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**Financial reports and audited financial statements,
and reports of the Board of Auditors**

Implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2012

Report of the Secretary-General

Summary

   The present report is submitted pursuant to General Assembly resolution 48/216 B, in which the executive heads of the United Nations funds and programmes were requested to report to the General Assembly at the same time as the Board of Auditors submitted its recommendations on measures taken or to be taken to implement those recommendations.

   The Secretary-General hereby transmits to the General Assembly the responses of the executive heads of the United Nations funds and programmes, namely the United Nations Development Programme, the United Nations Capital Development Fund, the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees, the United Nations Population Fund, the United Nations Office for Project Services and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women).

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 * A/68/150.

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The present report provides information additional to the comments already submitted to the Board of Auditors, which in some cases were included in the Board's final reports to the executive heads of the respective funds and programmes. The executive heads concur with many of the Board's recommendations and most of their comments have been duly reflected in the respective reports of the Board. Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comment only where required. The present report also provides information on the status of implementation, the department responsible, the estimated completion date and the priority for each recommendation contained in the respective reports of the Board of Auditors, as well as an update on the status of implementation of the recommendations of the Board relating to prior periods that the Board considered not to have been fully implemented.

In 2012 the eight United Nations entities mentioned above successfully produced financial statements that complied with the International Public Sector Accounting Standards (IPSAS) and received unqualified audit opinions from the Board of Auditors. This is a major achievement that reflects the commitment of those organizations both in terms of adopting the new accounting standards and of implementing changes in business processes and systems.

Contents

I. Introduction

1.   The present report is submitted in accordance with the provisions of paragraph 7 of General Assembly resolution 48/216 B, whereby the Assembly requested the executive heads of the United Nations funds and programmes to provide their responses at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, and to indicate measures that would be taken to implement those recommendations, with appropriate timetables.

2.   In the preparation of the present report, account was taken of the provisions of the following General Assembly resolutions:

(a)   Resolution 52/212 B, in particular paragraphs 3 to 5, and the note by the Secretary-General transmitting the proposals of the Board of Auditors for improving the implementation of its recommendations approved by the Assembly (A/52/753);

(b)   Resolution 67/235, paragraph 9, in which the Assembly reiterated its request to the Secretary-General to provide in his reports on the implementation of the recommendations of the Board of Auditors a full explanation for the delays in the implementation of the recommendations of the Board, in particular those recommendations not yet fully implemented that are two or more years old, and paragraph 10, in which the Assembly reiterated its request to the Secretary-General to indicate in future reports an expected time frame for the implementation of the recommendations of the Board, as well as the priorities for their implementation and the office holders to be held accountable.

3.   In respect of time frames, every effort has been made by the executive heads of the funds and programmes to establish target dates for completion of the implementation of all pending recommendations.

4.   With regard to prioritization, it is noted that the Board categorizes the most important recommendations as "main recommendations". While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be given the highest priority. In addition, any recommendations relating to "emphasis of matter" in the Board's reports will be treated with the utmost priority.

5.   Given that the executive heads have concurred with almost all of the Board's recommendations and that many of their comments have been reflected in the respective reports of the Board, detailed comments are not necessarily provided for all recommendations for the financial period ended 31 December 2012. However, in accordance with paragraph 9 of resolution 67/235, additional information has been provided for all recommendations relating to prior periods that the Board considered not to have been fully implemented.

II. United Nations Development Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2012[1]

6.   The status of implementation of the main recommendations as of July 2013 is summarized in table 1.

Table 1
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Office of Financial Resources Management	5	–	–	5	5	–
Office of Information Systems and Technology	2	–	–	2	2	–
Procurement Support Office	1	–	–	1	1	–
Regional bureaux	1	–	–	1	1	–
Total	**9**	**–**	**–**	**9**	**9**	**–**

7.   The status of implementation of all recommendations as of July 2013 is summarized in table 2.

Table 2
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Office of Financial Resources Management	9	–	–	9	9	–
Office of Human Resources	1	–	–	1	1	–
Office of Information Systems and Technology	3	–	–	3	3	–
Procurement Support Office	2	–	–	2	2	–
Regional Bureau for Asia and the Pacific	1	–	–	1	1	–
Regional bureaux	4	–	–	4	4	–
Total	**20**	**–**	**–**	**20**	**20**	**–**

8.   **In paragraph 23, the Board recommended that the United Nations Development Programme (UNDP), in order to further enhance its International Public Sector Accounting Standards (IPSAS) financial statements: (a) consider the inclusion of all its budgeted resources in the statement of comparison of budget and actual amounts in order to enhance comparability and**

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[1] A/68/5/Add.1, chap. II.

understandability of the statement; and (b) perform case-by-case determination of net realizable value/current replacement cost of inventory instead of using a generalized formula.

9.   UNDP notes that its current presentation of the statement of comparison of budget and actual amounts is fully compliant with: (a) the requirements of the relevant IPSAS standard; (b) the approved IPSAS policy of UNDP accepted by the Board; and (c) the relevant UNDP financial regulation, 13.04. International Public Sector Accounting Standard 24 requires disclosure in the statement of comparison of budget and actual amounts of a budget approved by a legislative authority. Only the regular resources of the UNDP budget are subject to the formal approval of the Executive Board of UNDP. UNDP will consider how to further improve the comparability and understandability of this information within the financial statements. Also, UNDP will review, for potential enhancement, the methodology used for inventory valuation. This will be done in consultation with the Board and taking into consideration the nature of the inventory items and the methods of procurement.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

10.   **In paragraph 25, UNDP agreed with the Board's recommendation that it resolve disputes regarding the inter-fund balance with UNOPS through reconciliation and dialogue no later than 31 December 2013 and establish an effective reconciliation mechanism to avoid disagreements arising in future, including settling the cumulative inter-fund balance at monthly intervals.**

11.   UNDP will continue to perform the steps outlined in the reconciliation mechanism set up to resolve the inter-fund difference. UNDP will also continue to settle its inter-fund balance on a monthly basis and will work with UNOPS towards settling cumulative balances at monthly intervals.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

12.   **In paragraph 27, UNDP agreed with the Board's recommendation that it review (preferably annually) the after-service health insurance liability funding plan to ensure that it remains appropriate.**

13.   UNDP will review its after-service health insurance liability funding plan at the next actuarial valuation.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

14. **In paragraph 30, UNDP agreed with the Board's recommendation that it continue to communicate with the donors to ensure that agreements are signed and funds are applied in a timely manner.**

15. UNDP made significant progress in reducing the unapplied deposits balance from $39.8 million in 2011 to $9.8 million in 2012, with further progress being made in 2013. UNDP will continue to diligently follow up with donors to ensure that contribution agreements are signed and funds received are applied to relevant project programmes on a timely basis.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

16. **In paragraph 34, the Board recommended that UNDP (a) monitor and track projects' implementation progress reports and ensure that they are completed on time; and (b) ensure that country offices update the status of projects in the Atlas system and actively address the causes of delays in the completion of projects.**

17. UNDP will be rolling out the corporate platform for the programme/project planning and monitoring system that will enable country offices and regional bureaux to keep track of key milestones, including project reporting due dates, the financial closure status of operationally closed projects, and project end dates. Also, regional bureaux will leverage the corporate platform as a basis for regular reviews with their country offices of programme/project progress, including causes for delays in project implementation.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

18. **In paragraph 39, UNDP agreed with the Board's reiterated recommendation on ensuring that all regional bureaux are working closely with country offices and ensuring that instructions of the Office of Audit and Investigations are complied with and that all audit reports are submitted within the required period.**

19. UNDP will aim to ensure that more than 80 per cent of nationally implemented project reports are submitted within the required period.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

20. **In paragraph 44, UNDP agreed with the Board's recommendation that it take appropriate action to address the causes of recurring modified audit**

opinions through engaging the regional bureaux and the respective implementing partners. Enhancing review of the cash transfer modalities would also provide additional assurance over amounts spent by implementing partners.

21. UNDP will aim to reduce the number of nationally implemented projects receiving modified audit opinions for three or more consecutive years, involving the same implementing partners, for the 2013 NIM audit cycle.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	High
Target date:	Third quarter of 2014

22. **In paragraph 46, UNDP agreed with the Board's recommendation that it: (a) ensure that, for any future project, it further strengthen the identification and assessment of inherent external risks that may hamper project implementation, and establish mitigating tactics; (b) consider a retrospective audit of the Justice and Human Rights in Afghanistan project from its inception to its closure in order to identify lessons for future projects; (c) revisit the project expenses incurred for the period from July to December 2009 and ensure that there was no duplicate expense on the same activities for the Justice and Human Rights in Afghanistan project against activities implemented by the Strengthening the Justice System of Afghanistan or the Access to Justice at the District Level projects.**

23. The Afghanistan country office will take action to ensure that the detailed conflict sensitivity and risk assessment conducted for phase I of the Justice and Human Rights in Afghanistan project are leveraged appropriately in planning for the subsequent phases of the project. Also, the management of the Regional Bureau for Asia and the Pacific has agreed with the Office of Audit and Investigations on the planned audit of the Justice and Human Rights in Afghanistan project in 2013. The audit is expected to include, among other things, a review of the expenses for this project and other related projects identified by the Board.

Department responsible:	Regional Bureau for Asia and the Pacific
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

24. **In paragraph 50, UNDP agreed with the Board's recommendation that it ensure that funding authorization and certificate of expenditure forms are used as required under the harmonized approach to cash transfer (HACT) framework.**

25. Current UNDP policy allows country offices to use the financial report (in the absence of HACT) or the funding authorization and certification of expenditures (FACE) report when HACT is implemented, as a management tool for direct cash transfers. UNDP will monitor the use of the FACE form for nationally implemented project advances to Governments.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

26. **In paragraph 54, the Board reiterated its recommendation that UNDP: (a) enhance the roles of oversight and monitoring of implementation of the HACT framework at country offices by regional bureaux; and (b) consider establishing follow-up mechanisms that will provide assurance over compliance with procedures.**

27. The HACT framework review is being finalized by an independent consultancy firm commissioned by the United Nations Development Group HACT Advisory Committee. When finalized, the revised HACT framework is expected to address the recommendations made by the Board.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

28. **In paragraph 56, UNDP agreed with the Board's recommendation that it: (a) remind the country offices to prepare procurement plans and introduce regular review mechanisms to ensure that they meet the minimum information disclosure requirements of the Programme and Operational Policies and Procedures; and (b) ensure that consolidated procurement plans are in place to secure improved value for money that may arise from economies of scale and increased purchasing power.**

29. The Procurement Support Office will work with the regional bureaux to send periodic reminders to country offices and conduct a systemic review of the quality of country office procurement plans submitted and monitor those country offices that are still without a procurement plan. The Office will also explore opportunities for the possible consolidation of common items through a long-term agreement with prequalified vendors to reap potential benefits/value for money without impeding the operational/development needs of programme countries.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

30. **In paragraph 58, the Board recommended that UNDP (a) improve monitoring mechanisms through sending regular reminders to country offices that they should enforce compliance with competitive procurement procedures; and (b) ensure proper planning of procurement activities to allow for competitive bidding procedures.**

31. UNDP will use the recently launched ACP online system to monitor the compliance of cases of direct contracting submitted by country offices for procurement committee review.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	High
Target date:	Third quarter of 2014

32. **In paragraph 61, UNDP agreed with the Board's recommendation that it: (a) find a solution to restrict the entry of duplicate serial numbers for relevant asset categories; and (b) update the register to include the missing information and remove the duplicates.**

33. The Office of Financial Resources Management will work with the Office of Information Systems and Technology to apply a system enhancement in Atlas in order to restrict the entry of duplicate serial numbers for assets. Also, the asset register is being updated to include missing information and to remove duplicate serial numbers.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	Third quarter of 2014

34. **In paragraph 64, UNDP agreed with the Board's recommendation that it send regular reminders to country offices to ensure inventories are counted on a quarterly basis in accordance with the requirements of the Programme and Operations Policies and Procedures.**

35. Pursuant to the UNDP periodic approach to inventory counting provided for under International Public Sector Accounting Standard 12, the Office of Financial Resources Management will send quarterly reminders/guidance to all UNDP country offices to complete their quarterly inventory counts.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

36. **In paragraph 68, UNDP agreed with the Board's recommendation that it (a) monitor compliance with the approved human resources management procedures in accordance with the Programme and Operations Policies and Procedures; and (b) improve the use of the e-service module of the Atlas system for monitoring the timely processing of human resources management activities.**

37. The Office of Human Resources will work with all the UNDP offices to support their oversight function with respect to compliance with human resources policies and procedures, specifically in the areas of approval of staff overtime pay,

leave monitoring and vacancy processing. The Office of Human Resources will also work with the Office of Information Systems and Technology to identify other possible e-service modules, in addition to the current leave module, for consideration by the UNDP information and communication technology governance board established by the Associate Administrator.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2014

38. **In paragraph 74, UNDP agreed with the Board's recommendation that it: (a) improve the communication procedures between the Office of Human Resources and the Argus focal points to ensure user accounts for employees leaving the entity are disabled promptly; and (b) establish a more rigorous process to ensure that Argus focal points perform regular review of user accounts and profiles in accordance with the internal control framework requirement.**

39. The Office of Information Systems and Technology, in collaboration with the Office of Human Resources, will (i) implement a system enhancement to automatically deactivate Atlas user accounts for staff leaving the organization; and (ii) jointly review the current process and formalize instructions to all country offices through the Argus focal points to ensure that Atlas access for separated staff is promptly deactivated within a defined timeline. Also, the Office of Information Systems and Technology will continue to conduct annual reviews with the Office of Financial Resources Management and the Office of Human Resources and implement automated Atlas security reports to further assist Argus focal points to perform regular reviews.

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

40. **In paragraph 79, UNDP agreed with the Board's recommendation that it ensure that no single user is granted more than one profile and, whenever it is necessary, a rigorous process for approval is in place to ensure that no conflicting roles are granted to the same user where there is no pressing need.**

41. In accordance with UNDP policy, all heads of UNDP offices will be required to seek special approval from headquarters where more than one profile is necessary. As part of the annual review of Atlas user security, the Office of Information Systems and Technology will work with the regional bureaux to review the current list of cases where staff members are given dual and potentially conflicting profiles in Atlas. All exceptions are to be approved by the relevant offices at headquarters.

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	High
Target date:	Third quarter of 2014

42. **In paragraph 80, UNDP agreed with the Board's recommendation that it implement adequate compensating controls, such as routine reviews of the transactions processed, where conflicting roles are granted by the use of multiple accounts per user or multiple profiles per user.**

43. The Office of Information Systems and Technology, in conjunction with the relevant offices at headquarters, will work with the regional bureaux to implement compensating controls for cases where the operating environment requires users to be granted multiple roles or multiple profiles in Atlas.

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

44. **In paragraph 84, UNDP agreed with the Board's recommendation that it develop an action plan to hand over expense management processing to the Global Shared Service Centre in order to make optimum use of the Centre.**

45. The Global Shared Service Centre will develop an action plan to support the expense management function.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

46. **In paragraph 90, UNDP agreed with the Board's recommendation that it: (a) develop a framework for capturing and accounting for accrued rent for the tenants in the buildings other than United Nations Development Group Executive Committee agencies; and (b) provide more thorough guidance to country offices on the management of loans to Governments and rent payable to Governments in order to offset the loan balance.**

47. The Office of Financial Resources Management will further develop its accounting framework for accrued rent and issue further guidance to country offices on loans to Governments and rent payable, where necessary.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior financial period

48.   In annex I to its report for the financial period ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Of the 33 audit recommendations issued for the biennium 2010-2011, 8 (24 per cent) were deemed by the Board to be fully implemented and 25 (76 per cent) were under implementation, including 2 relating to the United Nations Capital Development Fund. The Board noted that 6 out of the 25 recommendations that were under implementation required a number of system changes and reforms, some of which involved other stakeholders and would take additional time to fully implement.

49.   The situation as of July 2013 of the 23 recommendations for UNDP relating to prior periods is summarized in table 3. Information on the other two recommendations, relating to the United Nations Capital Development Fund, is provided in section III. B of the present report.

Table 3
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Advisory Committee on Procurement	1	–	1	–	–	–
United Nations Development Operations Coordination Office	1	–	1	–	–	–
Office of Financial Resources Management	8	–	5	3	3	–
Office of Human Resources	1	–	1	–	–	–
Office of Information Systems and Technology	1	–	1	–	–	–
Procurement Support Office	4	–	1	3	3	–
Regional bureaux	7	–	1	6	6	–
Total	**23**	**–**	**11**	**12**	**12**	**–**

Report of the Board for the biennium ended 31 December 2011[2]

50.   **In paragraph 23, UNDP agreed with the Board's recommendation to: (a) develop an IPSAS benefits realization plan; (b) finalize the clean-up of long-outstanding inter-agency legacy balances; and (c) monitor its timelines in the preparation of opening balance and dry-run financial statements.**

51.   Parts (b) and (c) of the recommendation were implemented following the opening balance audit and financial dry-run audit performed by the Board in 2012.

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   [2] A/67/5/Add.1, chap. II.

Implementation of part (a) of the recommendation is in progress and is expected to be completed before the end of the first quarter of 2014.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

52. **In paragraph 33, UNDP agreed with the Board's recommendation to seek further cooperation from its partners in managing refunds, and improve related monitoring processes.**

53. Significant improvements were noted by the Board in terms of the amount of pending refunds. UNDP considers this recommendation to be implemented.

Department responsible:	Office of Financial Resources Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

54. **In paragraph 37, UNDP agreed with the Board's recommendation to: (a) follow up with the identified country offices to improve the bank reconciliation process; (b) consider, on a risk basis, a detailed review of bank accounts of country offices where it identifies specific risks.**

55. Progress on bank reconciliation for the three country offices identified by the Board has been actively monitored via the IPSAS dashboard. All three offices have completed their monthly bank reconciliations since the beginning of 2013. UNDP considers this recommendation to be implemented.

Department responsible:	Office of Financial Resources Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

56. **In paragraph 52, UNDP agreed with the Board's reiterated recommendation that it resolve the dispute regarding inter-fund differences in its accounts with UNOPS.**

57. The inter-fund difference is currently subject to the reconciliation mechanism established to resolve it as agreed by both parties. The matter is expected to be closed by the end of 2013.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

58. **In paragraph 53, UNDP agreed with the Board's recommendation to: (a) obtain confirmation of balance from UNOPS prior to closure of its account and perform a reconciliation of inter-fund balances; (b) obtain semi-annual reports and certifications from UNOPS; and (c) establish an adequate validation for the amounts provided by UNOPS before it processes the managed service arrangements (MSA) transactions.**

59. UNDP and UNOPS completed a reconciliation of the inter-fund accounts between them as at 31 December 2012, which was accepted by the Board as sufficient to confirm the outstanding inter-fund balances between the two entities. Also, UNDP obtained certified semi-annual reports in June and December 2012 prior to recording its MSA transactions with UNOPS. UNDP considers this recommendation to be implemented.

> *Department responsible*: Office of Financial Resources Management
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> *Status*: Implemented
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> *Priority*: High
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> *Target date*: Not applicable

60. **In paragraph 62, UNDP agreed with the Board's recommendation to formulate funding plans for end-of-service liabilities relating to accrued leave, termination benefits and repatriation benefits.**

61. UNDP has a strategy to fully fund all current end-of-service liabilities over a period of 15 years commencing from January 2012.

