



**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**

**UNDP: Report on the implementation of the recommendations of  
the United Nations Board of Auditors, 2019**

*Summary*

In July 2020, the United Nations Board of Auditors formally issued its audit report for UNDP (A/75/5/Add.1) and awarded UNDP an unqualified (clean) audit opinion for the year ended 31 December 2019. This is the eighth full year of reporting under International Public Sector Accounting Standards (IPSAS), and the opinion reflects the continuing commitment of UNDP to comply with IPSAS. This achievement marks 15 consecutive years of unqualified audit opinions for UNDP.

The Administrator has underlined that transparency and accountability for results and impact continue to be the top UNDP priority. The governance mechanisms and the accountability framework ensure that funds are administered with appropriate fiduciary accountability and integrity, reinforced by a commitment to ongoing improvement and innovation. UNDP learns continuously from and implements the recommendations of its independent oversight bodies to help drive efficiency and effectiveness. In 2019, UNDP ranked as one of the most transparent aid organizations in the world, according to the Publish What You Fund Aid Transparency Index.

The strategic management of the top audit-related priorities continues to be monitored closely, with the direct engagement of the Administrator and the Associate Administrator. UNDP has made continuous improvements in addressing its audit priorities. For the biennium 2020-2021, while noting the significant improvement in the implementation rate of United Nations Board of Auditors audit recommendations and several corporate initiatives in progress and undertaken to address audit recommendations, UNDP considers it appropriate to maintain its list of top seven audit priorities from 2018-2019, albeit with some adjustments of the sub-indicators, demonstrating improvements and progress made over the last two years.

The present report: (a) includes the final assessment of the top seven audit-related management priorities for 2018-2019 (as presented in document DP/2019/11 and supported by Executive Board decision 2019/2), noting progress in certain areas within the audit priorities (annex 1); (b) presents the suggested, top seven audit-related management priorities for the biennium 2020-2021, as established by management and reviewed by its oversight bodies (annex 2); (c) pursuant to decision 2020/1, presents its action plan of the internal study on root causes underlying recurring audit observations and audit priorities; and (d) reports progress on the implementation status of the recommendations of the United Nations Board of Auditors for the year ended December 2019 and earlier. Pursuant to Executive Board decision 2010/9, details of the implementation status of the individual audit recommendations and the full audit report of the United Nations Board of Auditors are available on the UNDP Executive Board website (annex 3).



*Elements of a decision*

The Executive Board may wish to: (a) welcome the unqualified audit opinions issued by the United Nations Board of Auditors for 2019; (b) note progress made by UNDP in addressing the top seven audit-related priorities in 2018-2019; (c) endorse the suggested top seven audit-related management priorities for the biennium 2020-2021; and (d) support the ongoing efforts of UNDP management to implement the recommendations of the United Nations Board of Auditors for the year ended 31 December 2019 as well as the remaining recommendations from prior years.

