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 recommendations of the United Nations Board of Auditors for 2022: Status of implementation

Report of the UNDP Administrator

Summary

In July 2023, the United Nations Board of Auditors formally issued its audit report for UNDP (A/78/5/Add.1) and awarded UNDP an unqualified (clean) audit opinion for the year ended 31 December 2022. This is the eleventh 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 18 consecutive years of unqualified audit opinions for UNDP.

Senior management 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 recommendations of its independent oversight bodies to help drive efficiency and effectiveness. UNDP continues to maintain its position as one of the most transparent aid organizations in the world, according to the Aid Transparency Index 2022. UNDP management is committed and will continue to implement United Nations Board of Auditors audit recommendations to improve UNDP governance, risk, and control processes.

The present report reviews the progress made on the implementation status of the recommendations of the United Nations Board of Auditors for the year ended December 2022 and prior years. 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.

Elements of a decision

The Executive Board may wish to: (a) welcome the unqualified audit opinion issued by the United Nations Board of Auditors for 2022; (b) note progress made by UNDP in closing open audit recommendations; and (c) support the ongoing efforts of UNDP management to implement the recommendations of the Board of Auditors for the year ended 31 December 2022.

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I. Overview

1.   The United Nations Board of Auditors has issued an unqualified (clean) audit opinion on the UNDP financial statements for the year ended 31 December 2022. This marks 18 consecutive years of unqualified audit opinions for UNDP – an achievement that confirms the organization's continued commitment to 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.   The Board of Auditors issued 19 audit recommendations for the period under review, compared to 33 recommendations in 2021. All 19 recommendations were considered to be of high priority and are further elaborated upon in the present document. Management agreed with all recommendations and has started to implement them.

3.   UNDP fully implemented 72 per cent of the 50 outstanding recommendations that were open at the beginning of the financial year 2022 and aims to close the remaining outstanding recommendations in 2024.

II. Introduction

4.   Pursuant to the Board decision 2022/1, paragraph 2, in which the Board recalls its decision 2021/1 and calls upon UNDP, United Nations Capital Development Fund (UNCDF), UNFPA and UNOPS to harmonize further their reporting formats on the implementation of the Board of Auditors recommendations, as appropriate, including, where possible, the time frames for their detailed reporting and the thematic categorization of recommendations into those that are priority, and any other priorities, and requests to work with the United Nations Children's Fund (UNICEF), the United Nations Entity for Gender Equality and Women's Empowerment (UN-Women), and the World Food Programme (WFP) in that regard, as appropriate, and similar to the previous year the present management response has been reformatted and renamed as agreed with UNCDF, UNFPA, UNOPS, and UNICEF to provide the Executive Board with comparable reporting on the key findings and recommendations of the report of the Board of Auditors for the year ended 31 December 2022.

5.   UNDP management places the highest priority on addressing audit findings and implementing recommendations of the Board of Auditors, which are closely monitored and regularly reported upon.

6.   Consistent with practices adopted in previous years and as agreed with the Board of Auditors, UNDP has a phased approach for implementing audit recommendations, with clear accountabilities for the implementation of each recommendation and target completion dates.

7.   The phased approach is based on the complexity and time required to resolve and discuss each issue with the Board of Auditors.

III. Status of recommendations for the year ended December 2022

8.   The Board of Auditors made 19 new recommendations for 2022. Table 1 below summarizes the implementation status of all recommendations for the financial period that ended on 31 December 2022. As mentioned above, all 19 recommendations are considered to be of high priority.

Table 1. Status of all recommendations for 2022 by thematic area

Board of Auditors report thematic area	Total	Closure requested	Under implementation
Finance and budget (#28)	4	1	3
Implementation at UNDP of the reform delinking the United Nations resident coordinator and UNDP resident representative functions	3		3
Risk management (#168, 227)	7	2	5

Management of programmes and projects related to Sustainable Development Goal 16 (Governance) (#303)	5	1	4
Total	**19**	**4**	**15**
Percentage	**100%**	**21%**	**79%**

9. The following paragraphs report on the status and management action plans for every recommendation issued by the Board of Auditors for 2022.

A. Finance and budget

10. In paragraph 28, the Board recommended that UNDP carry out a comprehensive review of all contribution agreements with indirect financing.

