

Copenhagen, 28 September 2023

This is to document the final results of the independent review conducted by Deloitte on the process for distributing UNOPS excess reserves to paying entities.

Deloitte reports its factual findings on the refund of UNOPS excess reserves to paying entities. The reports have been drafted in accordance with the International Standard on Related Services (ISRS) 4400 (revised), Agreed-upon Procedures Engagements, and additional requirements under Danish audit regulation.

Deloitte has reviewed the following aspects of the excess reserve refund process:

1. Calculation of the Excess Reserve Amount as of 31 December 2021
2. UNOPS data basis for the attribution of excess reserves to paying entities
3. Manual data adjustments to attribution of excess reserves to paying entities
4. Recalculation of attribution of excess reserves to paying entities
5. Sampling of UNOPS legal agreements signed with partners
6. UNOPS settled payments per 28 June 2023 of the refund process

In the conclusions of the management report, Deloitte points to the following key messages:

- A. Summary: Deloitte obtained sufficient evidence to finalise the agreed upon procedures report.
- B. Process validation: During interviews with UNOPS finance staff, Deloitte has identified potential gaps between the Executive Board decision interpretation, the “note to file” and the process executed. This is mostly due to inconsistencies in the Executive Board decision referring to both “received” and “generated” fees making it necessary for UNOPS to adopt a consistent accrual accounting methodology that recognises fees upon delivery of services (i.e. generated fees).
- C. Data validation: No differences or irregularities have been identified in the 40 samples of management fee or in the 43 transactions of settled payments to paying entities.
- D. Calculation validation: Deloitte confirms the calculation of the refund to the paying entities in accordance with the “note to file”, p. 8-15 based on the data in the allocation mechanism model without any observations.

In the list of findings and recommendations, Deloitte has classified these into three levels:

- High: indicating significant findings necessitating immediate action;
  - *0 findings*
- Medium: signifying material findings that warrant attention;
  - *2 findings related to UNOPS' interpretation of the Executive Board decision as well as the cycle for refund of excess reserves*
- Low: denoting other findings or recommendations where actions may not be deemed necessary
  - *2 findings related to the accuracy and completeness of donor data and the translation of the process outlined in the note to file into operational procedures*

Please refer to the Management Report issued by Deloitte for further details.

In conclusion of Deloitte's work UNOPS is pleased to confirm that it has accepted the recommendations made. Some of which, as per UNOPS response in the report, are already under implementation.

At the same time UNOPS is reassured that the agreed upon procedures document reliable data and a robust process that UNOPS is using to implement this significant Executive Board decision. It is UNOPS belief that this can serve to partners as a reassurance that the refundable amounts indeed reconcile with the legal agreements signed between UNOPS and your organisation and fully reflect UNOPS' Executive Board decisions. UNOPS is also confident that with this, and the recent engagement with the Executive Board members on the future of the excess reserve refund, UNOPS is well prepared to make this a part of our standard operations.