



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

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Recommendations of the Board of Auditors

**UNOPS: Report on the implementation of the
recommendations of the United Nations Board of
Auditors, 2020**

Summary

UNOPS is pleased to respond to the recommendations made in the report of the United Nations Board of Auditors (A/75/5/Add.11) and to provide an update on the current status of implementation. The report of the United Nations Board of Auditors on UNOPS activities for the year ended 31 December 2020 was unqualified.

Elements of a decision

UNOPS management continues to emphasize the importance of addressing audit concerns. According to UNOPS assessment, progress has been achieved in the implementation of recommendations made for the year ended 31 December 2020. UNOPS continues to address the remaining recommendations. The Executive Board may wish to acknowledge the progress UNOPS has achieved and welcome the next report on implementation.



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

A. Background

1. UNOPS is a self-financing, demand-driven service provider within the United Nations system that contributes to its partners' intended outcomes and their impact. UNOPS service lines include infrastructure, procurement, project management, financial management and human resources. In 2020, as part of its support to partners tackling the COVID-19 pandemic, UNOPS set up a global task force to efficiently address its partners' demand for its services. UNOPS demonstrated agility in how it adapted its operations to the new, unpredictable pandemic context. In order to better support projects in these service lines, UNOPS has gathered lessons from implementing its enterprise portfolio and project management system, known as oneUNOPS Projects, as it continues to make UNOPS project and risk management and procurement-related tools fit-for-purpose to meet the growing demand for health-related procurement services.

2. UNOPS shares the importance that its partners place on sustainability. It is committed to integrating social, environmental, economic and national capacity considerations in project implementation. Its annual sustainability report summarizes key achievements and UNOPS contributions to help partners realize the Sustainable Development Goals. The report is aligned with the sustainability reporting standards of the Global Reporting Initiative. UNOPS was the first United Nations organization to adopt these internationally recognized sustainability reporting standards.

3. In 2020, the UNOPS Information Technology Group formally documented UNOPS information technology strategy to cover the current and upcoming strategy period. The strategy was approved by the UNOPS Senior Leadership Team and implementation of the strategy is ongoing. Furthermore, building on the annual information technology roadmaps approved by the Senior Leadership Team, the Information Technology Group completed the technical implementation of the Treasury Management System, which included integration with the oneUNOPS enterprise resource planning system as well as several process optimizations and automation. The system greatly enhances UNOPS ability to make timely payments and provides a greater degree of oversight and control. Other notable deliverables include the design of 'core controls' functionality, which will form the basis for the implementation of enhanced role-based controls on all business processes within the oneUNOPS enterprise resource planning and other systems within the oneUNOPS landscape of systems. It will also form the basis for the implementation of the audit tracking tool within the oneUNOPS enterprise resource planning system, which provides end-to-end management and tracking of audit and related recommendations across the organization.

4. In 2020, UNOPS maintained its global International Organization for Standardization (ISO) 9001 Quality Management System certification, as well as its ISO 14001 Environmental Management System certification in Denmark and in 17 other countries.

5. In 2020, UNOPS updated its certification for the Occupational Health and Safety Assessment Series (OHSAS) 18001 to the ISO 45001 International Standard for Occupational Health and Safety Management Systems. UNOPS operations in Denmark and in seven other countries met the ISO 45001 standard. UNOPS is committed to reducing the health and safety risks to its personnel and contractors when working on infrastructure projects, some of its most potentially hazardous activities.

B. Present challenges and measures to address them

6. In 2020, UNOPS met the minimum operational reserve requirement. The formula for calculating the minimal operational reserve requirement, approved by the Executive Board in its decision 2013/33, stipulated that the operational reserve should be equivalent to four months of the average of the previous three years' expenses under its management budget. As of 31 December 2020, the minimum operational reserve requirement was \$22.0 million. This is the last year that the formula will be calculated in this method.

7. As of 31 December 2020, end-of-service and post-retirement benefits for both management-funded and project-funded staff amounted to \$105.2 million (\$84.1 million for after-service health insurance, \$20.7 million for repatriation grants, and \$0.4 million for death benefits). All UNOPS end-of-service and post-retirement benefit liabilities are fully funded as of 31 December 2020.

Issues to watch and risks to mitigate

8. The UNOPS business model is a demand-driven, self-financed United Nations organization. It provides services in exchange for a fee in some of the most challenging environments, including fragile states facing high levels of uncertainty. UNOPS has developed robust risk management practices to manage increasingly complex operations in such unpredictable operational environments. To complement its risk management practices, during 2021 UNOPS has undertaken a minimum operational reserve study to ensure the reserve is fit-for-purpose and addresses residual financial risks. In its decision 2021/21 from the second regular session 2021, the Executive Board approved a new minimum operational reserve formula. UNOPS is committed to working further with other United Nations organizations through the Working Group on Operational Reserves Levels under the Chief Executives Board to present a common framework and best practices for operational reserves.

9. In 2020, UNOPS booked a provision for doubtful debts related to amounts receivable under the Sustainable Investments in Infrastructure and Innovation (S3i) initiative. The value of the provision is \$22.2 million. During 2021, \$0.62 million related to the provision was received. As at the date of this report, the full amount has not yet been received.