## **I. Introduction**

1. The United Nations Board of Auditors gave UNDP an unqualified (clean) audit opinion on its financial statements for the year ended 31 December 2019. For UNDP, this marks 15 consecutive years of unqualified audit opinions – an achievement that confirms the organization’s commitment to continuous improvement in transparency and accountability. The tone set at the top, by the Administrator and the Associate Administrator, has been instrumental in enabling UNDP to receive unqualified audit opinions from its external auditors and ensures UNDP will continue to strive for greater operational excellence.
2. UNDP adopts a risk-based approach in addressing recurring audit issues. The purpose of setting the organization's top audit-related management priorities is to identify – including from the perspective of the independent internal and external oversight and governing bodies – significant, recurring or emerging risks and their associated inherent root causes. This allows management to ensure that adequate mitigating strategies and controls are put in place to address such issues on a priority basis, noting there will always be a level of residual risk.
3. In the following sections, UNDP assesses progress in implementing the top seven audit-related management priorities for the biennium 2018-2019, which was endorsed by the Executive Board in its decision 2019/2 and reflects the recurring issues raised by the oversight and governing bodies. An overview of the assessment for 2018-2019 is also listed in annex 1.
4. UNDP has made continuous improvements in addressing its audit priorities, as indicated in the progressive reduction in the number of priorities from the original 15 in 2006-2007. For the biennium 2020-2021, although there has been significant improvement in the implementation rate of audit recommendations as well as initiatives launched to address the recommendations, UNDP considers it appropriate to maintain its list of top seven audit priorities from 2018-2019, to address the underlying issues and thus prevent continued findings on these topics from external and internal oversight bodies. While UNDP maintains the same list of priorities from 2018-2019, the sub-indicators under these priorities have changed for the biennium 2020-2021, demonstrating improvements and progress made over the last two years. A list of the top seven audit priorities for 2020-2021 is listed in annex 2.
5. In 2020, UNDP concluded its detailed internal study to understand the root causes underlying recurring audit observations. This study provided a series of recommendations for UNDP to pursue, in conjunction with ongoing corporate initiatives, in order to help address the top audit priorities. UNDP has initiated implementation of most of the recommendations emerging from this review in 2020, which are expected to yield further progress on the top seven audit priorities going forward.

## **II. Review of progress made in addressing the refined top seven audit-related management priorities for 2018-2019**

6. Based on the United Nations Board of Auditors findings for the period ended 31 December 2019 and in discussions with United Nations Board of Auditors, the Office of Audit and Investigations and the Audit and Evaluation Advisory Committee, UNDP has made progress on all the top seven audit-related priorities for the 2018-2019 period as set out below.
7. UNDP has undertaken a progress assessment of the top seven audit-related management priorities for the 2018-2019 period, further detailed in the sections below and summarised in annex 1. The results of the assessment have been presented and reviewed by the Organizational Performance Group, chaired by the Associate Administrator, and approved by the Executive Group, chaired by the Administrator.

### **A. Implementing partner fiduciary and capacity management**

8. Implementation of the 2014 revised harmonized approach to cash transfers (HACT) framework continues to be among the top UNDP priorities in its efforts to facilitate risk management of implementing partners and responsible parties by selecting and updating the

implementation and cash transfer modality, based on the results of micro assessments and assurance activities.

9. Against the backdrop of COVID 19, as of October 2020, 88 per cent of country offices had carried out macro assessments, compared to 85 per cent in October 2019. In addition, 1,693 micro assessments of implementing partners had been completed by October 2020, compared to 1,407 as of October 2019.

10. HACT compliance continues to improve as offices initiate new programme cycles, which give them an opportunity to fully incorporate HACT activities during project planning. Offices transitioning to the full elements of the HACT framework continue to perform project financial audits. In order to enhance the oversight and management of implementation partners, in 2020 UNDP:

- (a) continued to update the HACT monitoring platform to enhance oversight by incorporating new features for tracking action taken by UNDP offices, including country offices, to address issues flagged in partner capacity assessments and assurance activity reports;
- (b) rolled out an automated micro assessment and assurance activity planning tool to enable offices to plan ahead to carry out partner capacity assessments and assurance activities;
- (c) revised UNDP HACT guidance to address issues raised by the United Nations Board of Auditors and ensure greater clarity in guidance to UNDP offices.

11. As per the recommendations noted in the internal root cause study, UNDP will:

- (a) revise the prescriptive content of programme and project management, where necessary, to provide greater clarity on managing the risk of working with implementing partners;
- (b) strengthen the sharing of best practices by promoting the use of the dedicated UNDP HACT Yammer online platform to help boost capacity at regional and country level;
- (c) continue to update the HACT platform to improve monitoring and explore the roll-out of digital tools (for example, electronic FACE forms to integrate information exchange with partners and enhance efficiency and visibility in UNDP).

## **B. Programme/project management and evaluation**

12. Management notes the recurring issues on programme and project management and recognizes that there is no quick fix to improve core programming performance. UNDP has made phased improvements in programme/project management and evaluation and continues to build capacities in all programming areas and develop more integrated tools. The UNDP objective is to enable programming teams to make evidence-based decisions to improve development results through effective programme and project management.