> *Department responsible*: Office of Financial Resources Management
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> *Status*: Implemented
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> *Priority*: High
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> *Target date*: Not applicable

62. **In paragraph 70, UNDP agreed with the Board's recommendation that UNDP regional bureaux consider the results of the national implementation modality (NIM) audit process and work with implementing partners to address the weaknesses identified in the NIM audit process. A focus should be on those implementing partners which have recurring negative reports.**

63. At UNDP, audits of close to 1,000 NIM projects (involving more than 130 programme countries with an estimated $1.9 billion in total expenses) are conducted annually in accordance with current policy. A risk of negative audit reports is inherent in such a volume and spread of NIM projects. However, the risk is being actively managed in various ways, including systemic monitoring of audit action plans submitted by the country office concerned and independently reviewed by the Office of Audit and Investigations as well as by the regional bureaux management during country office financial review sessions with the Controller's office. In addition, the regional bureaux work with their country offices to address situations where NIM projects with the same implementing partner were issued with recurring negative audit opinions. Actions taken so far have included reviewing an alternative modality for cash transfers; reviewing alternative choices of implementing partners; liquidation of NIM advances before subsequent tranches are issued; and micro-assessment of implementing partners for the new programme cycle.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

64. **In paragraph 75, UNDP agreed with the Board's reiterated recommendation that through the regional bureaux it: (a) prioritize the financial closure of all operationally closed projects; and (b) address the causes of delays in the finalization of project closure.**

65. In 2012, UNDP made significant efforts to financially close 2,385 projects that were operationally closed. The Office of Financial Resources Management continues to support the regional bureaux in monitoring the timely closure of projects by their country offices. The planned roll-out of the programme/project portal in UNDP offices in early 2014 is expected to further improve the situation over time. Nonetheless, the financial closure of projects will continue to be an ongoing exercise.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

66. **In paragraph 77, UNDP agreed with the Board's recommendation to enhance the quality of information regarding projects, through regular review of project information in Atlas.**

67. The planned roll-out of the programme/project portal in UNDP offices in early 2014 is expected to further improve the situation over time. Quality review of project data will be an ongoing exercise.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

68. **In paragraph 79, UNDP agreed with the Board's recommendation that UNDP country offices monitor the receipt of quarterly combined delivery reports.**

69. The planned roll-out of the programme/project portal at UNDP in early 2014 is expected to further improve active monitoring of the receipt of quarterly combined delivery reports by project managers.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

70. **In paragraph 81, UNDP agreed with the Board's recommendation that country offices perform field visits and final project reviews to assess project performance and success and to improve on lessons learned.**

71. The Strengthening Project-Level Quality Assurance project is in progress. When fully operationalized, it will ensure that UNDP projects comply with the following: (a) annual project reviews, with assessments against quality criteria in conjunction with more dynamic, real-time monitoring; (b) project implementation assessment and ratings to guide management actions and decisions; (c) mandatory final project reviews with key results achieved and lessons learned.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

72. **In paragraph 86, UNDP agreed with the Board's recommendation to: (a) review all projects with microfinance activities and assess its policies to ensure consistent recording of these activities; and (b) implement adequate project monitoring controls over microlending activities, in line with project agreements.**

73. The accounting policy for microfinance activities has been finalized and will be issued shortly. A standard operating procedure has been established which requires quarterly monitoring of microfinance activities for compliance by client service teams in the Office of Financial Resources Management.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

74. **In paragraph 92, the Board shared the findings and recommendations of the United Nations Development Group Advisory Committee and underscored the need to consider ways of enhancing the framework.**

75. The United Nations Development Group HACT Advisory Committee, which commissioned an independent review of the HACT framework by a competent external party, has received the final report from a consultant. The report drew lessons from findings of the joint HACT audit conducted and inputs received from HACT participating organizations of the United Nations system as well as from the Joint Audit Advisory Committee of UNDP, the United Nations Population Fund and the United Nations Children's Fund. The report is expected to be formally approved for implementation shortly. UNDP considers this recommendation to be implemented.

Department responsible:	United Nations Development Operations Coordination Office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

76. **In paragraph 94, UNDP agreed with the Board's recommendation that it: (a) consider enhancing the roles of oversight and monitoring of implementation of the HACT framework at country offices; (b) consider mechanisms to foster a common understanding and application of the framework by country offices as part of an inter-agency process.**

77. The revision of the HACT framework was completed and is expected to be formally approved by the United Nations Development Group shortly.

Department responsible:	Regional bureaux
Status:	Implemented
Priority:	High
Target date:	Not applicable

78. **In paragraph 98, the Board recommended that UNDP consider further strengthening of oversight and monitoring of field-level activities associated with procurement, trust funds, projects, asset management, HACT and human resources, to ensure accountability in the context of its highly decentralized structure and compliance with UNDP policies and procedures.**

79. The Atlas financial dashboard has been enhanced to track key performance indicators of UNDP offices with the implementation of IPSAS. Similarly, the ACP online system has been rolled out to monitor procurement related activities, while the programme/project portal will support the management and monitoring of programme/project activities at the country office, regional and headquarters levels.

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

80. **In paragraph 102, UNDP agreed with the Board's reiterated recommendation that UNDP consider the implementation of individual and consolidated procurement plans at country offices and headquarters based on an analysis of procurement needs.**

81. The Procurement Support Office has formalized the guidelines and templates to be used for the submission of procurement plans by UNDP offices as recommended by the Board. The office continues to conduct periodic reviews of procurement plans submitted by country offices and follows up with those offices that have not submitted them. UNDP considers this recommendation to be implemented.

Department responsible:	Procurement Support Office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

82. **In paragraph 104, UNDP agreed with the Board's reiterated recommendation to: (a) perform a regular review of buyer profiles in Atlas to ensure that only certified procurement staff have buyer profiles, and remove inappropriate profiles from Atlas; and (b) consider mechanisms aimed at improving the certification rate of personnel performing procurement functions.**

83. Currently, 60 per cent of UNDP buyers have been certified through the UNDP procurement programme. The Procurement Support Office is in the process of updating the procurement certification programme to reflect new requirements arising from IPSAS implementation as well as recent changes to procurement policies arising from the business process review mandated under the Agenda for Organizational Change. The delay is due in part to management reprioritization of the procurement implementation road map.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

84. **In paragraph 107, UNDP agreed with the Board's recommendation to: (a) implement measures to enhance monitoring and oversight of direct contracting and other non-competitive procurement methods; (b) plan its procurement activities in a timely manner to allow for competitive bidding and compliance with applicable procurement rules, for example by notifying all the requisitioners six months in advance of the need to start planning for a procurement exercise.**

85. An automated system solution is being considered in order to further strengthen the monitoring of direct contracting practices. This will be supplemented by periodic spot checks to ensure the consistent application of policies. Monitoring the compliance of country offices with the policy on direct contracting is an ongoing task.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

86. **In paragraph 110, the Board recommended that UNDP country offices: (a) implement adequate segregation of duties in the procurement process to avoid conflict of interest; (b) regularly perform vendor evaluations; and (c) adhere to UNDP solicitation and contract award rules.**

87. Several approaches have been taken to comply with this recommendation, including: (i) implementation of the ACP online system to have transparency in the contract submission and approval process; (ii) reinforcement of relevant procurement policies with practitioners at learning events; (iii) periodic spot checks to ensure compliance with the requirement for vendor evaluation; and (iv) adherence to UNDP solicitation and contract award rules.

Department responsible:	Advisory Committee on Procurement
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

88.   **In paragraph 115, the Board shared the findings and recommendations contained in the report of the Office of Audit and Investigations and underscored the need for UNDP to address the matters highlighted in its corporate procurement audit report.**

89.   Action plans, priorities and target dates for completion have been established for all 13 audit recommendations issued by the Office of Audit and Investigations and progress is being monitored by the UNDP management.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

90.   **In paragraph 119, UNDP agreed with the Board's recommendation to strengthen asset management controls in the field by either: (a) reviewing its guidance available to country offices; or (b) training in asset management. Its initiatives should focus on asset verification procedures, asset identification and recording on acquisition, asset recognition and recording, and asset transfer procedures.**

91.   Revised asset guidance with regard to physical verification and other key areas has been issued, following the IPSAS opening balance review. The Office of Financial Resources Management carried out webinar training, regional training and specific training in 2012 and January 2013, including a focus on asset management.

Department responsible:	Office of Financial Resources Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

92.   **In paragraph 127, UNDP agreed with the Board's reiterated recommendation that it: (a) improve all controls over leave administration to ensure accurate leave balances; and (b) prioritize addressing weaknesses in leave management.**

93.   The Atlas leave system is now the official record of all leave application and approval. Control is therefore implemented through the system as it is configured to ensure that leave balances are computed on the basis of official leave approval submitted through Atlas. With the Atlas leave system roll-out, the Office of Human Resources and the Payroll Finance Unit are now able to monitor exceptions and periodically review data consistency, instead of relying on manual records.

Department responsible:	Office of Human Resources
Status:	Implemented
Priority:	High
Target date:	Not applicable

94.   **In paragraph 131, UNDP agreed with the Board's recommendation to: (a) update the Atlas Change Control Manual to reflect practical working**

methods applied during the change process; (b) implement procedures to ensure that all types of changes are signed off by the business owners; (c) complete and implement the draft testing strategy plan; (d) maintain supporting documents for unit and user acceptance testing; and (e) regularly review the activities of the database administrators and access to the production database and keep evidence of such reviews.

95.   Updating of the Atlas Change Control Manual has been completed and approved. Approved procedures have been established with business owners. The testing strategy plan has been finalized and approved.

Department responsible:	Office of Information Systems and Technology
Status:	Implemented
Priority:	High
Target date:	Not applicable

III.   United Nations Capital Development Fund

A.   Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2012[3]

96.   The status of implementation of the main recommendations as of July 2013 is summarized in table 4.

Table 4
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Financial Inclusion Practice Area	1	–	–	1	1	–
Management Support Unit	2	–	–	2	2	–
Total	**3**	**–**	**–**	**3**	**3**	**–**

97.   The status of implementation of all recommendations as of July 2013 is summarized in table 5.

Table 5
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Financial Inclusion Practice Area	1	–	–	1	1	–
Management Support Unit	3	–	–	3	3	–
Total	**4**	**–**	**–**	**4**	**4**	**–**

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[3] A/68/5/Add.14, chap. II.

98. **In paragraph 18, the Board recommended that: (a) the Chargé d'affaires (UNCDF) assign responsibility for realizing IPSAS benefits as a specific function of the accounting unit; and (b) ensure that the procedures for processing information across the organization for the preparation of financial statements are improved to avoid recurrence of the noted deficiencies.**

99. Responsibility for the preparation of the financial statements is already assigned to the Finance Section of the Management Support Unit of UNCDF, which will work closely with the UNDP Office of Financial Resources Management in the preparation of such statements.

Department responsible: Management Support Unit

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

100. **In paragraph 23, UNCDF agreed with the Board's recommendation that it: (a) liaise with UNDP and agree on the urgent clearance of the loan policy, which is the instrument governing UNCDF loans provisions; (b) appropriately impair all overdue loans following the approval of the loan policy; and (c) disclose in the financial statements the interest accrued of $113,000 for adjustment after the reporting date.**

101. UNCDF responded as follows: (a) the loan policy has already been submitted to UNDP for clearance and UNCDF management is closely following the matter up; (b) once the loan policy is approved, overdue loans will be impaired; and (c) following the approval of the loan policy, appropriate disclosure will be made to reflect the interest accrued.

Department responsible: Financial Inclusion Practice Area

Status: In progress

Priority: High

Target date: First quarter of 2014

102. **In paragraph 27, UNCDF agreed with the Board's recommendation that it re-examine the procurement process followed to establish the rationale for the evaluation team accepting the additional clarification and the substantial changes of the original proposal and the evaluation scores.**

103. UNCDF has already invited the UNDP Office of Audit and Investigations to carry out an independent assessment of the process.

Department responsible: Management Support Unit

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

104. **In paragraph 28, UNCDF agreed with the Board's recommendation that it improve the monitoring and oversight of the procurement process to ensure full compliance with the procurement rules and regulations, including procurement**

training for all staff and access to procurement support on demand, online and/or through the Management Support Unit.

105. UNCDF is working to strengthen the procurement function by arranging refresher training courses for all staff involved in procurement activities and for the members of the UNCDF Contracts, Assets and Procurement Committee. Moreover, UNCDF will provide sensitization training on procurement guidelines to its staff, as well as access to procurement support online, on demand and through the Management Support Unit. UNCDF staff with procurement functions also liaise with the UNDP Procurement Support Office on a continuous basis, using available resources, such as the Management Practice Network procure and procurement expert helpline.

> *Department responsible*: Management Support Unit
>
> *Status*: In progress
>
> *Priority*: High
>
> *Target date*: First quarter of 2014

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior financial period

106. In the annex to its report for the financial period ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for the previous financial period. The Board noted that the two recommendations issued for the biennium 2010-2011 were under implementation.

107. The situation as of July 2013 of the two recommendations relating to the previous financial period is summarized in table 6.

Table 6
Status of implementation of recommendations from the previous period considered not fully implemented in the annex to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Management Support Unit	2	–	–	2	2	–

Report of the Board for the biennium ended 31 December 2011[4]

108. **In paragraph 145, UNCDF agreed with the Board's recommendation that it: (a) perform regular reviews and reconciliations of the general ledger to detect errors; (b) subject its accounts to a review and challenge during the financial statement preparation process to ensure that financial information presented is accurate and a complete reflection of the activities that have occurred; and (c) review the level at which the operational reserve is maintained to ensure that maximum funds are available for programme activities.**

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[4] A/67/5/Add.1, chap. II.

109. UNCDF responded that, with regard to parts (a) and (b) of the recommendation, the Management Support Unit had already put in place a system of timely reconciliation of the general ledger through regular analysis of accounts. As a result, the year 2012 closing and the preparation of financial statements went smoothly and all the balances reflected in the financial statements are accurate. With regard to part (c) of the recommendation, UNCDF reviewed the operational reserve at the beginning of 2013, calculated the outstanding commitments and assessed a reasonable level at which the reserve is to be maintained. Action will be completed before the end of 2013.

Department responsible:	Management Support Unit
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

110. **In paragraph 149, UNCDF agreed with the Board's reiterated recommendation that it: (a) fully provide for after-service health insurance and end-of-service liabilities; (b) establish a policy to fund the liabilities; and (c) implement processes to correctly compute and accrue for the annual leave liability.**

111. In the first quarter of 2013, UNCDF decided to fully fund the after-service health insurance and end-of-service liabilities. These transactions will be reflected in the 2013 financial statements.

Department responsible:	Management Support Unit
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

IV. United Nations Children's Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2012[5]

112. The status of implementation of the main recommendations as of July 2013 is summarized in table 7.

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5 A/68/5/Add.2, chap. II.

Table 7
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division of Financial and Administrative Management	2	–	1	1	1	–
Division of Policy and Strategy	5	–	1	4	4	–
Private Fundraising and Partnerships Division	5	–	–	5	5	–
Zimbabwe Country Office	1	–	–	1	1	–
Total	**13**	**–**	**2**	**11**	**11**	**–**

113. The status of implementation of all recommendations as of July 2013 is summarized in table 8.

Table 8
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division of Financial and Administrative Management	4	–	2	2	2	–
Division of Human Resources	2	–	1	1	1	–
Division of Policy and Strategy	7	–	2	5	5	–
Evaluation Office	1	–	–	1	1	–
Private Fundraising and Partnerships Division	9	–	–	9	9	–
Supply Division	2	–	–	2	2	–
Zimbabwe Country Office	1	–	–	1	1	–
Total	**26**	**–**	**5**	**21**	**21**	**–**

114. **In paragraph 9, the United Nations Children's Fund (UNICEF) agreed with the Board's recommendation to comply with competitive bidding procedures and establish agreements/contracts with awarded providers.**

115. UNICEF agrees to comply with competitive bidding procedures and will continue to ensure its offices comply with the provisions of the Supply Manual in relation to competitive bidding by emphasizing the importance of compliance in its introduction to public procurement training and through its oversight function.

Department responsible: Supply Division

Status: In progress

Priority: Medium

Target date: Second quarter of 2014

116. **In paragraph 10, the Board recommended that UNICEF continue to undertake measures to ensure that the database records of property, plant and equipment are consistent with their actual status.**

117. Assets that were recorded incorrectly have already been corrected and updated instructions have been included in UNICEF online training materials.

Department responsible:	Division of Finance and Administrative Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

118. **In paragraph 24, the Board recommended that UNICEF enhance its monitoring of contributions to ensure the completeness and accuracy of reporting on revenue owed to UNICEF by the National Committees.**

119. UNICEF continues to monitor the accuracy of reporting on revenue. In 2013, UNICEF issued specific guidelines to National Committees regarding the reconciliation procedures to be performed by their external auditors in the certification of their final revenue and expenditure reports. UNICEF is monitoring compliance with those guidelines.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

120. **In paragraph 41, the Board recommended that UNICEF: (a) accelerate the process of developing, updating and signing joint strategic plans with National Committees; (b) specify the retention rates in all joint strategic plans with National Committees; and (c) conduct annual reviews of the performance of National Committees in a timely manner.**

121. Following the implementation of the new joint strategic plans process in 2013, all National Committees will have signed a joint strategic plan by the end of December 2013. All the plans will include target retention rates. Annual reviews will be undertaken in a timely manner from 2014.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

122. **In paragraph 47, the Board recommended that UNICEF conduct assessments and strengthen monitoring of the administrative expenditures of the National Committees with a view to maximizing the resources to be used in UNICEF programmes for children.**

123. As part of the joint strategic plans process, UNICEF will intensify its monitoring of the National Committees' obligations under the Cooperation Agreement, which requires them to strive to meet the target of a 75 per cent contribution rate.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

124. **In paragraph 50, the Board recommended that UNICEF coordinate with the National Committees to ensure that advocacy and education for development costs are discretely reported and that advocacy resources are used by the Committees for the benefit of the most disadvantaged children.**

125. The new revenue and expenditure reporting structure for National Committees that will be used for the reporting of results for 2013 will address the reporting requirements. In addition, the Cooperation Agreement sets out the scope of the advocacy activities expected of the National Committees and agreed to in the joint strategic plans.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

126. **In paragraph 55, the Board recommended that UNICEF strengthen its monitoring of the reserve policies of National Committees to challenge high levels of reserves and ensure that sufficient funds are available for UNICEF to fulfil its mandates.**

127. UNICEF will continue to monitor the reserve levels of National Committees in accordance with the terms of the Cooperation Agreement.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

128. **In paragraph 59, the Board recommended that UNICEF continue to strengthen the monitoring of the conversion by National Committees of regular resources to other resources in order to maximize the amount of unrestricted funds for UNICEF.**

129. The new revenue and expenditure reports for 2013 will allow UNICEF to determine the amounts of funds raised as regular resources that have been converted to other resources by National Committees. In addition, National Committees continue to consult and obtain agreement from UNICEF before carrying out any conversion of a material value.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

130. **In paragraph 63, the Board recommended that UNICEF carefully monitor donations that are raised under the name of UNICEF but are not used in UNICEF programmes, to avoid risk to its reputation.**

131. UNICEF will continue to monitor situations where National Committees make donations to other parties in accordance with the terms of the Cooperation Agreement.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

132. **In paragraph 66, the Board recommended that UNICEF strengthen its monitoring of Fundraising Development Programme funds and evaluate the performance of the programme to substantiate the judgement that the contribution of programme funds meets the required minimum return on investment.**

133. UNICEF will strengthen its monitoring of the Fundraising Development Programme by establishing a mechanism to: (a) check on the revenue derived from programme investments; (b) allocate the Fundraising Development Programme budget strictly in accordance with the allocation criteria for the programme; (c) address those National Committees whose actual performance in relation to the programme did not meet expectations; and (d) consider the reserve levels of National Committees to avoid providing investment funds to those National Committees with significant unrestricted or unearmarked reserves.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

134. **In paragraph 68, the Board recommended that UNICEF: (a) require National Committees to report periodically on their investment activities to UNICEF; and (b) strengthen its monitoring of the investment activities of National Committees to ensure compliance with a policy of low-risk investment to safeguard any assets held on behalf of UNICEF.**

135. UNICEF will work with National Committees to ensure that local investment activities comply with the terms of the Cooperation Agreement.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

136. **In paragraph 74, the Board recommended that UNICEF ensure that its divisions and offices comply with its guidance in relation to programme budget proposals by stipulating that the required resources are fully justified by**

detailed activities to be carried out to achieve the planned outcomes, and by historical trends.

137. The Office Management Plan (2014-2017) guidance for the preparation of the budgets of headquarters divisions and regional offices specifically provides for greater scrutiny of proposals on programme budgets. The budgeting process takes into account the planned outcomes and historical trends. Results will be monitored during the course of budget implementation, and mid-course adjustments or corrections will be made as necessary.

Department responsible:	Division of Policy and Strategy
Status:	Implemented
Priority:	High
Target date:	Not applicable

138. **In paragraph 80, the Board reiterated its previous recommendation that UNICEF review its current budget preparation methodology to ensure that budgets are prepared and presented in an integrated manner so that the Executive Board obtains an overall picture of the institutional and programme resources needed to achieve the expected objectives.**

139. The harmonized framework for the integrated budget from 2014 was approved by the Executive Boards of UNDP, UNICEF and UNFPA in January 2013. The UNICEF integrated budget for the period 2014-2017 will be presented to the Executive Board of UNICEF in September 2013.