10. In 2020, face-to-face health, safety, social and environment training sessions were not performed because of COVID-19 restrictions. However, UNOPS continued to build the capacity of personnel by launching its Health and Safety – Achieving Goal Zero training course administered through the Learning Zone e-learning platform. A total of 4,821 personnel has completed the training.

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

11. In its report for the year ended 31 December 2020 (A/76/5/Add.11), the United Nations Board of Auditors issued nine recommendations classified as high priority and 12 as medium priority. The implementation of all recommendations is on track for completion as per set timelines. Because the recommendations were issued in July 2021 and many of them require long-term attention, UNOPS will need to work beyond the financial year 2021 to implement them successfully. Annexes 1 and 2 provide the specific responses to these recommendations.

12. UNOPS management continues to emphasize the importance of addressing audit concerns. As observed by the United Nations Board of Auditors, UNOPS management took measures to strengthen accountability for implementation in 2020. In the implementation schedule provided in this report, UNOPS is targeting an implementation rate of more than 60 per cent for the 2021 audit cycle.

III. Conclusion

13. UNOPS is pleased to respond to the report of the United Nations Board of Auditors for the year ended 31 December 2020. UNOPS is confident that all issues highlighted in the report of the Board of Auditors will be addressed in a satisfactory manner.

Annex 1

Implementation of the recommendations contained in the report of the United Nations Board of Auditors for the year ended 31 December 2020 (A/76/5/Add.11)

Table 1. Status of implementation of main recommendations

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Not accepted</i>	<i>Implemented/closure requested</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Finance	6	-	3	3	3	-
Information Technology Group	1	-	-	1	1	-
Risk	1	-	-	1	1	-
Sustainable Infrastructure Impact Investments (S3i)	1	-	-	1	1	-
Total	9	-	3	6	6	-

Table 2. Status of implementation of all recommendations

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Not accepted</i>	<i>Implemented/closure requested</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Finance	10	-	5	5	5	-
Headquarters Contracts and Property Committee	1	-	1	-	-	-
Information Technology Group	4	-	-	4	4	-
Procurement	1	-	-	1	1	-
Risk	1	-	-	1	1	-
Shared Services Centre	2	-	-	2	2	-
Sustainable Infrastructure Impact Investments (S3i)	2	-	1	1	2	-
Total	21	-	6	15	15	-

1. In paragraph 25, the Board recommended that UNOPS reassess the necessity of elaborating detailed processes on the recognition of non-exchange revenue in line with IPSAS.

Department(s) responsible: Finance Group
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2021

2. UNOPS will strengthen its procedures to ensure that non-exchange revenue in the form of a grant is correctly identified and recorded as such at the time of receipt to ensure compliance with International Public Sector Accounting

Standards (IPSAS) 23. UNOPS will further conduct necessary training during the fourth quarter of 2021 with relevant units within UNOPS to ensure information about the new process is disseminated.

3. **In paragraph 31, the Board recommended that UNOPS set up a separate account for the growth and innovation reserve in due time, develop relevant policies and maintain appropriate compliance, to ensure prudent management of the reserve.**

Department(s) responsible: Finance Group
Status: Closure requested
Priority: High
Target date: Not applicable

4. UNOPS has set up a new account for the growth and innovation reserve, which is available in the General Ledger. UNOPS continues to monitor the relevant policies around its management of reserves.

5. **In paragraph 38, the Board recommended that UNOPS conduct a thorough risk reassessment of the existing investments and establish mechanisms to measure and control the risk concentration to avoid excessive exposures to any single partner.**

Department(s) responsible: Sustainable Infrastructure Impact Investments (S3i)
Status: In progress
Priority: High
Target date: First quarter of 2022

6. The S3i team has been actively developing new partnerships and diversifying portfolios in terms of partnership structure, geographic spread, and sector coverage.

7. **In paragraph 47, the Board recommended that UNOPS establish the necessary procedures to strengthen the risk assessment and ongoing monitoring over its S3i investments to ensure the safety of the investments.**

Department(s) responsible: S3i
Status: Implemented
Priority: Medium
Target date: Fourth quarter of 2021

8. The monitoring procedures have been further strengthened and now include monthly progress narrative and financial reports (profit and loss account, balance sheet and cash flow statements); risk dashboard; UNOPS quarterly business reviews; and ongoing reviews and advice by the Advisory Group on Investments.

9. **In paragraph 58, the Board recommended that UNOPS review its policies on bad debt allowance for S3i investments and consider complementing the specific measurement methods of the allowance for estimated irrecoverable amounts.**

Department(s) responsible: Finance Group
Status: In progress
Priority: High
Target date: Fourth quarter of 2021

10. UNOPS is currently in the process of establishing formal procedures for external review and assessment of S3i-related investments, including the impairment reviews required at year's end.

11. **In paragraph 65, the Board recommended that UNOPS strengthen the guidance on evaluating specific components such as the service provided and the associated risk to balance over-cost engagements and under-cost engagements when applying the existing pricing model to memorandums of understanding.**

Department(s) responsible: Finance Group
Status: In progress
Priority: High
Target date: Fourth quarter of 2022

12. UNOPS has accepted this recommendation and is working on adjusting its pricing model to adequately consider the specific circumstances of memorandums of understanding. This will form a key element of the UNOPS work plan for 2022.