13. To effectively address recurring audit issues around core programming functions like risk management, monitoring, stakeholder engagement and project board functioning, UNDP is investing in the skills of staff through customizing the industry standard course, Managing Successful Programmes. UNDP customized the course to reflect the United Nations Sustainable Development Cooperation Framework as the umbrella framework from which UNDP programmes are derived and to reflect realities in programming for development change. By late 2020, 940 staff members, including staff from the United Nations Capital Development Fund (UNCDF) and United Nations Volunteers (UNV) have been trained, with plans for 300 more in 2021. Once a critical number of staff have been trained through the Managing Successful Programmes course, UNDP will implement a change strategy to embed the core learning from the course into the functions, accountabilities, processes, procedures and tools for programming, starting in 2021.

14. A robust investment plan to strengthen UNDP capacities for risk management in programming is being rolled out in 2020/2021. This includes a focus on deepening skills on UNDP social and environmental standards and overall risk management in programmes and projects. This will include in-depth training for a cadre of experts who can be leveraged by country offices with high-risk projects needing extra support. Additional guidance and protocols will be developed for project boards, including expectations for effective functioning of project governance and commitments to avoid conflicts of interest. In addition, regular workshops and 'bootcamps' for staff and managers are held to reinforce important programming concepts and skills.

15. To help provide insights to managers for more effective programming, UNDP is developing a customizable collaborative digital workspace for programme, project and portfolio management that helps users at every level deliver integrated results with accountability and quality. This platform will help managers see where their programming stands across the full life cycle to better monitor performance and highlight what needs to be done before becoming an audit issue. Specific tools include, for example, digitizing capacity assessments, output verification field visits, project board schedules and minutes, and creating alerts to inform managers and corporate oversight functions when key actions are slipping before they become an issue. The long-term vision for the platform will include advanced management tools, analytics and abilities for users to manage their work across both programme and operations, make decisions and create their own bespoke networks and learning profiles. It is being designed to become the daily management tool, connecting data, people and information from across dozens of existing UNDP systems, in addition to incorporating additional data needed to deliver better results.

16. Additional measures on digitalizing of operations include the launching of the new combined delivery report (CDR) digital platform in 2020, known as the CDR Bridge. Where adopted by implementing partners, the CDR Bridge will enhance the combined delivery report certification process into a seamless digital process with minimal manual intervention. These measures build on previous enhancements, including the end-to-end rewrite of programming policies and procedures, the introduction of new quality standards for programming, a new monitoring policy and improvements introduced through the new United Nations Sustainable Development Cooperation Framework.

17. As per the recommendations noted in the internal root cause study, UNDP will:

- (a) continue to invest in and prioritize the development of tools to help alert programming staff when key requirements are due and to enable effective regional bureau oversight in an integrated way;
- (b) develop guidance (standard operating procedures) to supplement programme and policy management guidance in key areas, such as project workplan and budget preparation, monitoring and adjustment, and mainstreaming risk management into this guidance.

### **C. Procurement oversight and fraud mitigation strategies**

18. Management continues its investments in better digital tools, improved policies, advisory services, and business process streamlining to enhance the efficiency and effectiveness of the procurement function as an enabler for development in UNDP.

19. Initiatives around end-to-end automation and integration of the procure-to-pay process as noted below have led to increased levels of transparency, integrity and accountability:

- (a) UNDP automated procurement planning in the PROMPT planning tool. This provides visibility on annual demand projections across all country offices and allows proactive procurement support through the establishment of local, regional and global long-term agreements. It has led to the recording of \$1.3 billion (110 country offices) and \$1.5 billion (129 country offices) of planned procurement in 2018 and 2019, respectively.
- (b) The use of the e-tendering system was made mandatory in 2019 for procurement requirements above \$150,000 for transparency and burden reduction; a 94 per cent compliance rate was achieved as of September 2020. The system has been integrated with the procurement oversight system (Advisory Committee on Procurement online) for increased automation and a seamless procure-to-pay process.
- (c) UNDP continues to utilize the automated management of contracts leading to increased visibility and monitoring of contractual activities.