Department responsible:	Division of Finance and Administrative Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

140. **In paragraph 86, the Board recommended that UNICEF: (a) analyse the parameters for determining the appropriate level of operational posts at country offices; and (b) monitor and control the use of the programme budget by country offices to cover operational expenditures not associated with specific programmes or projects.**

141. UNICEF agrees with the recommendation and has started to implement it.

Department responsible:	Division of Finance and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

142. **In paragraph 90, the Board recommended that UNICEF ensure that resource requirements related to management functions are presented for approval and covered under the institutional budget.**

143. In the Office Management Plan guidance and in the preparation of the Integrated Results and Resources Framework for 2014-2017 the audit recommendation has been taken note of and it is now proposed that all management functions will be covered by the institutional budget only.

Department responsible:	Division of Policy and Strategy
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

144. **In paragraph 94, the Board recommended that UNICEF strengthen its internal controls to ensure that thematic contributions are used as specified in the funding agreements.**

145. UNICEF will monitor operational expenditures charged to the programme to ensure that they are reasonable. UNICEF will also revise the Guide to UNICEF Thematic Funding to specify the cross-cutting nature of some expenditures.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

146. **In paragraph 100, the Board recommended that UNICEF continue to improve its mechanism for performance reporting to the Executive Board by linking the utilization of institutional budget resources with the achievement of the expected results.**

147. UNICEF will continue, in the annual report of the Executive Director, to report on the achievement of the expected results articulated in the strategic plan. This reporting will be supplemented with summary financial reporting in a format similar to the integrated resource plan and based on the statement of comparison of budget and actual amounts, which UNICEF is required to include in its financial statements for compliance with IPSAS from 2012.

Department responsible:	Division of Finance and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

148. **In paragraph 106, the Board recommended that UNICEF require its country offices to: (a) comply with the provisions of the UNICEF Programme Policy and Procedure Manual in relation to the preparation of workplans and annual management plans; and (b) in coordination with implementing partners, review work and management plans to expedite implementation of planned activities to ensure that all the targets are met.**

149. UNICEF plans to issue in 2013 new guidelines on work planning that will reiterate this recommendation.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

150. **In paragraph 111, the Board reiterated its previous recommendation that UNICEF headquarters and regional offices continue to work with all country offices to ensure the implementation of capacity assessment and assurance activities in accordance with the Framework for Cash Transfers to Implementing Partners.**

151. UNICEF is currently assessing development needs and will develop a global capacity-building strategy with regard to strengthening HACT. The strategy will include how to plan, manage and evaluate assurance activities and monitor compliance by UNICEF with HACT. UNICEF will establish HACT assurance units in countries with large cash transfers and complex programmes, as well as regionally based HACT advisory roles, and a headquarters-based HACT compliance role. The strategy is also intended to support capacity-building efforts through enhanced communication, policy and guidance and the development of tools and systems.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

152. **In paragraph 115, the Board recommended that: (a) the Fund's country office in Zimbabwe strengthen its monitoring of implementing partners to ensure sufficient supporting evidence is maintained justifying the use of cash transfers; and (b) UNICEF investigate this issue and report the results to the Board of Auditors.**

153. The Zimbabwe country office has implemented several measures to strengthen partner oversight. For example: (a) it has engaged four accounting firms to conduct microassessments, spot checks and audits; (b) the office regularly undertakes programme monitoring visits and monitors the implementation of HACT in the office; and (c) the status and findings of assurance activities are reported to the HACT Steering Committee. The misuse of cash transfers that has been noted is under investigation.

Department responsible:	Zimbabwe country office
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

154. **In paragraph 119, the Board recommended that UNICEF continue to work with its country offices to prepare realistic integrated monitoring and evaluation plans and make every effort to improve their completion rates.**

155. UNICEF will renew and enhance its evaluation guidance, technical support and monitoring of the integrated monitoring and evaluation plans to achieve better completion rates, among other goals.

Department responsible: Evaluation Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2013

156. **In paragraph 126, the Board recommended that UNICEF: (a) continue to improve annual reporting by supplementing the Data Companion with more selective key indicators on programme performance in order to represent the direct actions and contributions of UNICEF through country programmes of cooperation; and (b) improve its performance reporting by clearly linking the results achieved with the implementation of the programme activities and the utilization of relevant resources.**

157. UNICEF is improving its reporting to the extent possible within the context of the current medium-term strategic plan. Reporting is to be further strengthened within the framework of the 2014-2017 strategic plan.

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: High

Target date: First quarter of 2014

158. **In paragraph 132, the Board recommended that UNICEF: (a) improve the annual report of the Executive Director by integrating information on in-depth analysis of programme performance disparities and the impact on programme implementation; and (b) analyse the performance disparities within country offices with respect to each strategy and provide support or guidance to those country offices whose performance falls far short of the benchmarks.**

159. UNICEF will implement this recommendation during the preparation of the annual report of the Executive Director for 2013.

Department responsible: Division of Policy and Strategy

Status: In progress

Priority: High

Target date: First quarter of 2014

160. **In paragraph 137, the Board recommended that UNICEF ensure that its Supply Division: (a) prepare and implement the quality control test plan on pharmaceutical and nutrition products and prepare the summary report in a timely manner; and (b) continue to monitor the test results through yearly reports and include the test results in its performance monitoring of suppliers to ensure that only products that meet accepted standards are provided to its customers.**

161. UNICEF agrees to prepare and implement the quality control test plan on pharmaceutical and nutrition products, to prepare the summary report in a timely manner and to continue monitoring the test results through yearly reports. Test results are included in the performance monitoring of pharmaceutical suppliers.

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

162. **In paragraph 142, UNICEF agreed with the Board's recommendation to strictly comply with the requirements of the UNICEF policy relating to the selection of consultants and individual contractors.**

163. UNICEF has modified the policy in question in order to make single sourcing more restrictive, which it expects will decrease exceptions. Offices have been informed of the competitive selection requirements and a guide on the hiring of consultants has been developed.

Department responsible:	Division of Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

164. **In paragraph 147, the Board recommended that UNICEF ensure that its divisions/offices: (a) put a clear strategy in place for a long-term regular staffing solution; and (b) distinguish consultants and individual contractors, depending on the different nature of service offered, according to its policy on consultants and individual contractors.**

165. The use of individual contractors is only one of the strategies used to respond to emerging staffing needs. Headquarters discusses with country offices the implementation of staffing strategies, in accordance with applicable UNICEF procedures. Strategies may include the use of temporary appointments, rapid response teams in emergencies, established standby partners, and talent groups, as well as the roll out and systematic use of the workforce planning tool to anticipate future needs. Headquarters has been discussing these strategies with country offices at the working level on an ongoing basis and has also encouraged offices to develop additional country-based strategies. A new policy has been issued providing clear definitions of consultants and individual contractors and it has been communicated to all offices.

Department responsible:	Division of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior financial period

166. In annex I to its report for the year ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Of the 29 recommendations, 20 (69 per cent) were deemed by the Board to be fully implemented, 7 (24 per cent) were under implementation and 2 (7 per cent) were overtaken by events.

167. The situation as of July 2013 of the seven recommendations that were under implementation is summarized in table 9.

Table 9
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division of Financial and Administrative Management	2	–	1	1	1	–
Division of Policy and Strategy	5	–	1	4	4	–
Total	**7**	**–**	**2**	**5**	**5**	**–**

Report of the Board for the biennium ended 31 December 2011[6]

168. **In paragraph 34, the Board recommended that UNICEF prepare programme budget proposals for each office with detailed activities and outcomes based on the actual requirements and resources available.**

169. Reference is made to the comments of UNICEF in paragraph 137 above relating to the recommendation in paragraph 74 of the Board's report for the year ended 31 December 2012.

> *Department responsible*:   Division of Policy and Strategy
>
> *Status*:   Implemented
>
> *Priority*:   High
>
> *Target date*:   Not applicable

170. **In paragraph 39, the Board recommended that UNICEF review its current budget preparation methodology to ensure that budgets are prepared and presented in an integrated manner so that the Executive Board obtains an overall picture of the institutional and thematic resources needed to achieve the expected objectives.**

171. Reference is made to the comments of UNICEF in paragraph 139 above relating to the recommendation in paragraph 80 of the Board's report for the year ended 31 December 2012.

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[6] A/67/5/Add.2, chap. II.

Department responsible:	Division of Finance and Administrative Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

172. **In paragraph 58, UNICEF agreed with the Board's recommendation that it require its country offices to: (a) comply with the provisions of the UNICEF Programme Policy and Procedure Manual requiring the preparation of an annual management plan with clearly defined baselines, targets and performance indicators; and (b) periodically review the annual workplan/annual management plan and expedite the implementation of planned activities to ensure that all targets are achieved.**

173. Reference is made to the comments of UNICEF in paragraph 149 above relating to the recommendation in paragraph 106 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

174. **In paragraph 63, the Board recommended that the headquarters divisions of UNICEF work with all country offices to ensure the implementation of capacity assessments and assurance activities in accordance with the Framework for Cash Transfers to Implementing Partners.**

175. Reference is made to the comments of UNICEF in paragraph 151 above relating to the recommendation in paragraph 111 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

176. **In paragraph 81, UNICEF agreed with the Board's recommendation that it improve annual reporting by supplementing the Data Companion with more selective key indicators on programme performance to represent the direct actions and contributions of UNICEF through country programmes of cooperation.**

177. Reference is made to the comments of UNICEF in paragraph 157 above relating to the recommendation in paragraph 126 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

178. **In paragraph 87, UNICEF agreed with the Board's recommendation that it: (a) ensure that all country offices improve their annual reports by integrating information on the in-depth analysis of programme performance disparities and the resulting impact on programme implementation; and (b) analyse the performance disparities within country offices with respect to each strategy and provide support or guidance to those country offices whose performance falls far short of the benchmarks.**

179. Reference is made to the comments of UNICEF in paragraph 159 above relating to the recommendation in paragraph 132 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Policy and Strategy
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

180. **In paragraph 127, the Board recommended that UNICEF: (a) consider developing an IPSAS benefit realization plan to allow for the full achievement of the expected benefits of IPSAS; and (b) continue its active communication with the Board to expedite the timely finalization of its accounting policy position paper regarding the treatment of private sector funds raised by the National Committees.**

181. UNICEF is reviewing a recently drafted IPSAS benefit plan, which is expected to be approved before the end of the year. At the same time, UNICEF has finalized its accounting policy position paper regarding the treatment of private-sector funds raised by the National Committees and has shared this paper with the Board of Auditors.

Department responsible:	Division of Finance and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

V. United Nations Relief and Works Agency for Palestine Refugees in the Near East

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2012[7]

182. The status of implementation of the main recommendations as of July 2013 is summarized in table 10.

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[7] A/68/5/Add.3, chap. II.

Table 10
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Department of Administration	2	–	–	2	2	–
Department of Finance	2	–	1	1	1	–
Department of Legal Affairs	1	–	–	1	1	–
External Relations and Communications Division	1	1	–	–	–	–
Microfinance Department	1	–	–	1	1	–
Total	**7**	**1**	**1**	**5**	**5**	**–**

183. The status of implementation of all recommendations as of July 2013 is summarized in table 11.

Table 11
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Department of Administration	6	–	1	5	5	–
Department of Enterprise Resource Planning	1	–	–	1	1	–
Department of Finance	4	1	1	2	2	–
Department of Infrastructure and Camp Improvement	2	–	–	2	2	–
Department of Legal Affairs	2	–	–	2	2	–
Department of Planning	1	–	–	1	1	–
External Relations and Communications Division	1	1	–	–	–	–
Microfinance Department	1	–	–	1	1	–
Total	**18**	**2**	**2**	**14**	**14**	**–**

184. **In paragraph 24, UNRWA agreed with the Board's recommendation that it strengthen its controls to ensure that the system of processing, reviewing and summarizing financial information is more reliable and adequate for the preparation of its financial statements.**

185. The comments of UNRWA are reflected in paragraph 25 of the Board's report for the year ended 31 December 2012.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

186. **In paragraph 29, UNRWA agreed with the Board's recommendation that it: (a) ensure that the implementation of the new enterprise resource planning system takes into consideration the full automation of all critical processes, including the generation of financial statements; and (b) enhance the process of managing versions of accounting information produced for end-users to avoid the confusion caused by differing naming conventions and inaccurate aggregation of data.**

187. The comments of UNRWA are reflected in paragraph 30 of the Board's report for the year ended 31 December 2012.

Department responsible:	Department of Enterprise Resource Planning
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

188. **In paragraph 33, UNRWA agreed with the Board's recommendation that it develop a strategy for the recovery of the long-outstanding value-added tax receivable.**

189. The comments of UNRWA are reflected in paragraph 34 of the Board's report for the year ended 31 December 2012.

Department responsible:	Department of Legal Affairs
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

190. **In paragraph 37, the Board recommended that UNRWA consider reviewing the existing policy and establish levels of write-off power designating a different authority, preferably the Advisory Committee on Internal Oversight, to sanction write-offs whenever the amount involved is significant.**

191. The Advisory Committee on Internal Oversight has no operational authority within UNRWA and would not be the appropriate body to authorize write-off. UNRWA reviewed the existing policy concerning authority for write-off. The current policy states that authority for write-off is delegated by the Commissioner General to the Director of Finance. Any requests for write-off presented to the Director of Finance are first reviewed and approved by the Chief of the Accounts Division. Full transparency for write-offs is attained in that all write-offs are reflected in the monthly financial statements of UNRWA, which are reviewed by the Commissioner General, and the annual audited financial statements, which are endorsed by the Commissioner General. In concluding its review of write-off authorities, UNRWA found that the current level of write-off power is appropriate and it does not agree with this recommendation.

Department responsible:	Department of Finance
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

192. **In paragraph 41, the Board reiterated its previous recommendation that UNRWA develop a funding strategy to enable it to honour all its end-of-service liabilities.**

193. UNRWA continues to diversify its donor base, focusing on emerging markets, Arab donors, non-traditional donors and private partners, in an effort to increase funding. The Agency is solvent, its total assets exceeding its total liabilities. As the settlement of its liabilities is linked to the solution of the Palestine refugee issue and to the mandate of UNRWA, recommendations related to end-of-service liabilities should be made by the General Assembly of the United Nations, from which UNRWA receives its mandate.

Department responsible:	External Relations and Communications Division
Status:	Not accepted
Priority:	High
Target date:	Not applicable

194. **In paragraph 49, UNRWA agreed with the Board's recommendation that it consider the revision of all service contracts to clearly specify their start and completion dates in order to ensure compliance and enforceability.**

195. UNRWA stated that it agreed with the recommendation, while noting that it did not consider this to be a systemic Agency-wide problem and that broad inferences had been drawn from a very small localized sample in just one of the five fields of operation of UNRWA.

196. UNRWA further stated that the vast majority of its service contracts had dates of duration and that there were situations where start and finish dates were not appropriate or necessary for contract implementation.

Department responsible:	Department of Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

197. **In paragraph 55, UNRWA agreed with the Board's recommendation that it: (a) ensure that pre-bid site visits and the subsequent pre-bid meetings are conducted with a view to the transparent, fair and competitive tendering of all major/complex contracts; and (b) ensure that whenever a pre-bid site inspection/pre-bid meeting is not practicable the rationale is properly documented.**

198. The comments of UNRWA are reflected in paragraph 56 of the Board's report for the year ended 31 December 2012.

Department responsible:	Department of Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

199. **In paragraph 62, the Board recommended that UNRWA develop a clear mechanism for monitoring supplier performance during the contract period.**

This will ensure compliance with regulations and will give management assurance that poor supplier performance is being addressed.

200. The comments of UNRWA are reflected in paragraph 63 of the Board's report for the year ended 31 December 2012.

Department responsible:	Department of Administration
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

201. **In paragraph 67, the Board recommended that UNRWA continue to review the process of granting waivers and that it remind staff of the need to ensure that they are in line with the requirements set out in the procurement manual.**

202. The comments of UNRWA are reflected in paragraph 68 of the Board's report for the year ended 31 December 2012.

Department responsible:	Department of Administration
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

203. **In paragraph 72, UNRWA agreed with the Board's recommendation that it: (a) continue to mobilize resources to prevent buildings in bad condition from further deteriorating; (b) prepare a comprehensive long-term asset management plan for its buildings in need of repair, as identified in the valuation report; and (c) develop an assets repair and maintenance policy.**

204. UNRWA has not stopped at spending the $1 million mentioned in the observation contained in paragraph 71 of the Board's report but has continued since then to mobilize resources and repair buildings in accordance with the priorities for each field.

205. UNRWA will continue to undertake repairs in accordance with the priorities identified in its assessment. The asset management plan is for UNRWA to undertake repairs as it receives money and to continue monitoring and assessing the situation on a regular basis.

206. UNRWA is drawing up a policy paper that will be submitted for consideration by the management in 2014. In July 2013, UNRWA held a technical workshop with representatives of the staff of the Department of Infrastructure and Camp Improvement who are involved in building maintenance in all the fields, in order to obtain their input for policy development and a review of the relevant technical instructions.

Department responsible:	Department of Infrastructure and Camp Improvement
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

207. **In paragraph 74, UNRWA agreed with the Board's recommendation that it: (a) assign specific officers responsibility for inspecting property and issue a directive to prepare and maintain reports for all inspections undertaken; and (b) prepare an inspection plan for approval by the responsible heads of field engineering departments.**

208. Field property inspectors are required to complete annual inspections of 100 per cent of the Agency's capital assets and 5 per cent of items identified as being attractive and hence more susceptible to theft or misuse. They are not qualified to make engineering condition reports on buildings. This is the responsibility of the engineering and construction services departments in the fields, which make annual maintenance inspections of UNRWA premises in accordance with Technical Instruction No. 2.

Department responsible:	Department of Infrastructure and Camp Improvement
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

209. **In paragraph 79, the Board recommended that UNRWA reconcile the general ledger and the asset register on a regular basis to ensure that the assets reported in the financial statements tally with the asset register.**

210. The Department of Finance is coordinating with the Department of Enterprise Resource Planning to automate the financial statements and other critical notes in the current system. In addition, the new enterprise resource planning system incorporates the report of the Board of Auditors in order to reconcile the fixed assets system with the general ledger. It is planned to implement the changes to the current system in the third quarter of 2013; the planned enterprise resource planning changes will be made in the third quarter of 2014.

211. Manual reconciliations have been completed up until the end of June 2013.

Department responsible:	Department of Finance
Status:	Implemented
Priority:	High
Target date:	Not applicable

212. **In paragraph 82, UNRWA agreed with the Board's recommendation that it endeavour to the best of its ability to obtain relevant documents to substantiate the right to use buildings and plots of land.**

213. UNRWA accepts the recommendation and will endeavour to the best of its ability to obtain the relevant documents.

Department responsible:	Department of Legal Affairs
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

214. **In paragraph 88, the Board recommended that UNRWA: (a) expedite the process of developing the inventory policy in order to enhance IPSAS compliance; and (b) assess the closing value for non-inventory to ensure compliance with International Public Sector Accounting Standard 12.**

215. Regarding part (a) of the recommendation, representatives of the Department of Finance and the Procurement and Logistics Division have already been meeting in order to work out a new policy to address this issue in the enterprise resource planning system that is scheduled to come into operation in mid-2014.

216. Regarding part (b) of the recommendation, UNRWA has previously noted that its current information and technology (IT) system does not capture data on items treated as non-inventory for procurement purposes, as these are "expensed" upon receipt and under previous accounting rules were considered as issued to the end user when in fact they sometimes remained in the Agency's warehouses pending final issue. In effect, they moved from being accounted for using the Ramco IT warehouse management platform to being accounted for under a separate paper system. This will change once the new enterprise resource planning platform is introduced, allowing for detailed stock checking and reporting.

Department responsible:	Department of Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

217. **In paragraph 91, UNRWA agreed with the Board's recommendation that it: (a) establish a structured investment review committee and ensure that its proceedings are recorded and maintained; and (b) expedite the development of a hedging policy and strategy to guide the treasurer on hedging and the proper management of currency risks.**

218. Regarding part (a) of the recommendation, UNRWA will establish an investment review committee. At the same time, UNRWA notes that the estimate of invested funds has been overstated by several orders of magnitude, as it has been multiplied by the number of months during which the funds were invested. UNRWA maintains a cash balance equivalent to between one and two months of its expenditure requirement. Instead of keeping these balances in its normal demand bank accounts, UNRWA places them on very short-term deposit in banks with advantageous interest rates (multiple quotations are solicited), normally for a period of one month. They are liquidated immediately upon requirement. Short-term deposits at the field level are used to finance Agency operations. In some cases, UNRWA has maintained funds for from one to three months of its operations at the field level as a safeguard in the event of emergencies. This cannot be avoided in view of the uncertainties in the region and in the fields. In some cases, the funds were held in currencies other than the United States dollar in order to settle the hedging contract maturing in the months following receipt of the amount. While the Agency does not under normal circumstances possess investible funds or enjoy investment options, in view of its financial circumstances and in the light of market conditions, it will organize a formal meeting of an investment review committee in the third quarter of 2013.