13. In paragraph 73, the Board recommended that UNOPS update guidelines to complement the necessary documentation on justification for the risk increment calculation as part of the management fee and devise an appropriate review mechanism on such justification to provide assurance with respect to the applicability of the pricing model during the engagement acceptance process.

Department(s) responsible: Finance Group
Status: In progress
Priority: High
Target date: Fourth quarter of 2021

14. UNOPS has accepted this recommendation and is working on providing the additional guidance and on establishing compliance with such guidance to ensure that sufficient justification for charges of a risk increment is documented and available. This will form a key element of UNOPS remaining activities for 2021.

15. In paragraph 79, the Board recommended that UNOPS implement a linkage of engagements and memorandums of understanding in oneUNOPS, and establish a clear reference between Engagement Acceptance Committee decisions and pricing deviations in the engagement file in oneUNOPS to monitor the process.

Department(s) responsible: Finance Group
Status: Closure requested
Priority: Medium
Target date: Not applicable

16. UNOPS, as part of its project management system, oneUNOPS Projects, now systematically records all links between a new engagement and an overarching memorandum of understanding. Furthermore, all Engagement Acceptance Committee reviews are linked to the individual engagement in the oneUNOPS Projects system. This will help to document any deviation from the minimum fee, due to standard pricing, in a memorandum of understanding. Therefore, the recommendation is recommended for closure.

17. In paragraph 86, the Board recommended that UNOPS take measures to strengthen the accountability of personnel involved and develop a time schedule to expedite the launch of system enhancements to track disposal processes.

Department(s) responsible: Shared Services Centre
Status: In progress
Priority: Medium
Target date: Second quarter of 2022

18. The specification for the tool has been finalized and its development is ongoing.

19. In paragraph 94, the Board recommended that UNOPS formulate the budget estimates of strategic investments based on expected expenses in compliance with IPSAS 24 and thus make budget a reliable criterion for evaluation and performance management.

Department(s) responsible: Finance Group
Status: Closure requested
Priority: High
Target date: Not applicable

20. The budget estimates, 2022-2023, endorsed by the Executive Board in its decision 2021/21 at the second regular session 2021, were formulated in line with the recommendation.

21. **In paragraph 101, the Board recommended that UNOPS link the strategic investments budget with its corresponding outcome and performance indicators.**

Department(s) responsible: Finance Group
Status: Closure requested
Priority: High
Target date: Not applicable

22. The budget estimates, 2022-2023, endorsed by the Executive Board in its decision 2021/21 at the second regular session 2021, were formulated in line with the recommendation.

23. **In paragraph 107, the Board recommended that UNOPS improve the review process and reports by including information on corresponding expenditures in reports together with targets and performance indicators.**

Department(s) responsible: Finance Group
Status: In progress
Priority: Medium
Target date: Second quarter of 2022

24. UNOPS management will include the related reporting in future annual reports of the Executive Director.

25. **In paragraph 114, the Board recommended that UNOPS develop effective measures to strengthen the controls around postings related to assets.**

Department(s) responsible: Finance Group
Status: Closure requested
Priority: Medium
Target date: Not applicable

26. UNOPS has taken new measures to strengthen controls around posting of assets and particularly intangible assets. The new process introduced involves review and verification of all related parties (Information Technology Group, UNOPS Asset Management Team, Budget Owners and the Director of the Finance Group) prior to capitalization of any intangible assets.

27. **In paragraph 120, the Board recommended that UNOPS strengthen the guidance and oversight of inputting purchase orders and contract information to ensure that the data captured in oneUNOPS are correct.**

Department(s) responsible: Procurement Group
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2021

28. UNOPS accepted the recommendation and is currently working on its implementation, which will include: (a) improved technical guidelines on the creation of purchase orders and contracts in the oneUNOPS modules; (b) improved/regular oversight of data quality; and (c) training sessions conducted with procurement practitioners on the importance of accurate data entry.

29. **In paragraph 126, the Board recommended that UNOPS strengthen the monitoring of progress to ensure that all regional director's reasons of departure from Local Contracts and Property Committee recommendations are well written and documented as required by the rules.**

Department(s) responsible: Headquarters Contracts and Property Committee
Status: Closure requested
Priority: Medium
Target date: Not applicable

30. UNOPS has accepted the recommendation and has already implemented the recommended necessary measures.

31. **In paragraph 133, the Board recommended that UNOPS review and update its business continuity and disaster recovery plan, including defining the objective of recovery time and developing the test and verification scripts for each service, to ensure effective performance as expected.**

Department(s) responsible: Information Technology Group
Status: In progress
Priority: Medium
Target date: Second quarter of 2022

32. UNOPS is currently undertaking a migration of its business systems to Google Cloud. In conjunction with this migration, an update of the business continuity and disaster recovery plan will take place.

33. **In paragraph 139, the Board recommended that UNOPS take effective measures to integrate complete delegation of authority assignment information in oneUNOPS and establish automated mechanisms to ensure that transactions be processed within the scope of the delegated authorities.**

Department(s) responsible: Information Technology Group
Status: In progress
Priority: High
Target date: Fourth quarter of 2021

34. In order to mitigate the risk of having a manual process, UNOPS has developed a new role and delegation of authority assignment tool, which is it currently rolling out to all offices.