Department(s) responsible:	Office of Financial Management/ Bureau for Management Services
Status:	*Closure requested*
Priority:	*High*
Target date:	*Fourth quarter of 2023 (Q4 2023)*

11. Management response: UNDP's accounting policy is that revenue from the government cost-sharing agreements should be recorded on a cash basis. UNDP addressed the case noted by the Board, and a stricter review process has been implemented on the recording of all voluntary contribution agreements to prevent reoccurrence.

12. In paragraph 37, the Board recommended that UNDP (a) carry out an annual impairment review of unbilled receivables; (b) write off GEF receivables and adjust GEF-related revenue accordingly for closed or cancelled projects; and (c) record GEF contributions and cash receipts by project.

Department(s) responsible:	Office of Financial Management/ Bureau for Management Services and Bureau for Policy and Programme Support
Status:	*Under implementation*
Priority:	*High*
Target date:	*First quarter of 2024 (Q1 2024)*

13. Management response: The Vertical Funds Programme Support, Oversight and Compliance Hub will introduce a periodic reconciliation and assessment of the funding needs by project. Project identification is included in GEF contracts for ease of monitoring and reconciliation. Adjustment of contributions income and receivables are now performed at the end of the project, before closing the contract.

14. In paragraph 45, the Board recommended that UNDP create a dedicated internal fund in the accounting system in order to monitor the funding needs of the Medical Insurance Plan and enhance oversight.

Department(s) responsible:	Office of Financial Management/ Bureau for Management Services
Status:	*Under implementation*
Priority:	*High*
Target date:	*Third quarter of 2024 (Q3 2024)*

15. Management response: UNDP management is working on the creation of the new dedicated internal fund to better enable monitoring and reporting on Medical Insurance Plan funding. The recommendation will be implemented with the preparation of the 2023 annual financial statements.

16. In paragraph 56, the Board recommended that UNDP reconcile the budget and the net cash flow positions on a comparable basis in the notes to the financial statements.

Department(s) responsible:	Office of Financial Management/ Bureau for Management Services
Status:	*Under implementation*
Priority:	*High*
Target date:	*Second quarter of 2024 (Q2 2024)*

17. Management response: UNDP's reconciliation of the financial statements, as confirmed by the Board, is fully compliant with IPSAS. UNDP will collaborate with sister funds and programme agencies to have harmonized and comparable reconciliations of net cash flow positions.

B. Implementation at the United Nations Development Programme of the reform delinking the United Nations resident coordinator and United Nations Development Programme resident representative functions

18. In paragraph 118, the Board recommended that UNDP conduct a comprehensive analysis of both the human resources and the financial consequences of the delinking reform at UNDP.

Department(s) responsible:	Executive Office
Status:	*Under implementation*
Priority:	*High*
Target date:	*Second quarter of 2024 (Q2 2024)*

19. Management response: Noting the history of reports and audits submitted to the UNDP Executive Board on this matter, UNDP management is working with the respective units to address this recommendation.

20. In paragraph 129, the Board recommended that UNDP explore various possible scenarios taking into consideration the implications of the delinking reform at UNDP and the increasing role of other players, and develop a strategy on its medium-term role regarding back-office services shared with or provided to other entities of the United Nations system.

Department(s) responsible:	All regional bureaux
Status:	*Under implementation*
Priority:	*High*
Target date:	*Second quarter of 2024 (Q2 2024)*

21. Management response: UNDP management is working with the respective units to address this recommendation.

22. In paragraph 139, the Board recommended that UNDP develop a strategy on its role as integrator in order to reposition itself vis-à-vis the resident coordinator and the United Nations development system as regards the development agenda and articulate better with other priorities of the United Nations, including in the fields of peacekeeping operations and humanitarian affairs.

Department(s) responsible:	Bureau for Policy and Programme Support and Executive Office
Status:	*Under implementation*
Priority:	*High*
Target date:	*Second quarter of 2024 (Q2 2024)*

23. Management response: UNDP management is working with the respective units to address this recommendation.

C. Risk management

24.   In paragraph 168, the Board recommended that UNDP regularly update its Executive Board on critical risks of strategic importance and ensure that these risks are managed under the enterprise risk management framework.

Department(s) responsible:	Budget, Performance, and Compliance Division and Bureau for Policy and Programme Support
Status:	*Closure requested*
Priority:	*High*
Target date:	*Not applicable*

25.   Management response: Strategic risks are reflected both in the strategic plan, but more so in the UNDP Integrated Resources Plan 2022-2025 which are presented and discussed in the Executive Board. In addition, the report on the Quadrennial Comprehensive Policy Review implementation (section 3) highlights challenges relating to the funding of the operational activities for development of the United Nations system, and other strategic risks, which are discussed at the Executive Board. Major risks affecting the achievement of results are also captured in the 2022 annual report of the Administrator, the annual report on the implementation of the UNDP gender equality strategy, the annual report on evaluation, and more recently the SDG Insights Report.