219. Regarding part (b) of the recommendation, UNRWA will make sure that the hedging policy is updated and approved by all the relevant stakeholders. A draft policy was released in May 2013.

Department responsible:	Department of Finance
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

220. **In paragraph 96, UNRWA agreed with the Board's recommendation that it: (a) formalize its results-based-management results review processes in a policy or organizational directive; (b) ensure that the results review process takes place as envisaged at midyear and on an annual basis; and (c) ensure that measures are implemented to support alternative means of collecting performance data from the Syrian Arab Republic field office, for example through the Internet.**

221. The comments of UNRWA are reflected in paragraph 97 of the Board's report for the year ended 31 December 2012.

Department responsible:	Department of Planning
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

222. **In paragraph 101, UNRWA agreed with the Board's recommendation that it: (a) set a time frame for establishing an information and communications technology (ICT) steering committee to oversee the implementation and operation of ICT-related functions; (b) develop a business case for deploying an electronic documents management system that will act as a key central repository accessible anywhere and at any time; and (c) set a time frame for and expedite the merging of the Ramco application support unit under the Finance Department with the application support unit under the Information Systems Division.**

223. UNRWA agrees with this recommendation and preliminary discussions on implementing it are under way.

224. UNRWA confirms that it is planning to undertake a feasibility study. However, the actual schedule has been affected by the extension of the review of the blueprint for the enterprise resource planning project.

225. UNRWA will merge the Ramco application unit into the Information Systems Division.

Department responsible:	Department of Administration
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

226. **In paragraph 112, UNRWA agreed with the Board's recommendation that it: (a) continue monitoring the loan portfolio in the Syrian Arab Republic with a view to improving its operational self-sufficiency to a level that would enable it to cover its operational costs; (b) improve controls by establishing a loan review committee for the management of loans receivable; and (c) ensure that the general controls of the loans management information system are adequate for the mitigation of ever-growing business risks.**

227. The comments of UNRWA are reflected in paragraph 113 of the Board's report for the year ended 31 December 2012.

Department responsible:	Microfinance Department
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

228. In annex I to its report for the year ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Of the 36 recommendations issued, 26 (72 per cent) were deemed by the Board to be fully implemented and 10 (38 per cent) were under implementation.

229. The situation as of July 2013 of the 10 recommendations under implementation is summarized in table 12.

Table 12
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Department of Administrative Services	5	–	3	2	2	–
Department of Finance	1	–	–	1	1	–
Department of Internal Oversight Services	2	–	1	1	1	–
External Relations and Communications Division	2	1	1	–	–	–
Total	**10**	**1**	**5**	**4**	**4**	**–**

Report of the Board for the biennium ended 31 December 2011[8]

230. **In paragraph 44, the Board reiterated its previous recommendation that UNRWA strengthen its controls regarding the preparation and review of its financial statements.**

231. Detailed and clear monthly/yearly instructions and timetables for the closure of accounts and the preparation of financial statements have been implemented. Additionally, the Agency has made changes to its financial statement grouping schedule in accordance with IPSAS requirements and is in the process of updating the financial statement coding in the current Ramco system so that the financial statements may be automatically generated from the system and manual adjustments are eliminated.

    Department responsible: Department of Finance

    Status: In progress

    Priority: High

    Target date: Third quarter of 2013

232. **In paragraph 55, the Board recommended that UNRWA develop a funding strategy to enable it to honour all of its end-of-service liabilities.**

233. Reference is made to the comments of UNRWA in paragraph 193 above relating to the recommendation in paragraph 41 of the Board's report for the year ended 31 December 2012.

    Department responsible: External Relations and Communications Division

    Status: Not accepted

    Priority: High

    Target date: Not applicable

234. **In paragraph 73, the Board recommended that UNRWA implement streamlined project monitoring tools to enable its project managers to monitor the implementation of projects at headquarters and in the field.**

235. UNRWA developed a project tracking report and a results-based management report in 2012 which enable project managers to monitor the implementation of projects.

    Department responsible: External Relations and Communications Division

    Status: Implemented

    Priority: High

    Target date: Not applicable

236. **In paragraph 82, UNRWA agreed with the Board's recommendation that it: (a) allow for adequate tender submission time frames in accordance with the Procurement Manual; (b) provide clarity on what constitutes "due cause"; and (c) instruct field offices to institute adequate procurement planning.**

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[8] A/67/5/Add.3, chap. II.

237. UNRWA believes it has addressed this recommendation by means of the reissuance of version 2 of the Procurement Manual in August 2012, as follows: (a) tenders are to comply with the revised Procurement Manual guidance on submission times, except in rare cases, and the basis for variations is to be adequately documented; (b) revisions to the "due cause" clause for reduced tender submission time frames were considered. As indicated to the Board, the factors that might constitute due cause are so varied that the clause might become unduly restrictive and might not cover all eventualities. After review it was determined to retain the clause as written but to strengthen the documentation required to support the decision of the Chief, Procurement and Logistics Division for audit purposes; and (c) procurement planning is conducted in accordance with the provisions of version 2 of the Procurement Manual.

Department responsible:	Department of Administration
Status:	Implemented
Priority:	High
Target date:	Not applicable

238. **In paragraph 90, UNRWA agreed with the Board's recommendation that it implement adequate reviews of waivers to ensure that proper procurement guidelines and processes are adhered to by all divisions and that waivers are granted only for genuine cases of exigency.**

239. UNRWA agrees with the recommendation and considers it implemented. Since the Board's recommendation the previous year regarding waivers, with which UNRWA only partially agreed, UNRWA has rewritten and reissued the provisions regarding waiver documents in version 2 of the Procurement Manual. It also introduced a revised waiver form and included functionality in VLS that allows the reasons for waivers to be systematically recorded and analysed.

Department responsible:	Department of Administration
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

240. **In paragraph 95, UNRWA agreed with the Board's recommendation that it enforce compliance with procurement procedures.**

241. The Chief, Procurement and Logistics Division met with the heads of buying sections and the heads of the Field Procurement and Logistics Office regularly to discuss procurement procedures and policies. The version 2 of the Procurement Manual was distributed in August 2012 and the staff concerned have been briefed.

Department responsible:	Department of Administration
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

242. **In paragraph 118, UNRWA agreed with the Board's recommendation that it enhance its supply manual to address the inconsistent procedures applied by**

its field offices in issuing inventories and that it address the gaps identified in the process of issuing inventories.

243. UNRWA is transitioning to a new enterprise resource planning/SAP platform in mid-2014. This will address the inconsistent application of supply procedures by different fields as the system will support all inventory management transactions.

Department responsible:	Department of Administration
Status:	In progress
Priority:	High
Target date:	Third quarter of 2014

244. **In paragraph 158, UNRWA agreed with the Board's recommendation that it: (a) clearly define the responsibility for plan testing and process backlog initiation in its disaster recovery plan; (b) finalize and approve the plan; and (c) develop and approve a business continuity plan.**

245. The deployment of new backup technology and a disaster recovery plan for the headquarters enterprise data centre is currently in progress.

Department responsible:	Department of Administration
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

246. **In paragraph 171, the Board recommended that UNRWA develop plans to expedite the process of recruiting the Director of Internal Oversight Services.**

247. A permanent Director of the Department of Internal Oversight Services has been recruited and will take up the post in mid-October 2013.

Department responsible:	Department of Internal Oversight Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

248. **In paragraph 178, the Board recommended that UNRWA prioritize the implementation of internal audit recommendations, with emphasis on high-risk areas identified by internal audit.**

249. The Department of Internal Oversight Services has implemented an audit recommendation follow-up process that focuses the management's attention on recommendations in areas of highest risk. A standard operating procedure for audit recommendation follow-up has been drafted and it is expected that it will be distributed to the senior management in the third quarter of 2013 for comment.

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

VI. Voluntary funds administered by the Office of the United Nations High Commissioner for Refugees

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2012[9]

250. The status of implementation of the main recommendations as of July 2013 is summarized in table 13.

Table 13
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division of Emergency, Security and Supply	4	–	–	4	4	–
Division of Financial and Administrative Management	2	–	1	1	1	–
Executive Office	1	–	–	1	1	–
Total	**7**	**–**	**1**	**6**	**6**	**–**

251. The status of implementation of all recommendations as of July 2013 is summarized in table 14.

Table 14
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division of Emergency, Security and Supply	16	–	–	16	16	–
Division of Financial and Administrative Management	7	–	1	6	6	–
Division of Programme Support and Management	2	–	–	2	2	–
Executive Office	1	–	–	1	1	–
Office of the Inspector General	1	–	–	1	1	–
Total	**27**	**–**	**1**	**26**	**26**	**–**

252. **In paragraph 26, UNHCR agreed with the Board's recommendation that it review the level of assets currently held to ensure that they are not excessive in relation to foreseeable requirements.**

253. UNHCR is continuously reviewing the level of assets held to avoid excessive levels. This includes monitoring contributions receivable and follow-up of

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[9] A/68/5/Add.5, chap. II.

outstanding cases, monitoring of the cash balance for operational needs, as well as close monitoring of inventory levels. In the event that the level of inventories becomes excessive, UNHCR will develop a plan of action to adjust it, in line with the foreseeable requirements.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

254. **In paragraph 32, the Board recommended that UNHCR: (a) review and challenge the business need for bank accounts with low levels of transactions; and (b) consider the rationale for maintaining local United States dollar bank accounts, particularly where such transactions could be processed from headquarters.**

255. The Division of Financial and Administrative Management, with field operations and the regional bureaux, will conduct a further review to determine the cause for the number of bank accounts required for UNHCR. While UNHCR has implemented fully centralized payments capabilities, routing payments from the field locations through headquarters bank accounts, United States dollar bank accounts have still to be maintained to accommodate some payments, in compliance with various policy instructions.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2014

256. **In paragraph 38, the Board reiterated its previous recommendation that UNHCR: (a) implement appropriate high-level financial controls for monitoring activities in the field, including the standardization of control frameworks for similar types of transactions, and review its existing accountability structures to ensure that an appropriate internal control framework exists and is in operation; and (b) benchmark its accountability structure against those of similar devolved organizations, working towards a framework that meets operational needs while enhancing accountability and control.**

257. A consultant has been engaged to assist UNHCR to review the internal financial control framework of the Agency and its application and to benchmark existing practices against those of similar devolved organizations. UNHCR plans to address the gaps in internal controls, particularly at the field level, by reviewing its delegation of authority plan. The Office of Internal Oversight Services is currently conducting an audit of the delegation of authority system at UNHCR.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

258. **In paragraph 40, UNHCR agreed with the Board's recommendation that it establish the required number of posts for suitably qualified personnel within its finance and project control functions in the field.**

259. UNHCR agrees with this recommendation but is constrained by the availability of financial resources. In 2013, 50 Finance, Administrative/Finance and Project Control positions in the field were approved, to be filled through a phased approach. Of those 50 positions, 24 have effectively been established during 2013. Owing to financial constraints, additional resources could not be provided for the remaining 26 positions, planned for 2014. However, during the 2014 planning process, both the bureaux and operations have been asked to ensure that priority is given to budgeting for the remaining posts.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

260. **In paragraph 43, the Board recommended that UNHCR review its current scheme for the delegation of authority in order to establish a consistent framework for authorizing the write-off or disposal of assets.**

261. In July 2013, UNHCR promulgated revised policy instructions and procedures for Assets Management Boards, inter alia, introducing harmonized and consistent thresholds for authorization of the disposal of different types of assets.

Department responsible:	Division of Financial and Administrative Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

262. **In paragraph 51, the Board recommended that UNHCR: (a) review its procedures for the management of inventory throughout the organization to ensure that they remain appropriate for the operating environments; (b) identify and address the reasons for the widespread non-compliance with current inventory procedures; and (c) develop and implement revised inventory procedures to ensure that physical inventory and the accounting records remain up-to-date and reliable.**

263. UNHCR has started to review the current procedures related to inventory and warehouse management and the reasons for non-compliance. On the basis of this review, UNHCR will develop and issue revised procedures for inventory

management, ensuring inter alia that physical inventory and accounting records are up-to-date and reliable throughout the year. This approach will be complemented by training.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

264. **In paragraph 53, the Board recommended that, in order to maintain accurate inventory accounting records throughout the year, UNHCR implement a monthly or at least a quarterly stocktaking regime, including a full reconciliation of its inventory with the accounting system.**

265. Instructions on monthly verifications of inventories have been issued effective June 2013 requesting all representatives in the field to ensure that a monthly reconciliation between stock cards and accounting records is performed for all warehouses. In addition, all field offices will be required to conduct a mandatory physical count of inventories on a quarterly basis, from the third quarter of 2013.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

266. **In paragraph 55, the Board recommended that UNHCR perform a review of low-value inventory holdings to ascertain whether there is a genuine business need to maintain them.**

267. UNHCR has analysed the flows and stocks at all its warehouses and has identified those that could potentially be closed because of their low-value inventory holdings. The operational need for maintaining warehouses with low-value inventory holdings is also being assessed. The final decision on the closing or maintaining of these warehouses will be taken in coordination with the Division of Emergency, Security and Supply and the bureaux.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

268. **In paragraph 57, the Board recommended that UNHCR enhance its inventory management systems to support more informed replenishment decisions, including by alerting supply officers when inventory levels are below a designated minimum level and directing supply officers to the most efficient replenishment option.**

269. UNHCR will enhance its inventory management systems by developing new procedures to guide field operations in assessing the needs for core relief items for future periods (years, semesters, etc.); establishing safe stock levels; and opting for

a replenishment model (i.e. local or global headquarters procurement; stock transfers between local warehouses or delivery from global stockpiles). The procedure will be included in the annual UNHCR planning instructions and guidelines.

Department responsible: Division of Emergency, Security and Supply

Status: In progress

Priority: High

Target date: Fourth quarter of 2014

270. **In paragraph 59, the Board recommended that UNHCR, in order to achieve more efficient use of resources, develop and regularly update an organizational inventory procurement plan that (a) considers both local and centrally managed requirements for standard inventory items; and (b) is based on past experience with demand and the most likely scenarios, while also maintaining the required level of buffer inventory.**

271. To achieve more efficient use of resources, UNHCR will develop new procedures to guide field operations in determining annual purchase needs and the replenishment decision process for core relief items. The annual procurement plan will include both locally and centrally procured core relief items, and will consider past experience as well as forecasts based on different scenarios and determined inventory buffers.

Department responsible: Division of Emergency, Security and Supply

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2014

272. **In paragraph 64, the Board recommended that UNHCR develop an inventory performance report dashboard with measurable key performance indicators for management review on a monthly basis.**

273. UNHCR is in the process of developing an inventory performance dashboard with key performance indicators against which field operations will have to report on a monthly basis.

Department responsible: Division of Emergency, Security and Supply

Status: In progress

Priority: Medium

Target date: Third quarter of 2013

274. **In paragraph 68, the Board recommended that UNHCR: (a) designate a senior risk officer with a clear mandate to implement the updated anti-fraud strategic framework; (b) perform a comprehensive fraud risk assessment to identify its main areas of risk exposure; and (c) define its tolerance for the different types of fraud risk identified.**

275. The implementation of the fraud risk assessment will be undertaken as part of the global process of enterprise risk management which will be developed under the

leadership of the Senior Risk Manager. This should enable the organization to group the risk exposure by fraud type, and the tolerance of each fraud risk will be determined by the senior management committee or by a senior-level committee responsible for overseeing UNHCR enterprise risk management.

Department responsible: Executive Office

Status: In progress

Priority: High

Target date: Fourth quarter of 2014

276. **In paragraph 74, the Board recommended that UNHCR seek an appropriate comprehensive independent review of the investigation function of the Inspector General's Office, to include follow-up to the previous peer review recommendations and to benchmark its current practice against appropriate standards.**

277. A suitable agency will be identified to carry out a comprehensive review of the investigation function of the Inspector General's Office, in accordance with the recommendation.

Department responsible: Office of the Inspector General

Status: In progress

Priority: Medium

Target date: First quarter of 2014

278. **In paragraph 76, the Board recommended that UNHCR require country representatives to conduct fraud risk assessments in relation to all implementing partners as part of its overall risk-based approach.**

279. UNHCR is developing a policy and guidelines on project risk management, which include: a methodology for fraud risk assessment for projects implemented by partners; the establishment of appropriate controls for the prevention of fraud; and enhancing the requirement of ethical conduct on the part of partners' personnel. They are being developed and will be implemented in conjunction with the UNHCR enterprise risk management approach.

Department responsible: Division of Financial and Administrative Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2014

280. **In paragraph 82, the Board recommended that UNHCR: (a) analyse biannual activity reports in conjunction with financial reports to monitor how costs relate to activities carried out and to better assess whether the implementing partner is on track to meet its targets or whether UNHCR needs to intervene; and (b) more closely align instalment payments with the implementing partner's planned activities and service delivery to minimize inefficiencies or delays in programme delivery due to fluctuations in funding.**

281. UNHCR will develop procedures and implement enhanced control mechanisms related to the release of instalment payments to implementing partners in order to ensure that they are in accordance with the activities performed. Tools for analysis of the implementation rate will also be put in place.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

282. **In paragraph 88, the Board recommended that UNHCR revise its chart of accounts to separate vehicle costs from other inputs, and that it clearly communicate this change through guidance and training of staff.**

283. The Division of Emergency, Security and Supply, in coordination with the Division of Financial and Administrative Management, is in the process of reviewing the UNHCR chart of accounts to determine the accounts required relating to vehicle costs.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

284. **In paragraph 89, the Board recommended that UNHCR expedite its planned completion of IPSAS transitional arrangements to bring all vehicles onto the asset registers to better capture residual values and impairment.**

285. UNHCR will review the extent to which the IPSAS transitional arrangements relating to property, plant and equipment, and specifically vehicles, can be expedited.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

286. **In paragraph 93, the Board recommended that UNHCR: (a) compile a fleet management manual by the end of 2014, consolidating extant office memorandums and addressing key gaps in coverage, including the fleet management practices to be followed at the country level; and (b) establish a policy that country fleets exceeding 30 vehicles should be managed by staff qualified in the areas of logistics and fleet management.**

287. UNHCR will compile a comprehensive fleet management manual addressing key gaps in coverage. The first version of the manual is expected to be available in December 2014 and annual updates will follow. The manual will include a policy requiring that country fleets exceeding a determined size be managed by qualified staff.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

288. **In paragraph 94, the Board recommended that UNHCR deploy a standard vehicle fuel consumption and maintenance cost analysis tool to all country offices by the end of 2013, in the form of either a global fleet management project input template or an offline spreadsheet.**

289. UNHCR has selected fleet management software for global fleet management that will provide the functionality of tracking and analysing fuel consumption and maintenance costs. However, this cost analysis tool will be available only towards the second quarter of 2014.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

290. **In paragraph 98, the Board recommended that the UNHCR Division of Emergency, Security and Supply establish sufficient capacity to manage the accumulated backlog of disposals, prioritizing disposal markets and country fleets with the highest likely resale values.**

291. UNHCR is in the process of identifying potential vehicles for sale and the Division of Emergency, Security and Supply will select field operations with backlogs of vehicles to be disposed of and provide them with targeted support to expedite the process. While good progress on implementing the Board's recommendation has already been achieved, this activity will receive further attention until the end of 2013 and beyond.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

292. **In paragraph 100, the Board recommended that, in assuming the lead responsibility for vehicle acquisition and choices, the UNHCR Division of Emergency, Security and Supply: (a) use data on UNHCR utilization by vehicle type to identify and withdraw underused models; and (b) set the objectives of reducing the number of models in the fleet and of selecting standard models, taking into account cost-of-use data, availability criteria and the views of country teams, particularly lead drivers.**

293. UNHCR is in the process of compiling a vehicle catalogue with the aim of reducing and standardizing the types and models of vehicles used.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

294. **In paragraph 103, the Board recommended that UNHCR maintain information on vehicle utilization levels across the country network to provide a basis for consideration of redeployment between country operations.**

295. UNHCR will support the country operations on a case-by-case basis to identify vehicles that can be considered for redeployment between country operations. In the longer term, a vehicle tracking facility will progressively be installed in all vehicles that will permit a comprehensive and systematic review of their utilization level for consideration of their redeployment as needed.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

296. **In paragraph 105, the Board recommended that UNHCR include in the new fleet management manual guidance on how to assess alternatives to the use of distant garages when remote servicing can result in excessive mileage, extended vehicle downtime and high transit costs. Guidance should include requirements for: (a) periodic testing of local markets for the availability of closer commercial maintenance facilities of the requisite standard; (b) periodic review of the scope for United Nations agencies, non-governmental organizations and implementing partners to procure maintenance collectively, to leverage greater bargaining power or attract reliable operators to open facilities nearby; and (c) consideration of the maintenance of a stock of oil and filters at the field office level, to enable the most basic (category A) servicing to take place in the field.**

297. As part of the global fleet management project, UNHCR plans to launch a project on the monitoring and optimization of maintenance costs. Once that project has been completed, guidance on preferable options for the maintenance of vehicles will be included in the updated fleet management manual.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

298. **In paragraph 107, the Board recommended that if the global fleet management project does not proceed according to the timetable, UNHCR must evaluate its insurable risks and provide either a proper self-insurance fund or commercial insurance to meet them.**

299. The global fleet management project is proceeding according to the timetable. Insurance options for vehicles are currently being explored and analysed by UNHCR.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

300. **In paragraph 109, the Board recommended that as part of the global fleet management project UNHCR develop a vehicle safety section within the fleet management manual (a) emphasizing the need for the proactive management of vehicle safety in country offices and (b) requiring the quarterly analysis of driver performance on the basis of satellite tracking data, such as excessive maximum and average speeds, excessive driving hours and vehicle use outside working hours.**

301. With regard to part (a) of the recommendation, UNHCR will include a section on proactive management of vehicle safety in the global fleet management manual planned for the end of 2014. With regard to part (b) of the recommendation, UNHCR is in the process of equipping vehicles with a tracking facility, thus allowing a gradual increase in the analysis of driver performance. It is planned that all vehicles will be equipped with the tracking facility in the long term.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

302. **In paragraph 113, the Board recommended that UNHCR consider the case for providing central guidance to country teams on cost-effectiveness criteria in health services. The Board is willing to work with UNHCR to inform its consideration of how it might do this before committing to any particular measurement framework or approach.**

303. UNHCR takes note of this recommendation and will work with the Board to explore possible ways of providing central guidance to country teams based on existing and universally agreed upon cost-effective health-care interventions, and assess whether such a measurement framework or approach could be applied to UNHCR.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

304. **In paragraph 117, the Board recommended that UNHCR consider the wider application of its health scorecard system across the country network.**

305. UNHCR has conducted some 20 balance scorecard assessments in UNHCR health clinics in eight countries. A further roll-out will be conducted during the second half of 2013 in additional operations and in UNHCR-supported health clinics.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

306. In the annex to its report for the year ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Of the 52 recommendations issued, 12 (23 per cent) were deemed fully implemented by the Board and 40 (77 per cent) were in progress.