35. **In paragraph 145, the Board recommended that UNOPS conduct a comprehensive review of roles assigned in oneUNOPS to guarantee the strict matching of roles and delegations of authority in compliance with the delegation of authority and accountability framework and establish an effective mechanism to periodically control user access provisioning/deprovisioning and segregation of roles.**

Department(s) responsible: Information Technology Group
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2021

36. In order to mitigate the risk of having a manual process, UNOPS has developed a new role and delegation of authority assignment tool, which it is currently rolling out to all offices.

37. **In paragraph 153, the Board recommended that UNOPS take effective measures to enhance account security for all user accounts and update the relevant security policy based on best practices.**

Department(s) responsible: Information Technology Group
Status: In progress
Priority: Medium
Target date: Second quarter of 2022

38. UNOPS is currently enrolling its user base in multi-factor authentication, which will increase account security.

39. **In paragraph 159, the Board recommended that UNOPS, as part of the expected enhancement of corporate risk management, assess the feasibility of incorporating corporate risks into oneUNOPS and verify that the risk management operational instruction reflects UNOPS strategic direction regarding this subject.**

Department(s) responsible: Risk Group
Status: In progress
Priority: High
Target date: Third quarter of 2022

40. As an initial step in the enhancement of corporate risk management, UNOPS has recruited a new Chief Risk Officer that joined the organization in September 2021. The Chief Risk Officer is a new role based at UNOPS headquarters and – among other key functional responsibilities – is responsible for the enhancement of corporate risk management.

41. **In paragraph 165, the Board recommended that UNOPS strengthen travel management by developing clear and applicable measures to encourage advance booking by personnel and ensure economical use of resources.**

Department(s) responsible: Shared Services Centre
Status: In progress
Priority: Medium
Target date: Second quarter of 2022

42. UNOPS has added instructions on the policy for advance booking in the travel authorization guidance and has requested that justification for non-compliance of the provision be provided prior to approval. The request for justification has also been mirrored in the corporate tool where no ticket can be issued without the provision of a reason code for booking less than seven days in advance of the departure date. UNOPS is currently developing an overall travel authorization and daily subsistence allowance automation system that will further strengthen the systematic appliance of the policy provision and monitor any deviation since it will capture all travel not currently captured by the corporate travel tool. The specification for the tool has been finalized and the user acceptance test and pilot are currently under preparation.

Annex 2

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

43. In the annex to its report for the year ended 31 December 2020, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 24 recommendations that were under implementation. According to UNOPS assessment, 16 of the 24 recommendations relating to previous financial periods have been implemented. The information below is set out in the order in which the recommendations are presented in the annex of the audit report. The table below summarizes the overall situation.

Table 3. Status of implementation of recommendations from prior periods considered ‘not fully implemented’ in the annex to the report of the United Nations Board of Auditors for the year ended 31 December 2020

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Implemented/ closure requested</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Finance	8	3	5	5	-
Information Technology Group	1	1	-	-	-
Infrastructure and project management	6	5	1	1	-
Procurement	4	4	-	-	-
Shared Services Centre	4	3	1	1	-
Sustainable Infrastructure Impact Investments (S3i)	1	-	1	1	-
Total	24	16	8	8	-

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

44. 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 of sustainability targets and deliverables to facilitate the monitoring of progress during the life of project.

Department(s) responsible: Infrastructure and Project Management Group
Status: Closure requested
Priority: Medium
Target date: Not applicable

45. Having welcomed the acknowledgement by the Board that UNOPS is an output-based organization and the assessment that UNOPS has made progress in addressing sustainability considerations, UNOPS has brought the audit recommendations of 2016 (in paragraphs 87, 95 and 102) to the attention of the Board of Auditors to seek consensus in closing these recommendations in a way that addresses the intent and with recognition of UNOPS unique business model. This means having a set of indicators for general reporting in line with United Nations data standards but within the scope of UNOPS non-programmatic implementation mandate, and with due consideration of its business model. UNOPS is set up as a service provider and a demand-driven, self-financing organization that contributes to the intended outcomes and impact of its partners by delivering outputs that support them, as reconfirmed by the Executive Board in its decision 2020/20 on the midterm review (DP/OPS/2020/5) and in its decision 2021/20 on the UNOPS Strategic Plan, 2022-2025 (DP/OPS/2021/5). Both UNOPS Strategic Plan, 2018-2021 (DP/OPS/2017/5), and the new Strategic Plan, 2022-2025

(DP/OPS/2021/5), articulate a clear ambition to embed sustainable implementation approaches to realize tangible outputs in its implementation of projects. UNOPS position on reporting on the Sustainable Development Goals, however, is clearly stated in the following: “Countries achieve and report on them, and the United Nations system provides support based on mandates, expertise and comparative advantage.” Furthermore, the new Strategic Plan, 2022-2025, lays out the alignment of UNOPS planning and reporting at the output level in accordance with its unique business model and explicitly refers to the data standards for the United Nations. It is therefore at the national level where the Goals are framed (through the key performance indicators) that needs to be considered; establishing links between individual project outputs, outcomes and impacts in the Sustainable Development Goals key performance indicators is not possible. In several answers to date, UNOPS has said it aims to incorporate activities within its projects that could contribute to positive benefits to the many dimensions of sustainability. But these activities are limited to outputs, and UNOPS role ends at the successful handover of outputs, as it delivers projects on behalf of its partners. This sustains UNOPS position and details on reporting as set out in the midterm review of the current Strategic Plan, 2018-2021, which in paragraph 79 refers to table I in annex 1A, “the initial framework for monitoring and reporting on its sustainable implementation approaches”, noting that this framework was endorsed by the Executive Board in its decision 2019/21 on the budget estimates, 2020-2021 (DP/2020/2). UNOPS considers this recommendation to have been implemented and has requested its closure by the Board.