20. In an effort to further increase its procurement capacity, UNDP now provides an increasing number of courses as part of the procurement certification road map. In 2019 UNDP successfully certified 814 United Nations staff and 412 national government personnel with the UNDP Chartered Institute of Procurement and Supply courses. The number of heads procurement units in country offices with relevant procurement certification improved from 64 per cent in 2018 to 75 per cent in 2019.

21. To improve country-level capacity, the regional procurement specialists in the regional hubs continue to support procurement at the field level, providing technical and advisory services on complex procurement cases and successfully coordinating regional-level procurement activities, including planning work closely with the procurement oversight colleagues in the hubs (or the regional Advisory Committee on Procurement).

22. For improved policy support, UNDP mainstreamed 12 business process initiatives in 2018/2019; launched the construction policy and guidance notes in June 2020; established new corporate standard operating procedures for vendor management in July 2020, which include requirements for quarterly clean up and maintenance of vendor records, verification of vendor sanctions' lists for payments and purchase orders and how to identify fraudulent vendor profile changes; and for increased efficiency operationalized in 2020 the mutual recognition of procurement outcomes of all United Nations organizations, without further review where applicable.

23. In 2019, the Vendor Review Committee issued 49 sanctions and 33 interim suspensions to vendors involved in proscribed practices, thus enforcing UNDP zero tolerance for such practices.

24. Per the recommendations noted in the internal root cause study to automate and digitize procurement functions, UNDP is further investing in digitizing and integrating procurement processes and improving procurement workflow. This will improve efficiency, reduce transaction burden, increase the visibility of procurement transactions, enhance the integrity of master data and provide e-sourcing and a self-service supplier portal.

#### **D. Human resources management**

25. Under this priority, UNDP has made marked progress in 2019 to ensure effective human resources management. In 2020, compliance with mandatory training has increased from 83 to 85 per cent for staff and from 79 to 83 per cent for non-staff on all mandatory training courses.

26. A new workforce planning function provides managers and decision-makers with the necessary information to identify and plan for talent shortages and surpluses, while the new competency framework aims to capture the attributes, behaviours, skills, knowledge and expertise required for the #NextGenUNDP vision. A new career and succession function has introduced, inter alia, annual corporate rotation exercises for resident representatives and deputy resident representatives, together with a new mobility policy. In parallel, the newly launched career development framework puts in place clear career paths for personnel, and UNDP has launched an improved and streamlined performance management process.

27. New dedicated recruitment and talent acquisition functions have been tasked with overhauling UNDP corporate recruitment processes. The organization will cluster human resources services in 2021 and create human resources centres of excellence and expertise. Together these will significantly improve the quality, efficiency and speed of recruitment.

28. The UNDP people strategy, People for 2030, which aims to progressively transform UNDP culture and capacity to deliver more and better development results, was launched in June 2019. As part of the People for 2030 strategy, UNDP is developing new contract modalities to cover the functions of service contractors. The policy on recruitment of service contractors is being reviewed in the context of the new contractual framework, as well as in the context of work on clustering of local recruitment.

29. Per the recommendations noted in the internal root causes study to address non-compliance with mandatory training, the newly created People Development Governance Group is exploring a dedicated human resources professional certification for human resources staff as part of the new corporate learning and development strategy.

## E. Financial management

30. Financial accountability is a major priority for the organization as it seeks to address the challenges in the following areas: (a) financial sustainability of country offices; (b) management of advances and expenditures; (c) management of banking risks; (d) compliance with internal control framework; and (e) mitigation of fraud risks and improved recovery of fraud-related losses.

31. Following the successful implementation of the clustering of financial services in one region, in 2019 the Executive Group approved a business case for the clustering of financial, procurement and human resource services for all country offices in all regions. The roll-out began in October 2019, with gradual phasing of activities and offices over the coming year, subject to the potential impact of COVID-19. This initiative is expected to have a significant positive impact towards improving the quality and control over many activities that are the subject of repeat audit reports.