307. The situation as of July 2013 of the 40 recommendations that were in progress is summarized in table 15.

Table 15
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Emergency, Security and Supply	19	–	13	6	6	–
Division of Financial and Administrative Management	12	–	–	12	12	–
Division of International Protection	1	–	–	1	–	1
Division of Programme Support and Management	7	–	4	3	2	1
Executive Office	1	–	–	1	1	–
Total	**40**	**–**	**17**	**23**	**21**	**2**

Reports of the Board for prior financial periods

308. **In chapter II, paragraph 107 of document A/66/5/Add.5, UNHCR accepted the Board's recommendation that, as a matter of urgency, it establish a simple organization-wide risk management approach, building on existing reporting arrangements.**

309. UNHCR is on track with the implementation of enterprise risk management as initially planned. A risk register and simple enterprise risk management framework

were developed in 2012. Global implementation of enterprise risk management will continue in 2013 and will be strengthened throughout 2014.

Department responsible:	Executive Office
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

310. **In chapter II, paragraph 104 of document A/66/5/Add.5, UNHCR agreed with the Board's recommendation that it re-establish and entrench the principles laid down in its own guidance by establishing at the country level a policy clearly specifying the circumstances in which country operations should normally commission programme and project evaluations, and requiring explicit planning and budgeting for evaluation during project design.**

311. The evaluation function in UNHCR has been the subject of an examination by the Office of Internal Oversight Services, which recommended strengthening the programme evaluation function. The modalities of the implementation of this recommendation will be finalized with the new Head of Evaluation, when appointed.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

312. **In chapter II, paragraph 114 of document A/66/5/Add.5, the Board recommended that UNHCR review the various approaches to project tracking across its network in order to identify best practices with wider applicability and assess compatibility with the corporate information technology strategy.**

313. UNHCR has continued to develop results-based management software, Focus 2, although with significant delays after the initial service provider was unable to complete the work within the agreed time frame. New functionalities for Focus 2 came into effect as of June 2013. Discussions are currently under way to decide on the best way forward for further system development.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Ongoing

314. **In chapter II, paragraph 34 of document A/66/5/Add.5, the Board recommended that UNHCR enhance its monthly financial closure processes to include, for example, documented review and validation of asset and liability balances, review of income and expenditure against budgets, and sign-off by the relevant responsible officers at headquarters and in the field on the components of the trial balance for which they are responsible.**

315. UNHCR has developed a systematic review and validation process for key financial statement parameters both at headquarters and in the field, for review and sign-off by nominated responsible officers. The month-end closure procedures have been enhanced and the chapter on financial management in the UNHCR Manual will be revised to include these procedures.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

316. **In chapter II, paragraph 150 of document A/66/5/Add.5, the Board recommended that UNHCR make it an explicit requirement that a comparative assessment against a "do-minimum" or "no-change" base option be included in each of the action plans it produces for internal and donor consideration on tackling protracted refugee situations. The purpose is to enable UNHCR to measure the value to be gained from the proposed solution, and does not imply that UNHCR should consider a "do-minimum" or "do-nothing" option acceptable.**

317. UNHCR will continue to make its best efforts to implement this recommendation. In line with its mandate to seek solutions, UNHCR will actively pursue, where opportunities arise, the design and implementation of comprehensive solutions strategies.

Department responsible:	Division of International Protection
Status:	In progress
Priority:	Medium
Target date:	Ongoing

318. **In chapter II, paragraph 154 of document A/66/5/Add.5, UNHCR agreed with the Board's recommendation that its guidance for country offices on designing durable solutions be supplemented with concise checklists, compiled in the light of project experience, to help country teams better identify and budget for the costs that regularly arise in durable solutions.**

319. The release of the revised UNHCR Handbook for Repatriation and Reintegration Activities is planned for the third quarter of 2013. It will be greatly reduced in size, focusing on the provision of user-friendly and concise checklists.

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

320. **In chapter II, paragraph 73 of document A/66/5/Add.5, the Board recommended, as a matter of priority, that UNHCR: (a) review and cleanse its accounting records, including all asset and liability balances; and (b) enhance its month-end closure procedures in order to fully reconcile all accounts and maintain the integrity of accounting records.**

321. Part (a) of the recommendation has been implemented. Part (b) is being addressed through enhanced month-end closure procedures, which will be included in the revised chapter on financial management of the UNHCR Manual. The delay in implementation is due to the priority given to the implementation of IPSAS, in particular to ensure that opening balances were properly stated.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

322. **In chapter II, paragraph 92 of document A/66/5/Add.5, the Board recommended that UNHCR streamline its performance measurement to focus on mission-critical activities in a more comprehensive way, embracing output volumes, service quality and efficiency of delivery. The prioritization of activities is a managerial responsibility, but criteria should include financial materiality, or the extent to which activities are planned to materially benefit major populations of concern.**

323. UNHCR streamlined its performance measurement on the basis of an in-depth review of the performance elements in the results framework — the formulation of outputs and performance indicators. The prioritization of activities in field operations is driven by key considerations linked to optimizing impact on the protection and well-being of the persons of concern with the resources available.

Department responsible:	Division of Programme Support and Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

324. **In chapter II, paragraph 99 of document A/66/5/Add.5, the Board recommended that UNHCR develop comparative and cost-based information to improve the evidence base for allocation decisions and provide a stronger link to enforce accountability. Particular emphasis should be placed on allowing for comparisons between country operations, on the relative contributions made by UNHCR to changes in the conditions of populations of concern, and on linking financial and output data to assess efficiency and cost-effectiveness.**

325. The development of Global Focus Insight, the organization's new business analysis tool, was completed in May 2013 and it is now fully operational. The new tool enables the linking of performance information with financial information on expenditure to assess efficiency and cost-effectiveness.

Department responsible:	Division of Programme Support and Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

326. **In chapter II, paragraph 100 of document A/66/5/Add.5, the Board recommended that UNHCR develop a summarized scorecard to enhance senior management review of performance and risks at the country and corporate levels, aligned with the development of Focus, in support of the implementation of results-based management.**

327. Global Focus Insight provides senior management with analytical dashboard views of performance at all levels of the organization.

Department responsible:	Division of Programme Support and Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

328. **In chapter II, paragraph 117 of document A/66/5/Add.5, the Board recommended that UNHCR adopt a risk-based approach to managing partners on the basis of clearly defined requirements, objective and well-evidenced risk assessment of partners, and robust arrangements to monitor its consistent application by country offices.**

329. UNHCR is in the process of developing a new risk-based approach to managing partners. This includes developing policies, procedures and tools related to partner selection/retention, project agreement, project monitoring and verification, project closure and project audit.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

330. **In chapter II, paragraph 127 of document A/66/5/Add.5, UNHCR agreed with the Board's recommendation that the range of indicators used in partner agreements be broadened through revised guidance and that performance frameworks be subjected to management authorization before agreements are signed.**

331. The range of indicators used in partner agreements has been broadened with additional indicators. UNHCR will keep the results framework under active review in order to ensure that it continues to meet the needs of operations and allows proper and meaningful planning and reporting on results.

Department responsible:	Division of Programme Support and Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

332. **In chapter II, paragraph 26 of document A/67/5/Add.5, the Board recommended that UNHCR: (a) review its working capital requirements, including the adequacy of the $50 million ceiling currently applied to the**

Working Capital and Guarantee Fund; and (b) manage its programmes and cash flows with the aim of maintaining its average unencumbered cash holdings at a level equivalent to no more than two months of expenditure.

333. In respect of part (a) of the recommendation, UNHCR carried out an in-depth review of the adequacy of the $50 million ceiling currently applied to the Working Capital and Guarantee Fund. With the implementation of IPSAS in 2012 it became clear that the net asset/reserve of the Organization is rather high, which has also been noted by the Board in its report for the year ended 31 December 2012. In the light of this situation, UNHCR concluded that it should not increase the ceiling at this stage. However, as the implementation of IPSAS comes to have a further effect on UNHCR operations, and having due regard to this recommendation of the Board, UNHCR will again review the adequacy of the $50 million ceiling currently applied to the Working Capital and Guarantee Fund. In respect of part (b) of the recommendation, the UNHCR unencumbered cash holding balance does not exceed a level equivalent to two months of expenditure, and this level will continue to be maintained.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

334. **In chapter II, paragraph 33 of document A/66/5/Add.5, the Board recommended that UNHCR examine and address the reasons for deficiencies in country office financial management and reporting capacity.**

335. UNHCR carried out a review to identify weaknesses and potential gaps in financial management. Action taken on the basis of the review included the creation of additional positions in the areas of finance, administration/finance and project control. New guidance notes have been issued, additional training has been provided in the field and the regular reporting capacity has been enhanced. The delay in implementation of the recommendation is due to the priority given to the implementation of IPSAS.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

336. **In chapter II, paragraph 30 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it enhance internal financial reporting by developing a thorough understanding of the key information needs at each level of management, including variance analysis and a dashboard of key indicators for senior management, with sufficient narrative to focus attention on areas requiring attention.**

337. UNHCR has worked towards improving its internal financial reporting, taking due account of the points raised by the Board. For this purpose, financial reports and

analysis for senior management have been developed and monthly financial reports for country representatives will be rolled out in the third quarter of 2013.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

338. **In chapter II, paragraph 34 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it analyse the causes of the write-offs and allowances for doubtful accounts recorded in 2011 and introduce monthly reviews of working capital balances in order to safeguard its assets.**

339. UNHCR is continuously analysing the cause of the write-offs and allowances for doubtful accounts in order to strengthen the monitoring of write-off cases. Revised standard operating procedures for the submission of requests for the write-off of monetary assets have been issued in July 2013. Furthermore, UNHCR is continuously monitoring and following up on long-outstanding receivables. The delay in implementation of the recommendation is due to the priority given to the implementation of IPSAS.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

340. **In chapter II, paragraph 39 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it develop appropriate job descriptions and prioritize the recruitment of suitably qualified personnel for appointment to the additional approved finance and project control posts as soon as practicable.**

341. The job descriptions for the 50 approved additional financial and project control positions have been revised. It was planned to fill those positions in the field through a phased approach. The recruitment process for 24 positions has been completed. Owing to resource constraints, additional financial resources could not be provided for the last 26 positions, planned for 2014. However, during the 2014 planning process, bureaux and operations have been asked to ensure that the remaining posts are prioritized and budgeted for, where warranted.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

342. **In chapter II, paragraph 46 of document A/67/5/Add.5, the Board recommended that UNHCR: (a) implement appropriate high-level financial controls for monitoring activities in the field and review its existing accountability structures to identify and ensure that an appropriate internal**

controls framework exists and is in operation; and (b) benchmark its accountability structure against similarly devolved organizations, working towards a framework that meets operational needs while enhancing accountability and control.

343. UNHCR is planning to address gaps in internal controls, including through updating the Delegation of Authority Plan. An internal audit of the Plan was undertaken during 2013 by the Office of Internal Oversight Services. Furthermore, UNHCR engaged a consultant to review the internal financial control framework.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

344. **In chapter II, paragraph 48 of document A/67/5/Add.5, the Board recommended that UNHCR: (a) review and update its current anti-fraud policies and procedures to ensure its fraud detection and monitoring systems are appropriate; and (b) develop comprehensive guidance which addresses anti-money laundering.**

345. Part (a) of the recommendation has been implemented by the issuance in July 2013 of a revised strategic framework for the prevention of fraud and corruption. With regard to part (b) of the recommendation, UNHCR is finalizing a concept paper. UNHCR has consulted with relevant organizations in the United Nations system and with the Finance and Budget Network of the United Nations for guidance on anti-money-laundering.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

346. **In chapter II, paragraph 70 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it review the attributed useful economic lives of assets, giving particular attention to the useful lives of vehicles in the light of the proposed fleet management policy currently under development.**

347. As part of the global fleet management project, UNHCR has reviewed the useful lives of its vehicles, which make up the large majority of its property, plant and equipment. The useful life for light vehicles remains as is, whereas for trucks and buses it will be adjusted, taking into account the technical parameters and conditions in which they are operating.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

348. **In chapter II, paragraph 73 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it: (a) monitor country office compliance with the terms of rights of use agreements; and (b) issue instructions to representatives, re-emphasizing their responsibility to maintain accurate and up-to-date records of UNHCR assets loaned to implementing partners.**

349. UNHCR has provided further guidance to field operations on their responsibilities relating to assets on loan to partners and will continue to include those assets in its yearly physical verification of property, plant and equipment.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

350. **In chapter II, paragraph 56 of document A/66/5/Add.5, the Board recommended that UNHCR intensify its efforts to cleanse the data supporting non-expendable valuations and enhance the guidance and information on asset management provided to country offices. The latter should include guidance on the frequency of local asset management board meetings.**

351. UNHCR has intensified its efforts to assist the country offices in cleansing and validating the data supporting the valuation of their property, plant and equipment and has enhanced its guidance on asset management.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

352. **In chapter II, paragraph 63 of document A/66/5/Add.5, the Board recommended that UNHCR regularly review all inventory items for obsolescence and damage and that it write down the values accordingly.**

353. UNHCR issued an inventory management policy in November 2012, taking into account the recommendation of the Board. Furthermore, a senior supply manager was assigned to monitor regularly the level of stocks in warehouses including obsolete and damaged stock.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

354. **In chapter II, paragraph 77 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that the Supply Management Service use its work in 2011 to: (a) identify any systematic shortcomings in existing systems and working practices, and (b) establish enhanced systems and controls for generating asset data.**

355. UNHCR is analysing the root causes of discrepancies after each asset verification exercise. In addition, monthly verification of inventories was initiated in June 2013. In order to address the root causes identified, several improvements were made in the UNHCR enterprise resource planning system, operating procedures were revised, training workshops are planned and exception reports are being generated for monitoring purposes.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	High
Target date:	Not applicable

356. **In chapter II, paragraph 124 of document A/66/5/Add.5, the Board recommended that UNHCR impose mandatory requirements on its country operations to consistently: (a) document their justifications for partner selection, including explicit consideration of value for money, building on examples of good practice; (b) formally assess the market for alternative partners at regular intervals (with once every five years as the absolute minimum); and (c) consider the alternative of commercial procurement whenever seeking a market-traded service, and document the justification when selecting a non-commercial partner without having tested the market.**

357. The implementation of this recommendation is in progress with the putting into place of procedures and a mechanism for the justification of partner selection, and the formal review of partnership arrangements at regular intervals. The recommendation requires far-reaching action and it will take time to achieve progress.

Department responsible:	Division of Financial and Administrative Management and Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

358. **In chapter II, paragraph 133 of document A/66/5/Add.5, UNHCR agreed with the Board's recommendation that, in developing its new management approach and to help improve consistency, it establish common checklists that can be used by officers in the field to detail the partner visits they undertake. The checklists should emphasize the need for firm action by country offices to tackle partner underperformance, and should require full documentation of the action taken.**

359. To address the recommendation, UNHCR is pursuing a comprehensive approach which includes the analysis of current practice and gaps, the development of a risk-based monitoring approach and supporting tools, a consultation process with the Field Reference Group, piloting the approach in field locations and subsequently developing guidance, training and instructions.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

360. **In chapter II, paragraph 97 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it continue to work to cleanse its asset register, focusing initially on those assets with a residual value.**

361. UNHCR has concentrated the physical verification exercise in 2012 on assets with a residual value. The cleansing of the asset register continues in line with the transitional provision set out in International Public Sector Accounting Standard 17.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

362. **In chapter II, paragraph 106 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that the supply function structure and the accountability lines recommended by the Supply Management Service, already applied in some countries, be applied consistently throughout the UNHCR network.**

363. UNHCR is working to strengthen the lines of accountability for supply staff in the field by establishing a process of joint objective-setting between field operations, local supply staff and the UNHCR Supply Management Logistics Service. The delay in implementation is due to the need to dedicate additional resources to various large projects, as well as to an enhanced focus on inventory and property, plant and equipment management with the implementation of IPSAS during 2012.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

364. **In chapter II, paragraph 120 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it prioritize: (a) improved recording on its enterprise resource planning system (MSRP), by local supply teams or, if this is not achieved, reversion by the Supply Management Service to centralized shipment tracking in order to provide a viable delivery time measure; (b) comparability between the emergency and non-emergency delivery performance measures maintained by the Supply Management Service; (c) capturing aspects of professional competence within the staffing indicator maintained by the Supply Management Service; and (d) cascading the corporate key performance indicators developed by the Supply Management Service to form a basis for country-level reporting on supply performance.**

365. To comprehensively address the recommendation, UNHCR is reviewing the key performance indicators for shipment tracking and is determining measures for emergency as opposed to non-emergency delivery performance. It will enhance the key performance indicators on supply chain competence. These, together with other key performance indicators to be developed, including measures of professional competence, will be consolidated into the standard country-level supply reports.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

366. **In chapter II, paragraph 124 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that in the guidance issued by the Supply Management Service it reiterate the need for country-level supply officers to assess the scope for grouping orders, identifying the most beneficial routes of supply and, where appropriate, the development of national framework agreements.**

367. UNHCR has identified a core set of goods and services for which national framework agreements should be established. In addition, it has developed new standard operating procedures on supply planning, including local procurement planning, grouping orders and, according to the needs of the operation, decision on the type of sourcing.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

368. **In chapter II, paragraph 130 of document A/67/5/Add.5, the Board recommended that UNHCR investigate the potential to institute quantified analysis of warehouse requirements for all major non-food items and material deliveries that are in the pipeline in the MSRP financial management system.**

369. UNHCR has implemented an optimization analysis tool for warehouse requirements and issued instructions and procedures for warehouse network optimization to its representatives, bureaux and supply officers in the field.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

370. **In chapter II, paragraph 131 of document A/67/5/Add.5, the Board recommended that UNHCR require supply staff to verify that there is access to sufficient warehouse capacity before ordering large quantities of goods.**

371. Guidance will be formalized in the revised version of the UNHCR Supply Manual. The Division of Emergency, Security and Supply undertook structural

changes (the separation of supply and procurement management) during 2012, which led to some delays. In addition, some supply resources were allocated to the enhancement of inventory and property, plant and equipment management with the implementation of IPSAS during 2012.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

372. **In chapter II, paragraph 138 of document A/67/5/Add.5, the Board recommended that the UNHCR Supply Management Service: (a) implement its plans to create reliable supplier performance information as quickly as possible; and (b) systematically use this information to manage supplier performance and contracts, and make evidence-based decisions in awarding framework agreements.**

373. UNHCR has created reliable performance information for suppliers and is currently measuring supplier performance through monitoring the quality of the services or goods delivered, the reliability and timelines and of the delivery and price compliance, in accordance with the terms agreed in framework agreements and other contractual instruments. Furthermore, UNHCR is developing an annual vendor evaluation.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	High
Target date:	Not applicable

374. **In chapter II, paragraph 142 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it avoid duplicated and divergent efforts by different country offices by: (a) defining the information to be collated and retained for tracking supplier performance in terms of timeliness, quality and completeness of consignment delivery; and (b) developing an easy-to-use template for supply units to capture such data consistently.**

375. UNHCR has defined the information to be collated to track the timeliness, quality and completeness of delivery, and has developed a user-friendly template for country operations to track supplier performance.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

376. **In chapter II, paragraph 149 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it emphasize in its guidance to supply officers the underlying planning principle that the collective uncertainties in regard to tendering, supplier performance, logistics, scope for government intervention and involvement by multiple partners will tend to extend practical**

lead times for medical supplies well beyond theoretical durations. In some cases this will demand earlier requisitioning.