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

<i>Department(s) responsible:</i>	Infrastructure and Project Management Group
<i>Status:</i>	Closure requested
<i>Priority:</i>	High
<i>Target date:</i>	Not applicable

47. Having welcomed the acknowledgement by the Board that UNOPS is an output-based organization and the assessment that UNOPS has made progress in addressing sustainability considerations, UNOPS has brought the audit recommendations of 2016 (in paragraphs 87, 95 and 102) to the attention of the Board of Auditors to seek consensus in closing these recommendations in a way that addresses the intent and with recognition of UNOPS unique business model. This means having a set of indicators for general reporting in line with United Nations data standards but within the scope of UNOPS non-programmatic implementation mandate, and with due consideration of its business model. UNOPS is set up as a service provider and a demand-driven, self-financing organization that contributes to the intended outcomes and impact of its partners by delivering outputs that support them, as reconfirmed by the Executive Board in its decision 2020/20 on the midterm review (DP/OPS/2020/5) and in its decision 2021/20 on the UNOPS Strategic Plan, 2022-2025 (DP/OPS/2021/5). Both UNOPS Strategic Plan, 2018-2021 (DP/OPS/2017/5), and the new Strategic Plan, 2022-2025 (DP/OPS/2021/5), articulate a clear ambition to embed sustainable implementation approaches to realize tangible outputs in its implementation of projects. UNOPS position on reporting on the Sustainable Development Goals, however, is clearly stated in the following: “Countries achieve and report on them, and the United Nations system provides support based on mandates, expertise and comparative advantage.” Furthermore, the new Strategic Plan, 2022-2025, lays out the alignment of UNOPS planning and reporting at the output level in accordance with its unique business model and explicitly refers to the data standards for the United Nations. It is therefore at the national level where the Goals are framed (through the key performance indicators) that needs to be considered; establishing links between individual project outputs, outcomes and impacts in the Sustainable Development Goals key performance indicators is not possible. In several answers to date, UNOPS has said it aims to incorporate activities within its projects that could contribute to positive benefits to the many dimensions of sustainability. But these activities are limited to outputs, and UNOPS role ends at the successful handover of outputs, as it delivers projects on behalf of its partners. This sustains UNOPS position and details on reporting as set out in the midterm review of the current Strategic Plan, 2018-2021, which in paragraph 79 refers to table I in annex 1A, “the initial framework for monitoring and reporting on its sustainable implementation approaches”, noting that this framework was endorsed by the Executive Board in its decision 2019/21 on the budget estimates, 2020-2021 (DP/2020/2). UNOPS considers this recommendation to have been implemented and has requested its closure by the Board.

48. In paragraph 102, the Board recommended that UNOPS establish a standard procedure for sustainability result 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.

<i>Department(s) responsible:</i>	Infrastructure and Project Management Group
<i>Status:</i>	Closure requested
<i>Priority:</i>	High
<i>Target date:</i>	Not applicable

49. Having welcomed the acknowledgement by the Board that UNOPS is an output-based organization and the assessment that UNOPS has made progress in addressing sustainability considerations, UNOPS has brought the audit recommendations of 2016 (in paragraphs 87, 95 and 102) to the attention of the Board of Auditors to seek consensus in closing these recommendations in a way that addresses the intent and with recognition of UNOPS unique business model. This means having a set of indicators for general reporting in line with United Nations data standards but within the scope of UNOPS non-programmatic implementation mandate, and with due consideration of its business model. UNOPS is set up as a service provider and a demand-driven, self-financing organization that contributes to the intended outcomes and impact of its partners by delivering outputs that support them, as reconfirmed by the Executive Board in its decision 2020/20 on the midterm review (DP/OPS/2020/5) and in its decision 2021/20 on the UNOPS Strategic Plan, 2022-2025 (DP/OPS/2021/5). Both UNOPS Strategic Plan, 2018-2021 (DP/OPS/2017/5), and the new Strategic Plan, 2022-2025 (DP/OPS/2021/5), articulate a clear ambition to embed sustainable implementation approaches to realize tangible outputs in its implementation of projects. UNOPS position on reporting on the Sustainable Development Goals, however, is clearly stated in the following: “Countries achieve and report on them, and the United Nations system provides support based on mandates, expertise and comparative advantage.” Furthermore, the new Strategic Plan, 2022-2025, lays out the alignment of UNOPS planning and reporting at the output level in accordance with its unique business model and explicitly refers to the data standards for the United Nations. It is therefore at the national level where the Goals are framed (through the key performance indicators) that needs to be considered; establishing links between individual project outputs, outcomes and impacts in the Sustainable Development Goals key performance indicators is not possible. In several answers to date, UNOPS has said it aims to incorporate activities within its projects that could contribute to positive benefits to the many dimensions of sustainability. But these activities are limited to outputs, and UNOPS role ends at the successful handover of outputs, as it delivers projects on behalf of its partners. This sustains UNOPS position and details on reporting as set out in the midterm review of the current Strategic Plan, 2018-2021, which in paragraph 79 refers to table 1 in annex 1A, “the initial framework for monitoring and reporting on its sustainable implementation approaches”, noting that this framework was endorsed by the Executive Board in its decision 2019/21 on the budget estimates, 2020-2021 (DP/2020/2). UNOPS considers this recommendation to have been implemented and has requested its closure by the Board.