26.   In paragraph 169, the Board recommended that UNDP analyse its current communication practices in the light of the most critical risks facing the organization, tailor its strategy to address them proactively, in particular with regard to reputational and funding risks, and better position itself with key stakeholders.

Department(s) responsible:	Bureau for External Relations and Advocacy
Status:	*Under implementation*
Priority:	*High*
Target date:	*Second quarter of 2024 (Q2 2024)*

27.   Management response: UNDP has expanded and deepened impact of the 'Partners at Core' campaign to respond to UNDP's funding compact commitment to increase visibility for results achieved with flexible funding. Key messages and a risk mitigation approach were developed for the Seventh GEF Assembly in August 2023. A corporate external engagement plan for 2024 is being developed and will help UNDP to continue to communicate externally and elevate key issues with one voice.

28.   In paragraph 191, the Board recommended that UNDP review existing risk management tools owned by UNDP in order to: (a) simplify the landscape in view of their added value, coherence and complementarity; (b) emphasize the particular risks linked to implementing partners; and (c) where these tools so require, engage with the Office of Audit and Investigations to ensure its exclusive positioning as the third line of defence.

Department(s) responsible:	Budget, Performance, and Compliance Division and Bureau for Policy and Programme Support
Status:	*Under implementation*
Priority:	*High*
Target date:	*Fourth quarter of 2024 (Q4 2024)*

29.   Management response: UNDP management is working with the respective units to address this recommendation.

30.   In paragraph 222, the Board recommended that UNDP operationalize its risk management at a more granular level by making full use of the existing risk appetite statement.

Department(s) responsible:	Budget, Performance, and Compliance Division and Bureau for Policy and Programme Support
Status:	*Under implementation*
Priority:	*High*
Target date:	*Fourth quarter of 2024 (Q4 2024)*

31.	Management response: UNDP management is working with the respective units to address this recommendation.

32.	In paragraph 227, the Board recommended that UNDP clearly define the scope of the function of its Chief Risk Officer and the chair of the corporate risk committee, as well as their functional relationship with the regional bureaux.

Department(s) responsible:	Budget, Performance, and Compliance Division and Bureau for Policy and Programme Support
Status:	*Closure requested*
Priority:	*High*
Target date:	*Not applicable*

33.	Management response: The enterprise risk management policy was updated in May 2023 to include all key positions with risk management roles and responsibilities (including the Chief Risk Officer and regional bureaux). A summary table of risk management roles and responsibilities was also developed to specify risk management roles in the organization, and it has been appended to the policy (Appendix 5).

34.	In paragraph 237, the Board recommended that UNDP update its enterprise risk management policy, with the objectives of: (a) developing user-friendly methodologies for assessing risks; (b) ensuring a prioritization of the most critical risks to tackle as a priority; and (c) strengthening the monitoring and reporting of risk treatment measures.

Department(s) responsible:	Budget, Performance, and Compliance Division and Bureau for Policy and Programme Support
Status:	*Under implementation*
Priority:	*High*
Target date:	*Third quarter of 2024 (Q3 2024)*

35.	Management response: UNDP management is working with the respective units to address this recommendation.

36.	In paragraph 249, the Board recommended that UNDP give a central place to risk management in its updated accountability framework, in order to better link risk management with internal control, strategic programming and budgeting, as well as results and performance, systems.

Department(s) responsible:	Executive Office
Status:	*Under implementation*
Priority:	*High*
Target date:	*Fourth quarter of 2024 (Q4 2024)*

37. Management response: UNDP management is working with the respective units to address this recommendation.

## D.	Management of programmes and projects related to Sustainable Development Goal 16 (governance)

38.	In paragraph 303, the Board recommended that UNDP ensure fuller coherence and consistency in the tagging of governance projects as related to Sustainable Development Goal 16 and signature solution 2 and take advantage of the transition to Quantum to ensure the consistency of the various data platforms, as well as their security in terms of access.