32. UNDP has further enhanced and strengthened initiatives around financial oversight, monitoring, advisory and capacity management. UNDP is implementing a live up-to-date dashboard for country offices and regional bureaux that includes financial sustainability, effectiveness of project/programme delivery, HACT compliance by country offices, and country office implementation of audit recommendations. UNDP has expanded content in its quarterly one-pagers to country offices with information on internal control and project management related issues. In addition, given COVID-19 and its impact on country office delivery, UNDP has enhanced its robust internal review process and follow-up on programme delivery. This includes regular updates to review unspent balances and advice to country offices and bureaux on the means to accelerate delivery.

33. On management of banking risks, UNDP reduced banking risks by clustering bank reconciliations for all country offices in 2020. Further risks have been reduced through the phased implementation of host-to-host interface with banking partners for the secured transfer of electronic funds for local payments, with a total of six additional country offices going or having gone live in 2018 and 2019, bringing the total number of offices to 39. More work remains to be done. UNDP will continue to implement host-to-host interface in phases and based on risk.

34. While good progress is being made, financial issues – particularly related to cost recovery, management of advances, recording of expenses, and project financial management – compliance with the internal control framework continues to be mentioned by the United Nations Board of Auditors and requires ongoing oversight and monitoring.

35. On compliance with internal controls, UNDP enhanced segregation of duties through automation of key functions within its enterprise resource planning system. UNDP also updated its internal control framework in 2020 following recommendations from the United Nations Board of Auditors. All offices have been directed to review their internal processes against the internal control framework and ensure that any segregation of duties, which have been compromised, are addressed and clearly reflected in their delegation of authorities. Additional enhancements through further automation are underway and expected to be completed in late 2020.

36. To further build capacity among its employees, UNDP has continued its efforts to promote financial training and certification among employees and to expand self-assertion for certifying the performance of key controls in UNDP decentralized offices. A new addition to self-assertion in 2020 includes certification by country offices that have assessed fraud and corruption risk, as required in the UNDP policy against fraud and other corrupt practices and its enterprise risk management policy.

37. As per the recommendations noted in the internal root cause study, in 2021 UNDP will:

- (a) automate controls, where feasible, to enhance compliance with the internal control framework, with an emphasis on controls within the new enterprise resource planning system;
- (b) strengthen the elements of the internal control framework on the financial dashboard in order to monitor compliance at the country and regional bureau level.

## **F. Partnerships and resource mobilization**

38. UNDP continued to enjoy strong partnerships and funding support from partners of all types. In 2020, it has continued to demonstrate strategic and innovative partnerships and resource mobilization strategies that garner support from key partners and stakeholders. And given the unprecedented circumstances of COVID-19, UNDP has showcased efficiency, transparency and integrity in providing development support to countries affected by the pandemic.

39. UNDP has managed to stabilize core funding, reversing its declining trend with a slight increase. Core funding is of significant importance to UNDP, as it remains the most flexible funding source that allows the organization to be strategic, respond to country needs better and faster, address underfunded areas, and leverage additional financing. Regular resources enabled UNDP to make rapid, flexible funding decisions and respond proactively to the challenges of COVID-19. However, current low levels of regular resources and flexible funding have constrained the ability of UNDP to respond adequately to all the needs of countries. The midterm review of the Strategic Plan, 2018-2021, revealed that core resources contribute to higher-level development results, demonstrating the catalytic impact of regular resources for achieving the 2030 Agenda for Sustainable Development.

40. While a key objective of the Funding Compact is to rebalance core and non-core resources, Member States continue to channel most of their funding support through contributions earmarked for specific projects, themes, regions or countries. In 2019, regular resources accounted for only 13 per cent of total funding to UNDP, which is lower than the Funding Compact target of 30 per cent to be reached by 2023. Similarly, increasing the number of core contributors continued to be challenging for UNDP in 2019, despite efforts to prioritize and advocate with more Member States to contribute to regular resources.