377. UNHCR has implemented the recommendation that guidance to supply officers emphasize the underlying planning principle. Standard operating procedures for supply/demand and replenishment planning have been drafted and will be rolled out by the end of 2013. The Division of Emergency, Security and Supply undertook structural changes (the separation of supply and procurement management) during 2012, which led to some delays. In addition, some supply resources were allocated to the enhancement of inventory and property, plant and equipment management with the implementation of IPSAS during 2012.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

378. **In chapter II, paragraph 150 of document A/67/5/Add.5, the Board recommended that UNHCR require its country operations, as part of annual work planning, to assess whether they have the necessary expertise and are of sufficient scale to act as the procurer of medical supplies, and whether an alternative agency is better placed to procure such specialist items.**

379. UNHCR has established cooperation with other agencies for the procurement of medical supplies.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

380. **In chapter II, paragraph 155 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that it amend its Supply Manual to require country supply teams to regularly market test key locally procured services according to specific cycles.**

381. UNHCR has included the requirement to conduct market surveys in the updated version of its Supply Chain Manual, which will be issued in the third quarter of 2013.

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

382. **In chapter II, paragraph 158 of document A/67/5/Add.5, the Board recommended that UNHCR develop a clear strategy for extending the range of support to the field for the procurement of key services based on: (a) analysis of the extent of expenditure on services such as security, telephony, fuel supply or vehicle maintenance across the country network; (b) analysis of the extent to**

which global suppliers have a market presence in key UNHCR locations, and expert advice on the extent of savings that could be achieved from more consistent contracting and the consolidation of global buying power; and (c) feedback from supply officers in the field on priorities for establishing global framework agreements.

383. On the basis of a thorough analysis, UNHCR has developed a strategy for extending the support provided to the field for the procurement of key services such as security, telephony, fuel supply and vehicle maintenance.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	High
Target date:	Not applicable

384. **In chapter II, paragraph 160 of document A/67/5/Add.5, the Board recommended that the strategy for contracting services incorporate: (a) clear prioritization as to which services will be examined and tested in each year from 2012 to 2015; and (b) approval from the Contracts Committee of the choices made, and for the commitment of in-house and consultancy resources to developing and letting frameworks.**

385. UNHCR is currently focusing on the rationalization of vehicle procurement, warehousing, warehouse operations, transportation, leases, the hiring of information technology consultants, global learning and public-sector fundraising, the areas in which the most significant savings are anticipated. In the coming months, other groups of goods and services will be considered. The choices made will be submitted to the Contracts Committee for approval.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	High
Target date:	Not applicable

386. **In chapter II, paragraph 163 of document A/67/5/Add.5, UNHCR agreed with the Board's recommendation that, where global framework agreements are not found to be feasible, it consider the production of generic service specifications for adaptation by local supply officers on a country-by-country basis.**

387. UNHCR is part of a working group with other United Nations system organizations to develop standard requirements for common services. On this basis, it has defined standard terms of reference for key services and shared them with field operations to standardize requirements and improve on the speed of completion of various procurement actions.

Department responsible:	Division of Emergency, Security and Supply
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

VII. United Nations Population Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2012[10]

388. The status of implementation of the main recommendations as of August 2013 is summarized in table 16.

Table 16
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division for Management Services	3	–	–	3	3	–
Management Information Services	1	–	–	1	1	–
Procurement Services Branch	1	–	–	1	–	1
Total	**5**	**–**	**–**	**5**	**4**	**1**

389. The status of implementation of all recommendations as of August 2013 is summarized in table 17.

Table 17
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division for Human Resources	4	–	–	4	4	–
Management Information Services	1	–	–	1	1	–
Division for Management Services	5	–	–	5	5	0
Division for Oversight Services	1	–	–	1	1	–
Procurement Services Branch	1	–	–	1	–	1
Total	**12**	**–**	**–**	**12**	**11**	**1**

390. **In paragraph 24, the Board recommended that UNFPA: (a) review and update the fixed asset management policy and procedures to provide a clear policy on the actions to be taken when property plants and equipment are fully depreciated; (b) review the useful life of property, plant and equipment.**

391. UNFPA updated its fixed asset management policy in January 2013, including a test for operability within the physical count. A further revision of this policy is planned for early 2014. Also, a review of the useful life of property, plant and equipment will be conducted in the second half of 2013 in the light of experience gained during past years. On the basis of the results of this review, the management will make decisions in 2014 regarding revision of the useful life of property, plant and equipment.

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[10] A/68/5/Add.7, chap. II.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

392. **In paragraph 29, UNFPA agreed with the Board's recommendation to: (i) issue a reminder to all country offices to adhere to the requirements of the asset management policy, in particular on recording and reconciliations of assets; (ii) continue to perform a verification exercise to ensure that all of its assets are recorded on the assets register.**

393. UNFPA continues to send country offices periodic reminders concerning compliance with asset management policy, based on Headquarters verifications and emerging issues. Headquarters controls and verifications will be strengthened with additional human resources in 2013. In order to continuously support capacity-building in the field, an e-learning training course on asset management has been introduced. Web-based training sessions have been held and a dashboard for easy identification of mistakes in the asset module is available for all country offices. External verification missions to a selected number of countries will continue in the fourth quarter of 2013; verifiers will be provided with further instruction/guidance and a headquarters focal point.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

394. **In paragraph 34, UNFPA agreed with the Board's recommendation to strengthen the implementation of the funding plan as approved so as to increase the funding of employee benefits liabilities and minimize the unfunded liabilities.**

395. UNFPA acknowledges an increase in the amount of unfunded employee benefit liabilities in recent years, mainly as a result of actuarial losses. In 2013, UNFPA has taken further steps to strengthen the implementation of its funding plan with the addition of new funding sources through supplementary payroll charges and the joint evaluation with other agencies of external investment management services for its after-service health insurance and post-employment benefits funds. UNFPA maintains its commitment to fully fund employee benefits liabilities by 2017. UNFPA intends to review its funding mechanism annually to ensure that the intended funding objective will be met.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

396. **In paragraph 40, UNFPA agreed with the Board's recommendation to improve the use of the inventory management system module Channel to**

ensure full utilization of the system in keeping track of inventories in its field offices and therefore increase the reliability of inventory balances presented in the financial statements.

397. Throughout 2013, UNFPA is expanding and improving Channel utilization. Verification of 31 December 2012 entries was comprehensively performed in March and April 2013. Further training on Channel was delivered in July 2013. An interim physical count of inventory in stock as of 31 July 2013 has been performed; country offices' inventory focal points have been asked to verify and update Channel data on the basis of the results of this count. UNFPA is currently improving several core functionalities of Channel and plans to extend its day-by-day use to all goods in transit by the fourth quarter of 2013.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

398. **In paragraph 45, the Board reiterated its earlier recommendation that UNFPA enhance control over use of special service agreements and only allow special service agreements that are consistent with its policy.**

399. The Division for Human Resources is exploring, with input from the Management Information Services, the use of an application in Atlas that should generate employment history and reports such as to enable the organization to assess the use of the special service agreements modality. If deemed adequate, the application will have to be further tested and any necessary modifications made before any roll-out and training.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

400. **In paragraph 49, UNFPA agreed with the Board's recommendation to abide by the service contract policy by conducting evaluations of service contracts two months prior to the expiration date and provide justification for renewals.**

401. UNDP and UNFPA are working in partnership to import service contract data into Atlas. As of the end of July 2013, data on the service contract population from 59 country offices had already been imported into Atlas HCM. It is planned that data from seven more country offices will be imported by September 2013. By the end of 2013, UNFPA expects data from another 14 country offices to have been imported into Atlas HCM.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

402. **In paragraph 54, UNFPA agreed with the Board's recommendation to: (i) improve the e-service application for leave management in order to ensure effective control, accurate recording and processing of leave applications so that the planned output from this application could be achieved; and (ii) establish an internal review mechanism to ensure that leave monitors and absence processors as well as staff supervisors are adequately administering and reconciling leave applications.**

403. UNDP was the driver for the design of the e-services application in Atlas. UNFPA will refer this recommendation to UNDP. Also, the UNFPA policy on absence management will be revised to stress the mandatory use of e-services for leave management, including application for and approval of annual leave, and that it is the responsibility of leave monitors to reconcile leave balances on a monthly basis.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

404. **In paragraph 59, UNFPA agreed with the Board's recommendation that it: (i) improve its leave policy to clearly state the role and approval limits so as to ensure that headquarters has adequate control of the endorsement and granting of special leave; and (ii) review Atlas reports on special leave to make it more comprehensive by including the duration of and the reason for granting special leave.**

405. The UNFPA learning and career management policy is not the policy that regulates the taking of special leave at UNFPA. To avoid any future confusion, the policy on learning and career management is being revised and will make reference to the policy that regulates special leave. The policy that regulates the management by UNFPA of special leave is a UNDP policy. That UNDP policy provides a clear hierarchical demarcation of powers for approving such leave. In addition, UNFPA has reviewed the Atlas report on special leave to make it more comprehensive by including the duration of and the reason for granting special leave. The report has been developed and is currently being tested.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

406. **In paragraph 67, UNFPA agreed with the Board's recommendation to strengthen the mechanisms for monitoring and reviewing procurements taking into consideration risk and cost factors, by increasing regular reviews of the performance of the requisition units.**

407. The UNFPA Procurement Service Branch staff and team officers are making random checks. For example, local contract review committee submissions are reviewed and advice provided. If procurement is in excess of $100,000, the desk officer will review and advise on the contract review committee submissions.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	High
Target date:	Ongoing

408. **In paragraph 73, the Board reiterated its previous audit recommendation and concurred with the joint audit team of HACT that there is a need for UNFPA, in collaboration with other United Nations agencies using HACT, to revisit the framework. The focus should either be on redesigning the framework appropriately or on developing a different and a more effective approach that would achieve the same objectives intended by the HACT framework.**

409. The process has been delayed because of the limited availability of senior staff to participate in a number of validation exercises. There are still some issues to be agreed upon, including roll-out. An in-depth review of the final draft of a proposal by consultants for a revised HACT framework is scheduled for the third quarter of 2013. The process has been led by the HACT Advisory Committee with the help of a global accounting firm.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

410. **In paragraph 77, UNFPA agreed with the Board's recommendation to: (i) formalize the system change management procedure by standardizing change request forms and communication and to provide clearly dedicated responsibility for managing change requests from divisions, departments, countries and regional offices; and (ii) ensure the user acceptance testing process is properly documented and included in the central server for easy reference.**

411. While UNFPA has in place a mechanism for managing change requests through the Atlas governance structure, there is room for improvement in: (a) simplifying and standardizing the initiation of requests; and (b) documenting the test cases used for user acceptance. UNFPA has, therefore, improved the above-mentioned processes through the use of Service Now, a SaaS tool for ITIL implementation. All documentation necessary for change management, from the initiation of a request to migration to production, will be accommodated in Service Now. In addition, a recent internal audit of the Cognos Reporting environment at UNFPA yielded two recommendations regarding change management which will also be addressed using Service Now. UNFPA has therefore consolidated its approach to addressing the Board's change management recommendation and the Cognos audit change management recommendations.

Department responsible:	Management Information Services
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

412. **In paragraph 83, the Board recommended that the UNFPA Division for Oversight Services expedite the process of filling vacant auditor posts.**

413. UNFPA will endeavour to fill vacant positions as quickly as possible. At the end of 2012, the Division was awaiting the arrival of the selected candidates for two of the vacancies (which occurred in the first quarter 2013); the third candidate chosen turned down the offer. A new recruitment process was initiated in 2013 and the interview panel is in the process of finalizing its submission. An offer will be issued to the most qualified candidate as quickly as possible thereafter, upon the satisfactory completion of reference checks. It is expected that the chosen candidate will join UNFPA before the end of 2013.

Department responsible:	Division for Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

414. In the annex to its report for the year ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for the year ended 31 December 2011. Of the 61 recommendations issued, 25 (41 per cent) were deemed fully implemented by the Board, 2 (3 per cent) were overtaken by events and 34 (56 per cent) were in progress.

415. The situation as of July 2013 of the 34 recommendations that were in progress is summarized in table 18.

Table 18
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date	Overtaken by events
Division for Human Resources	7	–	3	4	4	–	–
Division for Management Services	16	–	4	12	12	–	–
Information and External Relations Division	1	–	1	–	–	–	–
Nigeria Country Office	1	–	1	–	–	–	–
Nepal Country Office	1	–	1	–	–	–	–
Office of the Executive Director	2	–	–	2	2	–	–
Procurement Services Branch	5	–	3	2	2	–	–
Sudan Country Office	1	–	1	–	–	–	–
Total	**34**	**–**	**14**	**20**	**20**	**–**	**–**

Reports of the Board for prior financial periods

416. **In chapter II, paragraph 33 of document A/67/5/Add.7, the Board reiterated its recommendation that UNFPA: (a) clear all long outstanding amounts from staff education grants; (b) regularly reconcile the account to comply with paragraph 11 of information circular ST/IC/2002/5; and (c) consider a revision to the separation processes to ensure that outstanding education grants are recovered from staff prior to separation.**

417. Since 2005 it has been the practice to recover education grant advances prior to finalizing the separation of a staff member. As recommended by the Board, the letter of separation for staff members was revised in March 2012, with an instruction that education grant claims must be submitted for payment prior to the date of separation. If the claim is not received by the time of separation the full amount of the advance is recovered from the staff member's final pay. In 2013, UNFPA and UNDP are rewriting the service-level agreement with regard to the roles, responsibilities and processes relating to the issue and recovery of education grants.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

418. **In chapter II, paragraph 58 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to implement procedures for the monitoring and follow-up of accounts payable that would include an age analysis for all accounts payable.**

419. UNFPA has considerably strengthened the monitoring of accounts payable and considers this recommendation implemented. Pending accounts payable are monitored and followed up through the country office dashboard and quarterly accountability checklists. UNFPA periodically analyses the ageing of accounts payable and does not have a material value of aged payables.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

420. **In chapter II, paragraph 197 of document A/65/5/Add.7, UNFPA agreed with the Board's reiterated recommendation to take steps to follow up on long-outstanding operating fund advances in a timely manner and to ensure that funds advanced are utilized for their intended purposes.**

421. Follow-up and controls have been considerably strengthened. The Division for Management Services requested all business units to submit reconciliations between outstanding fund advances to implementing partners, certificates of expenses and combined delivery reports for the fourth quarter of 2012 and they were received and reviewed in a timely manner (99.4 per cent coverage). All outstanding fund advances balances with International non-governmental organizations and United

Nations agencies were fully reconciled. Outstanding fund advances balances older than six months represented less than 10 per cent of the total outstanding fund advances year-end balance.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

422. **In chapter II, paragraph 232 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to comply with its policies and procedures regarding the evaluation of vendor performance.**

423. UNFPA has launched a vendor performance evaluation tool, aside from conducting vendor performance evaluation of contraceptives suppliers. An update of the vendor performance tool has also been launched. Moreover, in 2013, the Procurement Services Branch has written individually to those country offices that are behind in terms of vendor performance evaluation requesting them to comply with the updated instructions.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

424. **In chapter II, paragraph 379 of document A/65/5/Add.7, the UNFPA Procurement Services Section agreed with the Board's reiterated recommendation that it continue to advise suppliers and requisitioners of the importance of utilizing the online tracking system effectively, in monitoring the status of order lead times, quality of goods delivered and evaluating suppliers, while the online tracking system is still in use.**

425. The Procurement Services Branch continues to stress the importance of the use of the online tracking system in solicitation documents, long-term agreements and other communications with suppliers. It also recommends the use of the online tracking system in country office training material and other communications with country offices. The Procurement Services Branch is working on correcting the technical issues of the online tracking system.

Department responsible:	Procurement Services Branch
Status:	Implemented
Priority:	High
Target date:	Not applicable

426. **In chapter II, paragraph 53 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to: (a) review its process with Global Payroll Services to ensure timely recovery of staff advances through payroll deductions; and (b) assess the payroll system (Atlas) to ensure it is correctly configured to recover advances.**

427. UNFPA is in the final stages of renegotiating a new service-level agreement with UNDP for such payroll services, inter alia, which will clearly establish the roles, responsibilities and control points within the payroll process. This is expected to be completed by the end of 2013. Additionally, since the recommendation was made, UNFPA has introduced more controls and regular monitoring, review and reconciliation of the key areas of payroll interface reconciliations, and education grant ageing and follow-up.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

428. **In chapter II, paragraph 90 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to take appropriate measures to ensure the validity, accuracy and completeness of the data used in the computation of all post-retirement and end-of-service liabilities in future financial periods by ensuring that the information pertains to the correct reporting period.**

429. UNFPA, in conjunction with UNDP, the United Nations Children's Fund (UNICEF) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), and in agreement with the Board, retained the previous year's census data in its 2012 actuarial evaluation. In 2013, UNFPA joined a group of other United Nations organizations to procure actuarial evaluation services on an annual basis going forward, under a long-term contractual arrangement. Although the frequency of census data updates is not annual, the actuarial valuation will conform to the generally accepted actuarial standards.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

430. **In chapter II, paragraph 114 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation, in conjunction with UNDP, to ensure that payments made to staff through the payroll are reflected in staff advances in the general ledger in a timely manner.**

431. The letter of separation for staff members was revised to include the instruction that education grant claims must be submitted for payment prior to the date of separation. UNFPA has taken measures to reduce the reconciliation/recovery time. Staff to be separated must now submit their evidence of payments prior to obtaining their final pay. This is an ongoing activity requiring continuing attention from the organization. UNFPA is conducting research to determine why some education grant advance recovery is not reflected in reconciliation reports.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

432. **In chapter II, paragraph 215 of document A/65/5/Add.7, UNFPA Nigeria agreed with the Board's recommendation to comply with rule 114.4 (c) of the UNFPA Financial Regulations and Rules with regard to payments made with no obligating documents.**

433. UNFPA headquarters is closely coordinating with the Nigeria country office to address these issues. In the absence of obligating documents, payments are made based on a certification by the committing officer that such requests were necessary and that goods were satisfactorily delivered according to specifications. The requested evidence was provided to the auditors to demonstrate that all payments were made on the basis of valid supporting documentation. Copies of the related receipts acknowledging payments from vendors were provided to the Board as requested.