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

<i>Department(s) responsible:</i>	Information and Communication Technology Unit
<i>Status:</i>	Closure requested
<i>Priority:</i>	High
<i>Target date:</i>	Not applicable

51. UNOPS has ensured consistency in all supplier numbers and has added additional validations on data. UNOPS considers the recommendation implemented as per the guidelines.

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

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

<i>Department(s) responsible:</i>	Finance Group
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2021

53. UNOPS has significantly improved its process of compliance from 75 up to 93 per cent in a process that is also highly dependent on the cooperation of external parties. Furthermore, UNOPS has reduced the number of non-compliant

projects from over 300 down to 35. So UNOPS systems and process updates are showing effect, and UNOPS is in discussion with the United Nations Board of Auditors to determine at which level this recommendation can be closed.

54. **In paragraph 73, the Board recommended that:**

- a. **UNOPS strengthen its reporting and monitoring mechanism with respect to the mainstreaming of gender into projects, by ensuring that documentation of gender mainstreaming becomes, as far as feasible, an intrinsic part of the project management process. UNOPS should also ensure the preparation of gender action plans by all gender focal points;**
- b. **The role of gender focal points be strengthened by providing necessary resources, such as time and budget, for the effective implementation of their roles and responsibilities.**

<i>Department(s) responsible:</i>	Infrastructure and Project Management Group
<i>Status:</i>	Closure requested
<i>Priority:</i>	High
<i>Target date:</i>	Not applicable

55. (a) UNOPS has strengthened its reporting and monitoring mechanisms for gender mainstreaming in projects and has ensured that the documentation of gender mainstreaming becomes, as far as feasible, an intrinsic part of the project management process. In October 2020, UNOPS shared the actions it took in relation to policy and guidance, including policy integration in the UNOPS enterprise project portfolio management system and incorporated compliance monitoring as a key performance indicator for each quarterly engagement assurance and the corporate quarterly business review, which comprise the main elements of organizational performance monitoring for gender mainstreaming. Within this governance process, UNOPS headquarters continuously monitors the development of a gender action plan for engagements screened against gender mainstreaming criteria during the engagement development and acceptance process (through the gender action plan compliance dashboard). When requiring gender action plans, noting that project teams have three months to complete system entries after an engagement is finalized as part of the inception phase, this performance indicator is monitored at the engagement level, the regional level, and the organizational level on a quarterly basis to ensure full compliance with the three months post-engagement finalization timeline. It is based on reporting from systematic actions and reporting that have been embedded in the UNOPS enterprise portfolio and project management system (oneUNOPS Projects) since January 2021. The results of this process are available for each engagement in oneUNOPS Projects through the updated dashboards. As part of continuous oversight, engagements that are found to be 'not compliant' are highlighted for action to the regional offices through the relevant gender focal points. This clearly shows that UNOPS actions to date to enhance policy, embed processes into systems and through analysis provide assurance, and follow up management actions, is having a positive effect. It clearly demonstrates that UNOPS has put in place all aspects to address part (a) of the recommendation. With this, UNOPS is asking the Board to consider this recommendation as implemented.

(b) Part (b) was closed by the Board in 2018.

D. Report of the United Nations Board of Auditors for the year ended 31 December 2018 (A/74/5/Add.11)

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

<i>Department(s) responsible:</i>	Finance Group
<i>Status:</i>	Closure requested
<i>Priority:</i>	High
<i>Target date:</i>	Not applicable

57. UNOPS took the decision to embed the process of project classification within the enterprise project portfolio management system (oneUNOPS Projects). The interface for project classification is incorporated with the project budget workflow whereby the project budget approval process includes the confirmation of review of all project classification, providing appropriate audit trail. The process of project classification is now within oneUNOPS project systems with all the audit trails duly captured in the system.

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

Department(s) responsible: Finance Group
Status: In progress
Priority: High
Target date: Second quarter of 2022

59. The process of automating corporate financial statements is in progress. Business rules have been prepared and the project is currently due for prioritization and development to start in oneUNOPS.

60. **In paragraph 50, the Board recommended that UNOPS subject the property, plant and equipment to a systematic annual review to confirm the remaining useful life in line with IPSAS requirements.**

Department(s) responsible: Shared Services Centre
Status: In progress
Priority: High
Target date: Fourth quarter of 2021

61. The recommended changes to the information and communication technology useful life are still under internal review in UNOPS.

