particular.

Department responsible: Legal Group & Risk and Quality Group
Status: In progress
Priority: High
Target date: Second quarter, 2018

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

91. UNOPS is continuing the roll-out of the ERM framework. The opportunity and engagement acceptance and quarterly assurance components are now operational and several regional/country/thematic risk assessments have been conducted to refine the approach at organizational level. The Risk and Quality Group, in coordination with IPMG, will roll out the risk registers at the project and organizational levels. In addition, the Risk and Quality Group is working with the ICT Group and Infrastructure and Project Management Group on an ICT solution.

Department responsible: Legal Group & Risk and Quality Group
Status: In progress
Priority: High
Target date: Fourth quarter of 2017

92. **In paragraph 38, the Board recommended that UNOPS ensure that the certification of projects in line with the manuals be incorporated within oneUNOPS workplans, to reinforce compliance.**

93. The incorporation of the certification of projects within oneUNOPS is under implementation and due for completion in the third quarter of 2017.

Department responsible: Infrastructure and Project Management Group
Status: In progress
Priority: Medium
Target date: First quarter, 2018

94. **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.**

95. The ICT Group, in collaboration with the Internal Audit and Investigation Group, has agreed to an action plan to address the few high-priority items that have yet to be fully addressed.

Department responsible: Information and Communications Technology
Status: In progress
Priority: Medium
Target date: Fourth quarter, 2017

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

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

98. UNOPS plans to engage an external consultancy to assist with evaluation of total cost of ownership, total savings and overall benefits realization. UNOPS has developed a draft benefits assessment framework against which all future significant ICT projects will be evaluated. This will be a component of the new UNOPS ICT governance, which is currently being launched.

Department responsible: Finance Group & Information and Communications Technology
Status: In progress
Priority: Medium
Target date: First quarter, 2018

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

100. UNOPS acknowledges the Board's comments as it continues to roll out risk management processes. UNOPS would like to clarify that two of the main components of the risk framework comprise the opportunity engagement acceptance process, including the Engagement Acceptance Committee, and the quarterly assurance process:

- (a) The revised opportunity engagement acceptance process includes a risk assessment to be conducted prior to signature of any agreement;
- (b) The Engagement Acceptance Committee criteria have been revised in line with the risk framework. Reviews of submissions are conducted on the basis of the standard risk categories and presented to the Executive Office for decision;
- (c) The revised quarterly assurance prompts the review, update and regular monitoring of the risk profile of engagements.

101. UNOPS is rolling out the risk registers, in collaboration with the Infrastructure and Project Management Group. The risk policy and instruction has been drafted and is expected to be promulgated in the fourth quarter of 2017. The framework and associated processes should facilitate management to effectively assess potential new business lines.

Department responsible: Risk and Quality Group
Status: In progress
Priority: Medium
Target date: Fourth quarter, 2017

102. **In paragraph 90, the Board recommended that, as part of its efforts to strengthen engagement acceptance processes, UNOPS take steps to prevent the practice of signing agreements without engagement authority, for example, by amending the oneUNOPS system to prevent non-compliance.**

103. oneUNOPS has a workflow log that shows the date of approval of the initiation of an engagement, as well as a separate field for the date of finalization, which is to be completed after the signature of the agreement. Further improvements will be added to oneUNOPS to further discourage any signature of agreement prior to system approval. Uploading of a legal agreement, including indicating a date that cannot be earlier than the signed date without a special approval, will be added. The Risk and Quality Group is collaborating with the ICT Group to have the new functionality entered into the system.

Department responsible: Risk and Quality Group
Status: In progress
Priority: High
Target date: Fourth quarter, 2017

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

105. UNOPS has strengthened its pricing policy by incorporating a unified risk assessment. Subsequently a risk calculator has been rolled out globally and incorporated into the UNOPS systems for pricing that allows project managers to consistently and transparently establish a risk increment based on their local circumstances

Department responsible: Finance Group
Status: In progress
Priority: Medium
Target date: Second quarter, 2018