Department responsible:	Nigeria country office
Status:	Implemented
Priority:	High
Target date:	Not applicable

434. **In chapter II, paragraph 256 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to continue to take steps to ensure that all country offices submit asset certifications in a timely manner in compliance with the UNFPA asset management policy.**

435. In 2012, fixed asset certifications were received from all the country offices, although in some cases with some delay, which did not have any negative impact on the year-end closure. In 2013 UNFPA will further improve on the timeliness of certification delivery.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

436. **In chapter II, paragraph 262 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to update the asset management module in Atlas with the correct location information for each asset in compliance with the asset management policy.**

437. Current UNFPA controls show that out of over 10,000 assets only about 180 do not have accurate asset locations assigned. This is less than 2 per cent of the total number of assets. UNFPA will further strengthen controls to ensure that appropriate location information is assigned to each asset and will strive to achieve completeness to the extent possible.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

438. **In chapter II, paragraph 267 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to: (a) implement procedures to reconcile or update the asset register with the results of its inventory count procedures; and (b) address the weaknesses in its inventory count procedures.**

439. UNFPA is acting in several areas to strengthen its existing controls on asset management. Additional resources will be brought in in the third quarter of 2013 to increase manpower at headquarters for verification of the correctness of asset management data. The fixed asset e-certification course was launched in November 2012; it provides a flexible and highly accessible tool for quickly increasing country offices' knowledge on all asset management operations. With regard to inventory count, the procedures are very clearly spelled out in the Policies and Procedure Manuals on inventory and on property, plant and equipment. UNFPA performed an interim count of inventory on 31 July 2013 and aligned the information system records accordingly.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

440. **In chapter II, paragraph 309 of document A/65/5/Add.7, UNFPA agreed with the Board's recommendation to: (a) take steps to ensure that leave transactions for international staff based in the country offices are recorded in the system; and (b) implement procedures/processes to enable it to accurately compute the leave pay provision in its financial statements.**

441. A number of measures have been taken to address absence management including: the roll-out of Atlas e-services, an employee self-service application for managing various benefits and entitlements, including an online leave application/approval module for all staff (international and local) at all duty stations; the presentation of webinars on the use of the e-services module; the issuance of self-learning and step-by-step guides on various functionalities of the Atlas e-services; the issuance of an absence management policy which formalizes the process of absence management; and the provision of one-on-one support to absence processors and managers.

Department responsible:	Division for Human Resources
Status:	Implemented
Priority:	High
Target date:	Not applicable

442. **In chapter II, paragraph 25 of document A/67/5/Add.7, the Board recommended that UNFPA: (a) formally document and execute its plan for the preparation of opening balances for IPSAS; (b) address the deficiencies in the asset registers and leave balances; (d) urgently roll out the inventory management system to country offices as soon as possible; and (e) develop an IPSAS benefits realization plan.**

443. The software was rolled out to country offices in 2012 but had not been fully utilized to report inventory as of 31 December 2012. By the end of 2013, Channel

will be fully utilized by UNFPA, including enhancements to core functionalities currently under way.

Department responsible: Division for Management Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2013

444. **In chapter II, paragraph 33 of document A/67/5/Add.7, the Board reiterated its recommendation that UNFPA: (a) clear all long-outstanding amounts from staff education grants; (b) regularly reconcile the account to comply with paragraph 11 of information circular ST/IC/2002/5; and (c) consider a revision to the separation processes to ensure that outstanding education grants are recovered from staff prior to separation.**

445. The Benefits and Entitlements Service of UNDP has processed all education grant advances outstanding for over 365 days. The last long-pending case was written off in accordance with UNFPA financial regulation 14.5 and financial rule 114.10 in early 2013. The standard letter of separation for staff members was revised in March 2012 to include the instruction that education grant claims must be submitted for payment prior to the date of separation.

Department responsible: Division for Human Resources

Status: Implemented

Priority: Medium

Target date: Not applicable

446. **In chapter II, paragraph 39 of document A/67/5/Add.7, UNFPA agreed with the Board's reiterated recommendation to follow up with donors to ensure that available donor funds were utilized for programme implementation, or paid back to donors in a timely manner.**

447. Budget holders receive periodic communications reminding them of their responsibility to spend donor funds in a timely manner and to review agreement expiry dates. In recent years significant improvements have been made in terms of unspent donor funds, and unspent balances have been substantially reduced. Unspent balances are communicated to donors every year through the submission of certified donor financial statements. In most cases the agreements clearly state how to dispose of unspent balances, if any. In some cases, however, donors need to be consulted and efforts to communicate with donors will be increased. Unless donors provide formal responses, UNFPA cannot proceed with refunds or reprogramming.

Department responsible: Information and External Relations Division

Status: Implemented

Priority: Medium

Target date: Not applicable

448. **In chapter II, paragraph 46 of document A/67/5/Add.7, the Board reiterated its recommendation that UNFPA address, through its operational**

and management process, the matter of ensuring that operationally closed earmarked projects are financially closed in a timely manner.

449. The Programme Division and the Division for Management Services launched a project closure dashboard that now facilitates the review and timely closure of projects.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

450. **In chapter II, paragraph 64 of document A/67/5/Add.7, the Board recommended that there was a need for the United Nations system to revisit the HACT framework to address the reasons why the framework has not worked, if HACT needs to be pursued or revised or if alternate models that support the original objectives can be developed.**

451. Reference is made to the comments of UNFPA in paragraph 409 above relating to the recommendation in paragraph 73 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter 2013

452. **In chapter II, paragraph 65 of document A/67/5/Add.7, the Board recommended that, where HACT implementation is continued by Executive Committee agencies, UNFPA: (a) consider amendments to its HACT implementation guideline to clearly define roles and responsibilities relating to HACT implementation; and (b) establish, in conjunction with other agencies, clear deadlines for HACT compliance for its country offices.**

453. Reference is made to the comments of UNFPA in paragraph 409 above relating to the recommendation in paragraph 73 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter 2013

454. **In chapter II, paragraph 66 of document A/67/5/Add.7, the Board recommended that: (a) UNFPA review the adequacy of the assignment of the responsibility within the organization for active participation of UNFPA in HACT; (b) review the assessment and audit reports to identify the needs of the implementing partners and improve the capacity; and (c) correctly implement the HACT framework to ensure that it provides assurance that funds were used for the intended purposes.**

455. Reference is made to the comments of UNFPA in paragraph 409 above relating to the recommendation in paragraph 73 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter 2013

456. **In chapter II, paragraph 74 of document A/67/5/Add.7, the Board reiterated its previous recommendation that UNFPA: (a) follow up on long-outstanding operating fund advances in a timely manner and ensure that funds advanced are utilized for their intended purposes; and (b) reallocate credit balances in operating funds and advances to accounts payable.**

457. Reference is made to the comments of UNFPA in paragraph 421 above relating to the recommendation in paragraph 197 of the Board's report for the biennium ended 31 December 2009.

Department responsible:	Division for Management Services
Status:	Implemented
Priority:	High
Target date:	Not applicable

458. **In chapter II, paragraph 83 of document A/67/5/Add.7, the Board recommended that UNFPA: (a) provide clarity on the extent of oversight that regional offices should provide to country offices; (b) capacitate regional offices with staff and tools to enable them to carry out the oversight functions; and (c) design and implement the performance measure system to be used to measure the effectiveness and performance of regional offices.**

459. **In chapter II, paragraph 84 of document A/67/5/Add.7, the Board recommended that UNFPA address the weaknesses in its regional office architecture, as recommended by the Division for Oversight Services.**

460. With regard to the recommendations in chapter II, paragraphs 83 and 84 of document A/67/5/Add.7, UNFPA noted that in many ways regionalization was still work in progress. The most recent step was the establishment of the second Africa regional office, which was still being rolled out. A management review of the regionalization initiative was undertaken at the beginning of 2013 and it provided a series of recommendations for the regional offices to deliver on their full potential. This resulted in concrete steps reflected in the new UNFPA business model as part of the next strategic plan (2014-2017) that includes revisiting the roles and responsibilities of the regional offices and clarifying the division of labour with headquarters.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

461. **In chapter II, paragraphs 91 and 92 of document A/67/5/Add.7, the Board reiterated its recommendation that UNFPA comply with its policies and procedures regarding the evaluation of vendor performance. The Board further recommended that UNFPA expedite the correction of the system errors (bugs) on the vendor assessment tool.**

462. Reference is made to the comments of UNFPA in paragraph 423 above relating to the recommendation in paragraph 232 of the Board's report for the biennium ended 31 December 2011.

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

463. **In chapter II, paragraph 103 of document A/67/5/Add.7, the Board recommended that UNFPA strengthen the review of ex post facto cases and other submissions to the Contract Review Committee to limit the number of such cases.**

464. The Procurement Services Branch is making it mandatory for country offices and headquarters to undertake procurement planning. The Branch has undertaken specific actions in the past few years that should lead to a reduction in the number of ex post facto cases submitted to the contract review committees. These include: (a) increasing the threshold for the requirement of formal methods of solicitation from $30,000 to $50,000, which should lead to a reduction in the number of cases that require review by local contract review committees and thus a reduction in ex post facto cases presented to those committees; (b) the inclusion of hotel services in the list of items that can be considered for informal methods of solicitation under financial rule 114.15; it is expected that country offices will present requests for hotel services to local contract review committees ahead of time; and (c) numerous Procurement Services Branch training efforts and capacity-building missions have underlined the importance of planning. By strengthening the role of procurement planning, the risk of ex post facto cases should further decline.

Department responsible:	Procurement Services Branch
Status:	Implemented
Priority:	High
Target date:	Not applicable

465. **In chapter II, paragraph 104 of document A/67/5/Add.7, the Board recommended that UNFPA develop adequate contract management procedures to identify contracts that will expire, to enable it to start the procurement process in good time.**

466. In addition to the log used by the Procurement Services Branch, a new e-tendering and contract management tool called In-Tend was introduced in 2012 and is being used on a pilot basis within the Branch before wider roll-out. Current contracts are uploaded on In-Tend and the reminder function is utilized to keep track of the contract expiration dates.

Department responsible:	Procurement Services Branch
Status:	Implemented
Priority:	High
Target date:	Not applicable

467. **In chapter II, paragraph 108 of document A/67/5/Add.7, the Board recommended that UNFPA Nepal review its service contracts to ensure that core functions are not performed by service contractors.**

468. In 2009, the Nepal country office undertook a review exercise to align its staffing structure with the strategic direction of the country programme and move from service delivery to capacity-building of partners. As a result, the number of service contract positions was substantially reduced, with remaining service contract holders performing project-related activities. UNFPA again carefully reviewed its programmatic staffing requirements as part of the new country programme (2013-2017) and completed an alignment process, whereby all core functions are performed by fixed-term staff, whereas project-related functions continue to be carried out by service contract holders.

Department responsible:	Nepal country office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

469. **In chapter II, paragraph 110 of document A/67/5/Add.7, the Board recommended that the Sudan country office perform service contract evaluations and provide justifications for the continued use of contracts.**

470. Concerning the use of service contracts, UNFPA would like to clarify that clear distinctions exist between the various types of contract modalities the Board is referring to. In this regard, the Board may wish to note that UNFPA utilizes: (a) service contracts administered by UNDP, following UNDP guidelines; these service contracts are issued for a minimum of six months and are renewable for up to five years, but not for more than 12 months at a time; (b) special service agreements, which are issued for short-term consultancies of up to a maximum of 11 months and are renewable with a break in service; and (c) contracts for professional services (also known as service contracts), which are procurement contracts by which an institution, a corporation or other juridical entity (contractor) is engaged to perform duties or work for UNFPA.

Department responsible:	Sudan country office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

471. **In chapter II, paragraph 115 of document A/67/5/Add.7, the Board reiterated its previous recommendation that UNFPA strengthen asset management controls in the field either (a) through reviewing its guidance available to country offices; or (b) through training on asset management. Its**

initiatives should focus on timely submission of asset certifications, improvements in asset identification and recording, and inventory count procedures.

472. UNFPA is acting in several areas to strengthen its existing controls on asset management. Supplementary resources will be brought in in the third quarter of 2013 to increase manpower at headquarters for verification of the correctness of asset management data. The fixed asset e-certification course was launched in November 2012 and it provides a flexible and highly accessible tool for quickly increasing country offices' knowledge on all asset management operations. With regards to inventory count, procedures are clearly spelled out in the Policies and Procedure Manual on inventory and on property, plant and equipment. UNFPA performed an interim count of inventory on 31 July 2013 and aligned the information system records accordingly.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

473. **In chapter II, paragraph 116 of document A/67/5/Add.7, the Board further recommended that UNFPA perform regular physical verification of assets to ensure the accuracy and completeness of asset registers.**

474. UNFPA policy requires an annual physical verification to be completed by each country office. Through the certification letter, each UNFPA representative certifies that such a physical verification has taken place and that reconciliation with the Atlas records has been done. UNFPA received 100 per cent of the certification letters in 2012. Verification missions from headquarters are not considered cost efficient and, therefore, UNFPA intends to utilize the services of local consultants, as it did in 2011, in order to verify the accuracy of submissions made by country offices.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

475. **In chapter II, paragraph 126 of document A/67/5/Add.7, the Board recommended that UNFPA expedite finalizing and action of its business plan to redesign some of the posts.**

476. This recommendation relates to vacant posts in the Eastern Europe and Central Asia Regional Office. Of the nine posts in question, six have been filled. The three remaining posts are at various stages of recruitment as of July 2013.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

477. **In chapter II, paragraph 129 of document A/67/5/Add.7, the Board recommended that UNFPA implement procedures that would require the preparation and review of payroll reconciliations, at least on a quarterly basis.**

478. The payroll was reconciled for the three last quarters of 2012. Starting in 2013 reconciliation is being done for all quarters.

Department responsible:	Division for Management Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

479. **In chapter II, paragraph 133 of document A/67/5/Add.7, the Board reiterated its previous recommendation that UNFPA maintain accurate and complete leave records.**

480. Reference is made to the comments of UNFPA in paragraph 441 above relating to the recommendation in paragraph 309 of the Board's report for the biennium ended 31 December 2009.

Department responsible:	Division for Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

481. **In chapter II, paragraph 144 of document A/67/5/Add.7, the Board recommended that the UNFPA Division for Oversight Services expedite the process of filling vacant posts.**

482. Of the two vacant posts at the end of 2011, the recruitment for the investigation post was filled in the second quarter of 2012. The recruitment for the internal audit post was undertaken in 2012, together with that for other internal audit posts which became vacant in 2012. The recruitment process for all vacant internal audit posts was completed in the fourth quarter of 2012. At the end of 2012, the Division was awaiting the arrival of the selected candidates for two of the vacant positions (which took place in the first quarter of 2013); the third chosen candidate turned down the offer. A new recruitment process was initiated in 2013 and the interview panel's submission is being finalized. An offer will be made to the most qualified candidate as quickly as possible thereafter, upon the satisfactory completion of reference checks. It is expected that the chosen candidate will join UNFPA before the end of 2013.

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

483. **In chapter II, paragraph 147 of document A/67/5/Add.7, the Board considered that the findings of the Division for Oversight Services reflected**

deficiencies in the areas concerned and the Board underscored the need for UNFPA to address those deficiencies.

484. A number of steps have been taken to examine the capacity of regional offices and develop it. These included: (a) the commissioning of a consultancy to assess the capacities and roles of the regional offices; two regional offices were visited, resulting in the issuance of a set of conclusions and recommendations; (b) the establishment of a new regional office for West Africa; and (c) the creation and filling of a number of regional posts in all the regional offices with the aim of strengthening the capacity of the regional offices. They included posts for regional communication advisers, regional resource mobilization advisers and regional international operations managers.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

VIII. United Nations Office for Project Services

A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2012[11]

485. The status of implementation of the main recommendations as of August 2013 is summarized in table 19.

Table 19
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Not implemented	Target date set	No target date set
Finance Practice Group	3	–	–	3	–	3	–
Infrastructure Practice Group	2	–	–	2	–	2	–
Internal Audit and Investigation Group	2	–	–	2	–	2	–
Project Management Practice Group	1	–	–	1	–	1	–
Total	**8**	**–**	**–**	**8**	**–**	**8**	**–**

486. The status of implementation of all recommendations as of August 2013 is summarized in table 20.

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[11] A/68/5/Add.10, chap. II.

Table 20
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Not implemented	Target date set	No target date set
Finance Practice Group	5	–	–	5	–	5	–
Human Resource Practice Group and Procurement Practice Group	1	–	–	1	–	1	–
Infrastructure Practice Group	4	–	–	4	–	4	–
Internal Audit and Investigation Group	2	–	–	2	–	2	–
Legal Practice Group	1	–	–	1	–	1	–
Project Management Practice Group	5	–	–	5	–	5	–
Total	**18**	**–**	**–**	**18**	**–**	**18**	**–**

487. **In paragraph 19, the United Nations Office for Project Services (UNOPS) agreed with the Board's recommendation that it: (a) establish a detailed timetable for the year-end preparation of its financial statements encompassing the cleansing of accounting records, the preparation of comprehensive supporting schedules, and detailed and evidenced-based management review of the draft financial statements before their submission to the auditors; (b) develop an IPSAS accounting manual to provide guidance to staff on accrual accounting; and (c) consider preparing interim financial statements to spread the workload of finance more evenly across the year and facilitate early identification of accounting issues.**

488. UNOPS: (a) has taken steps to ensure a more organized and pragmatic approach for the 2013 accounts closure, including evidence-based management reviews of the financial statements; (b) has planned additional technical training and enhanced guidance on accrual accounting; and (c) will consider the preparation of interim financial statements as part of the annual work plan for its finance team.

> *Department responsible*: Finance Practice Group
>
> *Status*: In progress
>
> *Priority*: High
>
> *Target date*: Fourth quarter of 2013

489. **In paragraph 24, the Board recommended that UNOPS: (a) clearly identify the envisaged benefits from accrual-based information and associated revised management procedures; and (b) appoint a senior responsible owner for realizing such benefits and embedding new ways of working throughout the organization.**

490. UNOPS agreed with the recommendation and will work to identify the envisaged benefits and will appoint a senior responsible owner for realizing such benefits and embedding new ways of working throughout the organization.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

491. **In paragraph 31, the Board recommended that UNOPS establish a separate reserve account for after-service benefits in order to increase the visibility of funding provided for end-of-service liabilities.**

492. UNOPS is working with the UNDP treasury to increase the visibility of the funds invested towards end-of-service liabilities.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

493. **In paragraph 35, the Board reiterated its previous recommendation that UNOPS resolve the dispute over inter-fund differences in its accounts with UNDP.**

494. In January 2013, UNDP and UNOPS appointed a panel of three experts to review this outstanding matter relating to inter-fund differences. Both UNOPS and UNDP have now filed their respective claims and responses to them are due by mid-August 2013. Following those submissions and any requests for clarification that it may have, the Panel will issue an advisory opinion to the parties, setting out its recommendation for resolving the inter-fund differences. Both UNOPS and UNDP have committed themselves to following the Panel's recommendations promptly.

Department responsible:	Legal Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

495. **In paragraph 37, the Board recommended that UNOPS reconcile the inter-fund account with UNDP on a regular and at least quarterly basis, posting correcting entries as appropriate to its accounting system to maintain the overall reliability of the accounting records.**

496. UNOPS has already in 2013 initiated reconciliation of the inter-fund accounts on a quarterly basis, aligned with the quarterly closure of books by both entities. UNOPS aims to have better control and overall reliability of accounting records by making monthly cash settlement of inter-fund-related transactions, combined with a quarterly reconciliation.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

497. **In paragraph 38, the Board recommended that when UNOPS has resolved its accounting differences with UNDP, it establish additional safeguards to avoid differences arising in the future, including by fully settling transactions in cash at regular intervals.**

498. UNOPS has noted the value of such safeguards and has already implemented safeguards such as the quarterly reconciliation of inter-fund balances, which will help in keeping track of balances and promptly identify issues.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

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

500. The comments of UNOPS are reflected in paragraph 45 of the Board's report for the year ended 31 December 2012.

Department responsible:	Internal Audit and Investigations Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

501. **In paragraph 51, the Board recommended that UNOPS examine the costs and benefits of performing mandatory background checks on all new recruits, vendors and other partners or contractors.**

502. THE UNOPS Procurement Practice Group recognizes the potential benefits of using formal background checks and similar tools for suppliers, contractors and partners based on the risk profile of the supplier and/or the project. The Procurement Practice Group and the Internal Audit and Investigations Group have agreed to work together to assess the costs and benefits of performing mandatory formal background checks on vendors/contractors/partners. This assessment is scheduled to begin in the fourth quarter of 2013. The Human Resource Practice Group is ready to launch the process for background checks of new personnel on 1 September 2013. The cost of such services has also been reviewed and UNOPS is in the process of finalizing the funding mechanism.

Department responsible:	Human Resource Practice Group and Procurement Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

503. **In paragraph 55, the Board recommended that UNOPS: (a) review and analyse the results of the fraud and ethical behaviour survey as part of its review of fraud policies and procedures; and (b) consider whether its personnel require further training in expected ethical behaviour and in procedures to be followed when reporting fraud or misconduct.**

504. UNOPS has planned a follow-up survey, to be conducted by 31 October 2013. Further, UNOPS has hired an external firm to create an in-person training workshop for personnel.