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

Department(s) responsible: Infrastructure and Project Management Group
Status: Closure requested
Priority: High
Target date: Not applicable

63. Since October 2020, UNOPS has continued its progress towards integrating Prince 2 requirements in oneUNOPS Projects with the aim of enabling project teams to manage UNOPS projects in compliance with the Project Management Manual. UNOPS has now reached the stage where oneUNOPS Projects embeds all directing principles of Prince 2 (contained in the Project Management Manual) and provides an effective tool to the project teams to help them comply with the Project Management Manual. oneUNOPS Projects will continue to evolve to best address UNOPS project teams' requirements and meet UNOPS operations requirements adequately, as part of the overall UNOPS continuous improvement agenda. A focus of 2021 development has been the quarterly assurance feature (which adheres to the manage by stages principle in Prince 2). Together with the release in 2020 of the expenditure forecasting feature and scheduling tool, it now allows project teams to quantitatively and qualitatively assess project performance through planned and actual data, and is summarized in the updated project and engagement dashboards in oneUNOPS (2021). UNOPS considers that it has addressed other key elements from the United Nations Board of Auditors recommendations, namely: (a) the main elements of a project initiation document have now been incorporated into oneUNOPS, such as outputs, reporting obligations and scheduling; (b) and (c) UNOPS has decided not focus on including tolerances as part of system development but rather allow it to be managed and governed through the project manager and project executive roles as part of the engagement governance process, and strengthened by the quarterly assurance process. With the release of the last iteration of the global lessons library to incorporate risks and issues (released on 1 October 2021), UNOPS has addressed section (d) of the Board's observation. While oneUNOPS Projects will continue to evolve to best address UNOPS project teams' requirements and meet UNOPS operations adequately, as part of the overall UNOPS continuous improvement agenda, UNOPS considers the recommendations to have been addressed to the fullest and in a way that benefits UNOPS project operations.

64. **In paragraph 174, the Board recommended that UNOPS automate the preparation of financial statements to ensure the credibility of financial information. UNOPS should also prioritize the implementation of treasury management and inventory valuation and management in oneUNOPS.**

Department(s) responsible: Finance Group
Status: In progress
Priority: Medium
Target date: Second quarter of 2022

65. The process of automation of the corporate financial statements is in process. Business rules have been prepared and the project is currently due for prioritization and development to start in oneUNOPS. Treasury management services implementation has been completed.

E. Report of the United Nations Board of Auditors for the year ended 31 December 2019 (A/75/5/Add.11)

66. **In paragraph 23, the Board recommended that UNOPS review its required minimum operational reserves and adhere to its policy of full cost recovery, so that the risks arising during the course of its operations are effectively met and surpluses are not accumulated over and above the realistically assessed operational reserves.**

Department(s) responsible: Finance Group
Status: Closure requested
Priority: High
Target date: Not applicable

67. The Executive Board has accepted UNOPS updated reserve policy together with further action items. UNOPS acknowledges that this recommendation as such will be recommended for closure to the United Nations Board of Auditors.

68. **In paragraph 63, the Board recommended that UNOPS review the status of implementation of the projects, establish a more structured process for monitoring their progress, reassess the risks to its investments on the basis of actual progress against the benchmarks and take appropriate steps for mitigation measures.**

Department(s) responsible: Sustainable Infrastructure Impact Investments (S3i)
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2021

69. UNOPS has carefully reviewed the portfolio of investments and the status of each project. On top of the regular management process, the status of each project and the risk monitoring of the overall portfolio is being reviewed by the Senior Leadership Team and the Advisory Group of Investments. The risk monitoring dashboard for each project is being developed and used on an ongoing basis.

70. **In paragraph 90, the Board recommended that UNOPS review and document the performance of the investment manager at intervals, as formalized in the statement of investment principles of January 2020.**

Department(s) responsible: Finance Group
Status: In progress
Priority: High
Target date: Fourth quarter of 2024

71. UNOPS management will work with the United Nations Board of Auditors to establish a process through which the recommendation can be closed following the UNOPS procurement processes and the review frequency prescribed therein.

72. **In paragraph 92, the Board also recommended that UNOPS consider the performance of the investment manager against the objectives of the statement of investment principles, while considering a further extension of the agreement with the investment manager.**

Department(s) responsible: Finance Group
Status: In progress
Priority: High
Target date: Fourth quarter of 2022

73. UNOPS management will work towards the implementation of the recommendation.

74. **In paragraph 109, the Board recommended that UNOPS assess its approach to the inclusion of a provision for performance security, in particular for non-works contracts with a high value, large volume or complexity, for ensuring seriousness on the part of suppliers and performance of the contract.**

Department(s) responsible: Procurement Group
Status: Closure requested
Priority: High
Target date: Not applicable

75. UNOPS accepted this recommendation and it now considers it as implemented, after ensuring that its policy provisions on this important topic and its risk-based approach are aligned with the approach of other key United Nations organizations, and after having implemented some enhancements to monitor performance securities from its oneUNOPS enterprise resource planning system.

76. **In paragraph 110, the Board recommended that UNOPS improve its monitoring to ensure that performance securities are submitted in a timely manner and kept valid throughout the contract period.**

Department(s) responsible: Procurement Group
Status: Closure requested
Priority: Medium
Target date: Not applicable

77. UNOPS implemented this recommendation through an enhanced functionality on performance securities introduced in the oneUNOPS contract management and procurement modules.

78. **In paragraph 123, the Board recommended that UNOPS assess its approach to the inclusion of the provision of liquidated damages, in particular for high-value contracts, in order to mitigate the risk of potential late performance leading to financial loss to UNOPS and its partners.**

Department(s) responsible: Procurement Group
Status: Closure requested
Priority: High
Target date: Not applicable

79. UNOPS accepted this recommendation and it now considers it as implemented. UNOPS revised its approach to the inclusion of liquidated damages on its tenders as part of the policy revision process that led to the promulgation of its updated procurement policies which took effect on 1 July 2021.