41. Efforts in making the case for regular resources include enhancing the visibility of contributors and communicating more effectively what they pay for. On the positive side, UNDP experienced improved predictability in funding, with a larger share of contributions to regular resources backed by multi-year commitments. In 2019, the proportion of regular resources contributed through multi-year commitments reached 58 per cent.

42. UNDP is making progress towards increasing the share of flexible funding provided through inter-agency pooled funds and agency-specific thematic funds. About 10.8 per cent of UNDP non-core resources were channelled through inter-agency pooled funds in 2019, up from 8 per cent in 2018. Partners also increased their contributions to thematic funding windows by 54 per cent, from \$67 million in 2018 to \$103 million in 2019. However, thematic funds account for only 2.5 per cent of total other resources. UNDP will continue to engage with partners to increase flexible and minimally earmarked thematic funding.

## **G. Integration and operationalization of enterprise risk management**

43. The Risk Committee, chaired by the Associate Administrator and comprising all bureau directors at the Assistant Secretaries-General level, continues its active role in overseeing the overall implementation and use of the enterprise risk management framework in UNDP and focuses on strategic corporate risks and risks that are escalated or substantial.

44. The enterprise risk management policy was revised in 2019 and provides a unified approach to risk management that is applied across all levels of the organization, starting from project to corporate level with escalation mechanism in place. Accountability for enterprise risk management follows the line hierarchy: the line manager of each unit is accountable for risk management within his/her area of responsibility. Furthermore, the introduction of the three lines of defence sets a well-defined and structured risk governance for the organization to ensure effective accountability, oversight, support and controls.

45. Since April 2019, when the updated enterprise risk management policy was launched, several trainings have been conducted and new tools introduced to further strengthen risk management. Most of the activities in the approved enterprise risk management implementation action plan have been completed in 2020. The development of a risk appetite statement was launched in August

2020 and is expected to be concluded in 2021. The risk appetite statement is being developed through a consultative and evidence-based approach. An enterprise risk management training of trainers' programme has been developed and will be delivered before the end of 2021.

46. A new enterprise risk management dashboard was developed and launched. The dashboard presents an aggregate view of risks (risk heat map) that allows information to be filtered at the regional or programme level in order to enable managers and risk owners to map risks for enhanced monitoring and risk-informed decision-making at project, country and regional levels.

47. Additionally, fraud risk management is being reinforced in the organization. An anti-fraud strategy is being developed and will be supported through a series of webinars/trainings to raise awareness on fraud risk assessment and how to integrate fraud risks in the enterprise risk management framework and tools.

48. As per the recommendations noted in the internal root cause study, UNDP has:

- (a) moved to a fully automated workflow approach to prepare and update risk assessments through its dashboard;
- (b) prioritized risk management efforts at the project and country office level to clarify and document the links between risk management activities and annual control assertions by managers.

### **III. Status of audit recommendations of the Board of Auditors for the year ended 31 December 2019**

49. For the year ended 31 December 2019, the United Nations Board of Auditors, in its audit report of UNDP (A/75/5/Add.1), issued 37 audit recommendations (2018: 25 recommendations). Of those, 13 were classified as 'high priority' while the remaining 24 were assigned a 'medium priority' rating. Management agreed with all recommendations issued.

50. Of the 37 recommendations issued, 11 relate to United Nations development system reforms. These recommendations are productive and a good starting point for UNDP to engage in further discussions with the United Nations Secretariat and other organizations on substantive areas that require monitoring and improvement. Six recommendations concern the UNDP fraud risk management approach and raising fraud risk awareness internally and externally. Three recommendations relate to the UNDP enterprise risk management framework, specifically around the three lines of defence (excluding external auditors), fraud risks assessments, and tightening of year-end assertion statement. Seven recommendations concern the internal control framework, anti-fraud controls, implementation of controls related to property, plant and equipment, and personnel data administration. Six recommendations concern vendor eligibility screening and supporting documents for creation of vendor profiles, inclusion of ineligible vendors in vendor master files, and pending cases submitted to the Vendor Review Committee. Four recommendations relate to the presentation of financial statements, staff contributed from funding partners assigned to the resident coordinator system, and social security coverage of service contract holders.