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	*Closure requested*
Priority:	*High*
Target date:	*First quarter of 2024 (Q1 2024)*

39. Management response: The Bureau for Policy and Programme Support has established an internal quality assurance dashboard to monitor project-level data entry of multiple attributes, including project-country programme documents linking and project-Sustainable Development Goals linking. The information comes from a UNDP data warehouse that is connected to Quantum. This is the source for public and internal facing platforms.

40. In paragraph 317, the Board recommended that UNDP develop an action plan to increase the operational impact of its expertise in governance, notably through skill mobilization and knowledge dissemination internally and externally.

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	*Under implementation*
Priority:	*High*
Target date:	*Third quarter of 2024 (Q3 2024)*

41. Management response: A joint project on strategic capacities is now fully functional. This includes a comprehensive workforce planning strategy which will leverage artificial intelligence and machine learning to identify and source expertise. An internal consultancy model will be developed by the end of 2023 to serve as a comprehensive mechanism to support country offices and bureaux in need of deployment of technical expertise. Through the governance community of practice, anchor policy teams of the governance signature solution have organized over 20 learning engagements through October 2023.

42. In paragraph 325, the Board recommended that UNDP strengthen the role of regional bureaux in monitoring programmes and projects on governance, as well as the link between regional bureaux and the Oslo Governance Centre.

Department(s) responsible:	Bureau for Policy and Programme Support and regional bureaux
Status:	*Under implementation*
Priority:	*High*
Target date:	*Third quarter of 2024 (Q3 2024)*

43. Management response: Work is ongoing to further strengthen the role of regional bureaux in monitoring programmes and projects across all signature solutions and enablers, including in response to the Office of Audit and Investigations consolidated report on the thematic audit of project monitoring and oversight practices issued on 14 April 2023. In addition, in response to the evaluation of the UNDP strategic plan 2018 - 2021, UNDP has upgraded its results planning, monitoring, lessons learning and reporting system (the corporate planning system) to help link results at all levels to support the implementation of the strategic plan 2022-2025 by streamlining the new enterprise resource planning system and existing platforms. In relation to the link to the Oslo Governance Centre, UNDP will identify approaches to strengthen the link between the Centre and regional bureaux, within the scope of their respective mandates.

44. In paragraph 346, the Board recommended that UNDP strengthen its communication on the results of governance-related programmes and projects, improving the quality of information provided and ensuring better feedback to donors.

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	*Under implementation*
Priority:	*High*
Target date:	*Third quarter of 2024 (Q3 2024)*

45. Management response: Open.undp.org as an information dissemination tool is under enhancement to get accurate and automated information. The improvement will facilitate better donor reporting. UNDP created spaces for donors and partners to share feedback during the implementation of Sustainable Development Goal 16 projects.

46. In paragraph 374, the Board recommended that UNDP enhance its leadership in monitoring the longer-term impact of programmes and projects related to governance, notably with the objective of initiating global reporting on the implementation of Sustainable Development Goal 16.

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	*Under implementation*
Priority:	*High*
Target date:	*First quarter of 2024 (Q1 2024)*

47. Management response: UNDP is undergoing a review of its results-based management guidance (including impact monitoring), and the UNDP Independent Evaluation Office is developing a framework for global and country impact evaluation. In relation to the global reporting on Sustainable Development Goal 16, UNDP together with the United Nations Office on Drugs and Crime and the Office of the United Nations High Commissioner for Human Rights published in September 2023 the first "Global Progress Report on Sustainable Development Goal 16 Indicators: A Wake-Up Call for Action on Peace, Justice and Inclusion".

IV. Status of recommendations from prior financial periods

48. In annex 1 to its report for the year ended 31 December 2022, the Board of Auditors provided a summary on the status of implementation of recommendations from previous financial periods. Below is a summary and details of the action plans and expected completion target dates for those recommendations reported as outstanding to date by the Board.

Table 2. Status of outstanding recommendations from prior years

Board of Auditors report thematic area	*Total*	*Closure requested*	*Under implementation*
Cost recovery (#84)	2	1	1
Accountability and oversight (#96, 114)	2	2	-
Sustainable procurement (#219)	3	1	2
Environmentally sustainable operations (#231, 232)	2	2	-
Human resources	1	-	1
Internal controls	1	-	1
Total	**11**	**6**	**5**
Percentage	**100%**	**55%**	**45%**

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49. In paragraph 78, the Board recommended that UNDP follow a consistent approach in line with the established memorandum of understanding to recover costs for rented vehicles as part of transportation services which aims to make neither profit nor loss as agreed in the principles for costing and pricing services.