80. **In paragraph 129, the Board recommended that UNOPS comply with the guidance regarding the supplier performance evaluation and complete the evaluations according to the prescribed timeline.**

Department(s) responsible: Procurement Group
Status: Closure requested
Priority: Medium
Target date: Not applicable

81. UNOPS accepted this recommendation and it now considers it as implemented. As a result of this recommendation, UNOPS included a series of enhancements in its supplier performance evaluation module in oneUNOPS and is now

regularly monitoring supplier performance evaluation compliance through a dedicated key performance indicator during quarterly procurement oversight meetings with UNOPS regions and offices.

82. In paragraph 136, the Board recommended that UNOPS ensure compliance with its financial regulations and rules for the operational closure of projects and put in place appropriate checks to promptly change the status of projects as soon as their activities have ceased.

<i>Department(s) responsible:</i>	Infrastructure and Project Management Group
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Second quarter of 2022

83. Noting that UNOPS operates under a decentralized model, such that the regional and country offices are responsible for project operational closure (following the Project Management Manual, mandatory since 1 January 2019), UNOPS progressed since October 2020 in the enhancement of its systems and the strengthening of its oversight over timely project operational closure. The full project closure process was modelled in the UNOPS enterprise portfolio and project management system (oneUNOPS Projects). Changes informed by the business stakeholder review are currently being implemented with an expected release postponed to the second quarter 2022. UNOPS brought to the attention of the Board actions it has taken thus far to help improve the quality of project management thinking and overall project review and acceptance process. This increases the likelihood that projects will be delivered and closed on time within the agreed parameters, including but not limited to its strategic plan, policies and guidance, the development of strategic knowledge products, tailor-made project management tools, and systematic project closure data monitoring as part of corporate oversight. With this strategic direction, policy, guidance, system and oversight, UNOPS has adequate visibility of project-related risks that enables better decision-making by the engagement authority, notably contributing to efforts to enable efficient project planning management, including the planning of project closure. This is to be considered in light of the context in which UNOPS operates, often in some of the world's most challenging locations, where 'zero risk' does not exist, and in light of how UNOPS manages its projects (through its 'management by exception' approach that allows for effective project governance with a defined process for the identification, escalation and resolution of issues and risks during a project's lifespan). At the end of third quarter 2021, 72 per cent of projects were operationally closed within six months, which represented a four points increase against the baseline (68 per cent). Noting that 2020 performance was a seven points increase against the baseline (61 per cent), UNOPS is targeting minimum 85 per cent compliance this year, which is aligned with its recognition of the existence of risks that may potentially lead to project delays, including operational closure. Therefore, with full project closure process integration in oneUNOPS Projects, UNOPS will have put in place the appropriate guidance, tools and oversight mechanisms to promptly change the status of projects as soon as their activities have ceased, while managing the risks that may potentially lead to project delays effectively, including the operational closure process itself.

84. In paragraph 147, the Board recommended that UNOPS pursue the transfer of new lines of business to the Bangkok Shared Service Centre and enable scalable operations in line with the objectives of setting up the Centre and the UNOPS strategic plan for 2018-2021.

<i>Department(s) responsible:</i>	Shared Services Centre
<i>Status:</i>	Closure requested
<i>Priority:</i>	High
<i>Target date:</i>	Not applicable

85. UNOPS has been continuously transferring new lines of services to the Bangkok Shared Service Centre since its inception. Since the recommendation was issued, UNOPS has transferred to Centre a list of new services, such as treasury management system payments, bank accounts reconciliation, UNDP service clearing account reconciliation, and global accounts receivable processing. UNOPS has requested the closure of this recommendation.

86. In paragraph 180, the Board recommended that UNOPS implement the treasury management system and related automation of the whole process to save time and funds, as well as potential loss to the projects.

Department(s) responsible: Finance Group
Status: Closure requested
Priority: Medium
Target date: Not applicable

87. Phase 2 of the UNOPS treasury management system successfully went live in July 2021, bringing to an end the multiphase enterprise solution for UNOPS first treasury management system.

88. **In paragraph 197, the Board recommended that UNOPS study the processes related to human resources and payroll and take steps to automate process flows and incorporate validation controls to avoid or at least reduce repetitive feeding of the same data, thereby ensuring data integrity and avoiding manual errors.**

Department(s) responsible: Shared Services Centre
Status: Closure requested
Priority: Medium
Target date: Not applicable

89. UNOPS has studied the processes related to human resources and payroll and has taken steps to automate processes and incorporate validation controls. UNOPS believes that this recommendation has been implemented.

90. **In paragraph 207, the Board recommended that UNOPS prepare and prescribe integrated timelines delineating the functions of involved entities within UNOPS, in order to leverage the existence of the shared service centre for transactional services.**

Department(s) responsible: Shared Services Centre
Status: Closure requested
Priority: Medium
Target date: Not applicable

91. UNOPS has created an interactive online system called the process and quality management system. Processes for all UNOPS entities are delineated in this system by both functional areas and entities. The system shows detailed procedural workflows with delineated roles and responsibilities by unit. All UNOPS personnel have access to this system. UNOPS has requested the closure of this recommendation.