51. Consistent with practices adopted in previous years, and as agreed with the United Nations Board of Auditors, UNDP has a phased approach for implementing the audit recommendations, with clear accountabilities for the implementation of each recommendation and target completion dates. The phased approach is based on the complexity and time required to resolve and discuss each issue with the United Nations Board of Auditors. It is important to note that implementation of the 2019 recommendations could start only after issuance of the final United Nations Board of Auditors report in July 2020.

52. As of October 2020, three months after the formal release of the United Nations Board of Auditors report and in advance of the 2020 due dates, UNDP management has already implemented 15 recommendations – 41 per cent of new recommendations issued in 2020. These recommendations have not yet been assessed by the United Nations Board of Auditors. Actions

have begun on the 22 remaining audit recommendations to ensure full implementation by the target completion dates. Pursuant to Executive Board decision 2010/9, a tabular listing of the status of audit recommendations implementation is available in annex 3 on the Executive Board webpage.

#### **IV. Status of audit recommendations of the United Nations Board of Auditors for the year ended 31 December 2018 and prior years**

53. The United Nations Board of Auditors noted in their report that there were 51 recommendations outstanding when its report for the financial year ended 31 December 2018 was issued. The Board considered 29 recommendations (57 per cent) to have been implemented and 20 recommendations (39 per cent) to remain under implementation. Two recommendations (4 per cent) had been overtaken by events.

54. The recommendations from prior years that remain in progress or have been reiterated are part of the top seven audit priorities.

55. Of the 20 recommendations from previous years, three recommendations have been implemented as of the date of this report. UNDP is making progress on closing the remaining 17 long outstanding audit observations, with an additional six of these closed by management and pending assessment by the United Nations Board of Auditors. Of the 11 remaining audit observations not yet implemented or pending assessment by the Board, seven relate to the replacement of the new service contract policy which is scheduled to be implemented in the first quarter of 2021. All the remaining observations have clear implementation dates and related action plans established, details of which is set out in annex 3.

**Table 1. Implementation status of previous years' (2015-2018) recommendations – UNDP**

<b>Recommendation status</b>	<b>Number of recommendations</b>	<b>Percentage of total</b>
Implemented	29	57%
Overtaken by events	2	4%
Not Implemented	0	0%
In progress	20	39%

#### **V. Conclusion**

56. UNDP is pleased to have received an unqualified audit opinion from the United Nations Board of Auditors. This is a testament to the hard work of all staff across UNDP offices globally. The suggested, refined top seven audit-related management priorities for 2020-2021, and the actions required to address them, establish a framework for UNDP management to respond to ongoing and emerging challenges in the coming year and beyond. The Executive Group and the Organizational Performance Group will continue to closely monitor the progress made in addressing audit-related management priorities, with a view to ensuring that UNDP continues to enhance productivity, accountability, transparency and performance for enhancing results and impact, while making every effort to close the recommendations of the United Nations Board of Auditors in a timely manner.

**Annex 1****UNDP assessment of progress for the top seven audit priorities from 2018-2019**

Topic	Assessment 2018	Assessment 2019
Implementing partner fiduciary and capacity management		
Programme/project management and evaluation		
Procurement oversight and fraud mitigation strategies		
Human resource management		
Financial management		
Partnership and resource mobilization		
Integration and operationalization of enterprise risk management		

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

**Annex 2**

**UNDP top seven audit-related management priorities for the 2020-2021 period**

<b>Topic</b>
Implementing partner fiduciary and capacity management
Programme/project management and evaluation
Procurement oversight and fraud mitigation strategies
Human resource management
Financial management
Partnership and resource mobilization
Enterprise risk management

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