Department(s) responsible:	Directorate and regional bureaux
Status:	*Under implementation*
Priority:	*Medium*
Target date:	*First quarter of 2024 (Q1 2024)*

50. Management response: As part of UNDP's ongoing discussions with the United Nations Development Coordination Office to exit the current global memorandum of understanding of service provision to the resident coordinators by 31 December 2023, UNDP has advanced discussions on the localized service provision in 2024. The cost recovery for localized services to the resident coordinator offices from 2024 onward will be based on UNDP's current cost recovery policy that is consistently applied across all agencies requesting local services from UNDP.

51.   In paragraph 84, the Board recommended that UNDP improve the complete and timely cost recovery for all services provided to other United Nations entities.

Department(s) responsible:	Office of Legal Services and regional bureaux
Status:	*Closure requested*
Priority:	*High*
Target date:	*Fourth quarter of 2023 (Q4 2023)*

52.   Management response: UNDP introduced the agency service portal module in Quantum in February 2023. The implementation of the portal ensures that all services provided to non-Quantum agencies are recorded through the portal and revenues are automatically generated. Additional controls in place also ensure that cut off errors are not material to UNDP accounts.

53.   In paragraph 96, the Board recommended that UNDP update the UNDP accountability system and the corporate accountability framework.

Department(s) responsible:	Executive Office
Status:	*Closure requested*
Priority:	*High*
Target date:	*Fourth quarter of 2023 (Q4 2023)*

54.   Management response: UNDP management has updated its accountability system policy. The updated corporate accountability framework is published in UNDP's policies and procedures portal.

55.   In paragraph 114, the Board recommended that UNDP assess whether guidelines for oversight established for Global Environment Facility (GEF) projects could be applied to other UNDP projects.

Department(s) responsible:	Bureau for Policy and Programme Support and regional bureaux
Status:	*Closure requested*
Priority:	*High*
Target date:	*First quarter of 2024 (Q1 2024)*

56.   Management response: UNDP, through its Organizational Performance Group, endorsed the definition of high-risk projects, portfolios, and contexts. This helps identify high-risk projects and portfolios for UNDP and will help to identify thresholds for managing the risks at the country, regional and corporate levels, and the type of monitoring and support that should be provided to maximise the performance.

57.   In paragraph 153, the Board recommended that UNDP, in line with established good practices and international standards, develop and implement a sustainable procurement action plan that includes elements such as, but not limited to, sustainable procurement objectives and targets, clarification of responsibilities and accountabilities with regard to sustainable procurement and a performance measurement framework.

Department(s) responsible:	Office of Procurement
Status:	*Under implementation*
Priority:	High
Target date:	*First quarter of 2024 (Q1 2024)*

58.   Management response: As part of the implementation of the UNDP procurement for sustainable development strategy UNDP is working on a sustainable procurement action plan which is expected to be finalised in the first quarter of 2024.

59.   In paragraph 185, the Board recommended that UNDP, based on a sustainability risk analysis, UNDP develop and continuously update sustainable procurement specifications and communicate these specifications regularly to its requisitioners.

Department(s) responsible:	Office of Procurement
Status:	*Under implementation*
Priority:	High
Target date:	*Second quarter of 2024 (Q2 2024)*

60.   Management response: The Office of Procurement has prepared the sustainable procurement guidelines for information technology and refrigerants and is in the process of rolling them out corporately, while continuing to prepare the guidelines and specifications for the other top 10 categories. The sustainable procurement criteria tool, which is designed to help United Nations organizations make informed and sustainable procurement decisions, in line with environmental, social and governance risks based on the sustainability procurement portfolio model, has been shared with all business units and is being tested by United Nations agencies. UNDP will adopt the outcome of the testing exercise.

61.   In paragraph 219, the Board recommended that UNDP manage the greenhouse gas emissions from its freight forwarding long-term agreements and include sustainability criteria in any extension or new contract agreements with freight forwarders.

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

62.   Management response: The current long-term agreements include sustainability reporting requirements. Carbon dioxide emission reports are regularly communicated to UNDP by the agreement holders and all the information is being collated by UNDP for lessons learnt for future processes. UNDP considers this recommendation as implemented.

63.   In paragraph 231, the Board recommended that UNDP improve performance monitoring for all its solar photovoltaic installations at its own facilities and analyse the reasons for the low energy production.

Department(s) responsible:	Information and Technology Management Office and regional bureaux
Status:	*Closure requested*
Priority:	*Medium*
Target date:	*Not applicable*

64.   Management response: Annual photovoltaic installation and production reporting has been integrated into the environmental management tool. As of 31 October 2023, 90% of UNDP offices have reported data.

65.   In paragraph 232, the Board recommended that UNDP take necessary steps to ensure that solar photovoltaic installations at its own facilities are properly operated and maintained to enhance the most economic and environmental benefits.

Department(s) responsible:	Information and Technology Management Office and regional bureaux
Status:	*Closure requested*
Priority:	*Medium*
Target date:	*Not applicable*

66.   Management response: Based on reporting data, performance of all identified photovoltaic systems is compared to benchmark and target performance. Where gaps have been identified or provided data is insufficient, the Information and Technology Management team and the Greening Moonshot team have been following up with country offices to find a solution for corrective action. This is an ongoing management approach that is now fully established.

67.   In paragraph 280, the Board recommended that UNDP implement adequate tools for monitoring of overtime as well as internal controls to ensure compliant processes at all duty stations.

Department(s) responsible:	Global Shared Service Centre and Information and Technology Management Office
Status:	*Under implementation*
Priority:	*Medium*
Target date:	*First quarter of 2024 (Q1 2024)*

68. Management response: UNDP is finalizing the automation of the overtime payment process with a self-service approval workflow. The automated process will be gradually rolled out in the fourth quarter of 2023 and should be fully delivered in the first quarter of 2024.

69. In paragraph 292, the Board recommended that UNDP further enhance its internal financial control system by identifying key controls with the aim to improve data quality and limit risks of errors and by specifying documentation requirements which evidence the performance of these control procedures.

Department(s) responsible:	Office of Financial Management
Status:	*Under implementation*
Priority:	High
Target date:	*Fourth quarter of 2023 (Q4 2023)*

70. Management response: UNDP successfully transitioned to Quantum in January 2023 and has comprehensively updated the internal control framework and underlying operational guide to reflect this transition. UNDP is currently working on developing risk and control matrices for key business processes.

V. Impact of implemented recommendations

71. As requested by Executive Board decision 2023/1 the following paragraphs aim to provide the impact of the implementation of audit recommendations in the following key areas:

a) Impact on the organization:

72. As of end of fiscal year 2022 audit, UNDP no longer has any outstanding audit recommendations from prior years 2018, 2019, and 2020. Closure of these recommendations contributed to further enhance and strengthen governance, control mechanisms and performance toward meeting the strategic plan 2022-2025 goals.

73. In the areas of governance and financial management, we updated our accountability system policy, the internal control framework and the related supplemental operational guide to reflect changes noted by the Board. These updated policies align with industry best practices and have been published in the UNDP policies and procedures portal.

74. As part of the efforts to strengthen fraud risk management and to support managing, preventing and mitigating fraud risks across the organization, UNDP developed a risk fraud assessment guide, which is available on the enterprise risk management toolkit page to support UNDP personnel in preventing, detecting, and responding to fraud.

75. In programme management UNDP continues building more capacity, strengthening results-based management through an updated integrated results and resources framework, and developing more integrated tools, such as the integrated risk platform which provides critical features for risk aggregation across UNDP.

76. UNDP implemented several key steps to improve performance by putting in place more robust requirements for continuous due diligence and vendor eligibility screening by business units.

b) Impact on the organizational culture

77. Beyond the tangible enhanced performance, operational and financial impacts the implementation of audit recommendations has further contributed to a stronger governance and organizational culture in mitigating risks, including fraud risks, strengthening of internal controls, safeguarding of financial assets, and enhancing a culture of ethics and integrity in the organization.

78. The updated internal control framework operational guide brings better clarity and visibility on key issues; renewed emphasis on important areas of internal control; updates for clustering changes; and more visual presentations & quick reference guides.

79. UNDP teams across the organization now operate in a more cohesive and collaborative manner, breaking down silos that had previously hindered the flow of information and ideas.

VI. Conclusion

80. UNDP welcomes the report of Board of Auditors for the UNDP financial statements for the year ended 31 December 2022 and its overall conclusion that UNDP closed 2022 in good financial health through its sound financial management practices, including processes and controls designed to keep its expenses within the available financial resources. The organization continues to accord the highest priority to achieving a record of unqualified audit opinions and resolving the concerns of the Board of Auditors. UNDP is committed to addressing the areas of improvement identified in the report 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.