Department responsible:	Internal Audit and Investigations Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

505. **In paragraph 62, UNOPS agreed with the Board's recommendation that it give careful consideration to ensuring that the new infrastructure strategy is understood by all infrastructure staff.**

506. UNOPS accepts the importance of communicating the new infrastructure strategy effectively to all personnel, particularly to the infrastructure practitioners. To this effect, from September 2013 an additional two-day training workshop on infrastructure for project managers will be added to the regular project management foundation course to ensure that the new infrastructure strategy is effectively communicated to senior infrastructure personnel. Further, the strategy will also be communicated through various other methods, including the annual Global Management Meeting and the Infrastructure Community of Practice.

Department responsible:	Infrastructure Practice Group
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

507. **In paragraph 67, UNOPS agreed with the Board's recommendation that it examine the extent of changes to agreements and the causes of delays in the completion of projects throughout its infrastructure portfolio.**

508. UNOPS will examine the extent of changes to agreements and the causes of delays in the completion of projects throughout its infrastructure portfolio. UNOPS will develop a system to collect and analyse relevant data on both individual construction contracts and overall infrastructure projects to enable a systematic review of the underlying factors and hence to be better able to influence the timeliness of project delivery.

Department responsible:	Infrastructure Practice Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

509. **In paragraph 76, UNOPS agreed with the Board's recommendation that its clients be encouraged to accept the inclusion of contingency budgets for projects, which might necessitate a corresponding reduction in other components of the budget, in addition to processes for releasing contingency that are acceptable to clients.**

510. UNOPS released a project-level budgeting toolkit in early July 2013 that provides guidance on how to build, communicate and monitor project budgets. The guidance also discusses the use of contingency budgets.

511. At a construction contract level, all new infrastructure (works) contracts are now required to include a contingency as part of the estimated construction cost. Deviation from this requires approval from the Head of Construction Management, with appropriate justification.

512. UNOPS is currently developing a project and programme risk management strategy and will provide further guidance on contingency budgets. The actual acceptance of project level contingencies by clients will be handled on a case-by-case basis depending on clients' policies regarding contingencies and their willingness to embrace the use of contingency budgets as a best practice for project budgeting.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

513. **In paragraph 77, UNOPS agreed with the Board's recommendation that it investigate the extent and causes of precision spending, and assess whether its processes or guidance need to change as a result.**

514. UNOPS will investigate the extent and causes of precision spending and assess whether its processes or guidance need to change as a result. This will be included as a work item in the Project Management and Infrastructure Practice Groups' work plans for 2014.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

515. **In paragraph 80, UNOPS agreed with the Board's recommendation that it assess the value of mandatory design reviews for projects where the risk of problems with design is high, and in such a way as to minimize the cost to clients.**

516. UNOPS considers design reviews to be an essential component of good practice in infrastructure design. UNOPS has drafted a Design Planning Manual for buildings, setting out technical objectives and functional statements; performance recommendations and requirements; and minimum standards for infrastructure design, with the aim of establishing clear and consistent guidelines for UNOPS designers, both in-house and external. A review of best practice in the construction industry will be carried out, including a cost/benefit analysis of design review methodologies, which may also include value engineering and constructability

reviews. An assessment of potential risk reduction and cost savings to projects will be made. Consideration will then be given to the need for mandatory design reviews for high-risk projects.

Department responsible:	Infrastructure Practice Group
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

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

518. The performance of infrastructure post construction is a core element of the delivery of sustainable solutions and will be embedded as an element of sustainability throughout UNOPS delivery. UNOPS also considers post-completion performance (normally referred to as post occupancy evaluation) as an important knowledge generation tool. The need for performance feedback on completed buildings is recognized as part of the International Standards Organization quality assurance process now in place at UNOPS. The method for implementation is being considered as part of the development of the infrastructure practice strategy. The implications of this post occupancy evaluation process, which may involve multiple stakeholders, and its outcomes, require further analysis.

Department responsible:	Infrastructure Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

519. **In paragraph 85, UNOPS agreed with the Board's recommendation that it develop a strategy to encourage clients to engage more with the partner centre, including providing feedback.**

520. UNOPS will devise a strategy to further engage clients through the partner centre. Currently UNOPS is using the project management foundation course to promote the use of the partner centre and provide advice to attendees on how to engage clients via the partner centre. It is planned to issue a series of communications advising operations centres on the availability of the partner centre.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2014

521. **In paragraph 90, UNOPS agreed with the Board's recommendation that it work with its partners to establish processes to better capture information on the outcomes to which UNOPS activities contribute, in particular in terms of project beneficiaries.**

522. UNOPS appreciates the need to transform project outputs into capabilities that deliver tangible outcomes. The UNOPS new strategic plan for 2014-2017 focuses on sustainability and national capacity in three key areas of operation, namely, project management, infrastructure and procurement, in an effort to contribute to partners' results and their achievement of development outcomes.

523. UNOPS launched a sustainability programme in early 2013 to embed sustainability principles, including a focus on outcomes, in its operations. As part of the sustainability programme, a strategy for mainstreaming sustainability was released and several orientation workshops have been conducted for headquarters and operation centres.

524. In addition, the UNOPS Global Management Meeting in 2013 will focus on sustainability, with the following specific objectives: (a) understanding partners' needs and challenges so that the business case for sustainability can be made; (b) ensuring that UNOPS products, services and tools are developed and prioritized to deliver on its promise of sustainability; (c) exchanging best practices on sustainability, celebrating success and being inspired by new ideas.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

525. **In paragraph 92, UNOPS agreed with the Board's recommendation that it either enhance the online assurance tool to enable drilling down to project-level assurance where an engagement includes multiple large projects or set up more of its engagements as single projects.**

526. UNOPS agreed with the Board's recommendation and will review and decide either to enhance the online assurance tool to enable drilling down to project-level assurance where an engagement includes multiple large projects or set up more of its engagements as single projects.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

527. In the annex to its report for the year ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Out of 31 recommendations, 15 are shown as fully implemented, 1 as overtaken by events, 12 as partially implemented and 3 as not implemented.

528. The situation as of August 2013 of the 12 recommendations shown as partially implemented and the 3 shown as not implemented in the annex to the Board's report is summarized in table 21.

Table 21

Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Overtaken by events	Target date set	No target date set
Corporate Support Group	3	–	3	–	–	–	–
Finance Practice Group	3	–	1	2	–	2	–
Human Resource Practice Group	1	–	1	–	–	–	–
Legal Practice Group	2	–	–	2	–	2	–
Project Management Practice Group	5	–	–	5	–	5	–
Procurement Practice Group	1	–	1	–	–	–	–
Total	**15**	**–**	**6**	**9**	**–**	**9**	**–**

Reports of the Board for prior financial periods

529. **In chapter II, paragraph 48 of document A/67/5/Add.10, the Board reiterated its previous recommendation that UNOPS: (a) draw lessons from its existing projects and consider measures to enable it to close projects in time; and (b) address the backlog of projects that need closure.**

530. Drawing lessons from best practices for monitoring and controlling projects, the quarterly assurance review allows UNOPS to better track the status of projects, including the documentation of projects that need closure. UNOPS established an online project closure tool to help operation centres which track projects to close them and facilitate a smooth closure process. The closure tool has helped reduce the backlog of projects needing closure. The tool has also been included in the topics discussed during the project management foundation course.

531. UNOPS has now set up a task force to review all projects and identify those that need to be closed.

> *Department responsible*: Project Management Practice Group
>
> *Status*: In progress
>
> *Priority*: Medium
>
> *Target date*: Fourth quarter of 2014

532. **In chapter II, paragraph 53 of document A/67/5/Add.10, the Board recommended that UNOPS strengthen its oversight role over the operations centre in the Democratic Republic of the Congo to address in a timely manner the operational challenges affecting its projects.**

533. UNOPS conducted a "maturity mission" in the Democratic Republic of the Congo from 22 to 25 July 2013 to assess management controls, benefits management, financial management, stakeholder management, risk management, organizational governance and resource management.

534. UNOPS plans to follow up the mission with a series of actions on project governance, planning, change control and project structure to support the operations centre in the Democratic Republic of the Congo in addressing project-related challenges.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

535. **In chapter II, paragraph 54 of document A/67/5/Add.10, the Board recommended that UNOPS consider the adequacy of its oversight of and the support provided to centres operating in high-risk environments.**

536. UNOPS is addressing the adequacy of its oversight and support in high-risk environments on two fronts: risks in country of operation, and project and programme risks. UNOPS planned seven "maturity missions" to support centres operating in high-risk environments (Afghanistan, Democratic Republic of the Congo, Haiti, Myanmar, South Sudan, Sri Lanka and Jerusalem). Three missions have already been completed. They have allowed better understanding of the challenges faced by the centres and the development of targeted improvements. UNOPS plans to expand the "maturity missions" in the coming years to support other centres and assess progress in those that will have already benefited from such missions. UNOPS is currently developing a project and programme risk management strategy.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

537. **In paragraph 62, UNOPS agreed with the Board's reiterated recommendation that it resolve the dispute over inter-fund differences in its accounts with UNDP.**

538. Reference is made to the comments of UNOPS in paragraph 493 above relating to the recommendation in paragraph 35 of the Board's current report.

Department responsible:	Legal Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

539. **In chapter II, paragraph 64 of document A/67/5/Add.10, UNOPS agreed with the Board's recommendation that it: (a) strengthen its project monitoring controls relating to management service agreements in order to detect system coding errors and other errors in a timely manner; and (b) obtain confirmation of outstanding amounts from UNDP before closure of its accounts to ensure reconciling items are detected.**

540. UNOPS has implemented appropriate controls to prevent errors in the coding and reporting of inter-fund transactions to UNDP. Furthermore, appropriate mitigating controls have been put in place to ensure that errors are detected in a timely manner. UNOPS now obtains confirmation of inter-fund amounts.

Department responsible:	Finance Practice Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

541. **In chapter II, paragraph 71 of document A/67/5/Add.10, UNOPS agreed with the Board's recommendation that it review the financial statements preparation process to ensure the gaps identified by the Board are addressed.**

542. All findings noted with respect to this recommendation will be taken into account in the preparation of the UNOPS IPSAS accounts for the year ended 31 December 2013.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

543. **In chapter II, paragraph 99 of document A/67/5/Add.10, UNOPS agreed with the Board's recommendation that it: (a) maintain adequate central records of cases of exception approved by the local contract and procurement committee; and (b) monitor, analyse and report at least annually to senior management on trends in the submission of such cases in order to determine whether they reflect underlying problems in the procurement function.**

544. The records of cases of exception approved following review by the local contract and property committees have been centralized. The Headquarters Contract and Property Committee is holding a meeting in September 2013 specifically to look at these records in order to report to the Executive Chief Procurement Officer on trends and any underlying problems. This meeting is in addition to that Committee's regular monitoring and support of the local contract and property committees. Further, the Procurement Practice Group monitors all cases of exception, picks up salient issues from those cases and takes appropriate action on an ongoing basis, such as training interventions, or the review of procurement policies. In 2013, this has been done on a number of occasions through webcasts and newsletters on specific topics to all procurement practitioners.

Department responsible:	Procurement Practice Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

545. **In chapter II, paragraph 107 of document A/67/5/Add.10, UNOPS agreed with the Board's recommendation that it: (a) address the discrepancies in its asset registers to ensure it is able to accurately account for its asset inventory**

and prepare accurate opening balances for IPSAS purposes; and (b) address the inconsistencies in the asset inventory certification process.

546. UNOPS has corrected the discrepancies noted in its fixed asset register and clear IPSAS instructions on asset certification and physical verification processes were provided to its field offices as a part of the project asset certification process in 2012. Although UNOPS has opted to apply the transitional provisions of International Public Sector Accounting Standard 17, this recommendation of the Board is deemed to be implemented.

Department responsible:	Corporate Support Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

547. **In chapter II, paragraph 114 of document A/67/5/Add.10, the Board recommended that UNOPS: (a) perform monthly validation checks on its payroll to assure its completeness and accuracy; and (b) monitor and review all terminations to ensure that employees are removed from the payroll once they have separated from the organization.**

548. In line with the service-level agreement between UNOPS and UNDP, the payroll function for staff is performed by UNDP. UNDP performs monthly validation checks on the payroll to assure its completeness and accuracy and UNDP also ensures that employees are removed from the payroll once UNOPS notifies it that they have separated from the organization. In order to provide a second control mechanism for part (b) of the recommendation, UNOPS has added an additional control whereby the Finance Practice Group checks that terminated staff members are removed from the payroll in order to avoid overpayments.

Department responsible:	*Human Resource Practice Group*
Status:	*Implemented*
Priority:	*Medium*
Target date:	*Not applicable*

549. **With respect to item 22 of the annex to chapter II of document A/68/5/Add.10, UNOPS agreed with the Board's recommendation to resolve the disputed inter-fund differences in its accounts with UNDP.**

550. Reference is made to the comments of UNOPS in paragraph 494 above relating to the recommendation in paragraph 35 of the Board's report for the year ended 31 December 2012.

Department responsible:	Legal Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

551. **With respect to item 24 of the annex to chapter II of document A/68/5/Add.10, UNOPS agreed with the Board's recommendation that it:**

(a) continue to follow up the unreconciled inter-fund differences in its accounts; and (b) engage with the relevant United Nations agencies in order to resolve the old inter-fund differences.

552. UNOPS has been engaged actively with the agencies concerned and aims to close all the outstanding inter-fund balances in the coming months.

Department responsible:	Finance Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

553. **With respect to item 27 of the annex to chapter II of document A/68/5/Add.10, UNOPS agreed with the Board's reiterated prior recommendation that it analyse all currently listed projects and identify projects to be closed.**

554. Reference is made to the comments of UNOPS in paragraph 530 above relating to the recommendation in chapter II, paragraph 48 of document A/67/5/Add.10.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

555. **With respect to item 28 of the annex to chapter II of document A/68/5/Add.10, the UNOPS Africa Regional Office and the Senegal Operations Centre agreed with the Board's reiterated prior recommendation to take further steps to: (a) ensure that the status of projects is regularly monitored and accurately reflected in Atlas; and (b) urgently complete the project closure exercise.**

556. The status of projects is monitored through regular management meetings in the Operations Centre and through using the management workspace tool, which reflects project status in Atlas. The quarterly assurance review documents the status of project closure. Following the Board's audit, UNOPS established an online project closure tool to help operations centres to track projects to be closed and facilitate their smooth closure. Of the projects listed in the Board's report for the Senegal Operations Centre, 90 per cent were fully closed as of August 2013. The pending cases are being processed.

Department responsible:	Project Management Practice Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

557. **With respect to item 29 of the annex to chapter II of document A/68/5/Add.10, UNOPS agreed with the Board's recommendation that it: (a) address the discrepancies noted in its asset records; and (b) review all asset registers to ensure that other similar discrepancies are not detected.**

558. Reference is made to the comments of UNOPS in paragraph 546 above relating to the recommendation in chapter II, paragraph 107 of document A/67/5/Add.10.

Department responsible:	Corporate Support Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

559. **With respect to item 30 of the annex to chapter II of document A/68/5/Add.10, UNOPS agreed with the Board's recommendation that it: (a) implement controls to enable project managers to better control assets purchased with project funds; (b) investigate the circumstances around the use of project funds to purchase these fixtures.**

560. In December 2011, project asset policies and procedures were developed and issued. Administrative instruction AI/EO/2011/02 on the management of assets was promulgated as part of IPSAS implementation. In July 2012, UNOPS completed its physical verification of all UNOPS project assets. Based on this physical verification, UNOPS has updated its policies to enhance control of project assets. Furthermore, the procurement catalogue that was launched in January 2012 now stores and creates a register for all project assets purchased from 2012 onwards. For the purpose of verifying IPSAS-compliant opening balances, the project asset register for all projects ongoing as of 31 December 2011 was completed in July 2012.

Department responsible:	Corporate Support Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

IX. United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2012[12]

561. The status of implementation of the main recommendations as of July 2013 is summarized in table 22.

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[12] A/68/5/Add.13, chap. II.

Table 22
Status of implementation of main recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division of Management and Administration	6	–	2	4	4	–
Division of Management and Administration and Programme Support Division	1	–	1	–	–	–
Total	**7**	**–**	**3**	**4**	**4**	**–**

562. The status of implementation of all recommendations as of July 2013 is summarized in table 23.

Table 23
Status of implementation of all recommendations

Department responsible	Number of recommendations	Not accepted	Implemented	In progress	Target date set	No target date
Division of Management and Administration	14	1	6	7	7	–
Division of Management and Administration and Programme Support Division	1	–	1	–	–	–
Programme Support Division	2	–	1	1	1	–
Total	**17**	**1**	**8**	**8**	**8**	**–**

563. **In paragraph 16, the Board recommended that the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) regularly review the depreciation rates and useful lives of assets to avoid having a large number of assets fully depreciated but still in use.**

564. For its annual reporting date of 31 December 2012, UN-Women conducted a review of the depreciation rates and useful lives of assets and will continue to conduct such reviews regularly. UN-Women did not agree with the Board's interpretation of paragraph 67 of International Public Sector Accounting Standard 17, which does not state that the review must be conducted on 31 December (the reporting date) but that it should be completed for the annual reporting date. As the year-end closure date for field office transactions was 31 January 2012, UN-Women could in practice only undertake the review in February 2013. Furthermore, the review in February 2013 had no effect on the useful life estimation as it was done for the year ended 31 December 2012 and the retrospective adjustments will apply whether it was performed on 31 December 2012 or in February 2013.

Department responsible: Division of Management and Administration

Status: Implemented

Priority: Medium

Target date: Not applicable

565. **In paragraph 24, the management agreed with the Board's recommendation that it conduct a review in 2013 of the funding of both after-service health insurance and repatriation benefits.**

566. UN-Women acknowledged an increase in the level of end-of-service liabilities over two years and consequently an increased funding gap. UN-Women has a funding mechanism in place that includes charging 5 per cent and 2 per cent of salary costs for financing after-service health insurance and repatriations, respectively. Moreover, a review of funding strategy has been undertaken in 2013 to ensure that a comprehensive strategy takes account of the increase in liabilities. UN-Women takes note of the Board's recommendation and will conduct a further review.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

567. **In paragraph 30, the Board recommended that UN-Women revisit the requirements of International Public Sector Accounting Standard 12 as a whole in relation to items kept at all offices, to ensure full compliance with IPSAS.**

568. UN-Women has reviewed International Public Sector Accounting Standard 12 and has determined that it has no inventory. No-charge publication materials and campaign brochures prepared by UN-Women are for advertising and promotional information purposes only. These items do not have longevity and are used within a 12-month period. Accordingly, the cost of publication materials is recognized as an expense when incurred. The Board was further informed that no bulk procurements are made in respect of consumables and educative materials and therefore the organization has no inventories. UN-Women acknowledges that it is a going concern entity and as such its policy on inventory may require amendment should UN-Women hold inventory in the future.

Department responsible:	Division of Management and Administration
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

569. **In paragraph 36, UN-Women agreed with the Board's recommendation that it (a) improve the service-level agreement to accommodate the need for UN-Women to monitor the entire treasury services entrusted to UNDP; and (b) abide by the provision of the agreement requiring it to give annual cash flow forecasts to UNDP to avoid any possibility of ad hoc cash requests that may necessitate interruption of investments owing to fund shortages.**

570. UN-Women informed the Board that it has outsourced the investment decisions to UNDP via the service-level agreement, just as any organization may outsource the management of investment decisions to a financial adviser and that it has adapted the UNDP investment guidelines for the management of its investments. UN-Women has agreed that UNDP should hold adequate cash based on historical patterns. Cash flow forecasts will be provided in 2013, but will be estimates only as the amount and timing of receipt from donors of core and non-core funds is not

accurately predictable. UN-Women also informed the Board that it would continue to review its service-level agreement with UNDP on an annual basis.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

571. **In paragraph 41, UN-Women agreed with the Board's recommendation that it develop risk registers at operational levels and a consolidated register at the strategic level. The registers should include categories and the nature of threats that could adversely affect the delivery of its mandate and should include possible mitigation strategies.**

572. UN-Women agreed with the recommendation and informed the Board that it would have a risk policy and risk registers by the end of the fourth quarter of 2013.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

573. **In paragraph 47, UN-Women agreed with the Board's recommendation that it (a) assign to a selected team the responsibility of approving annual plans; and (b) establish a clear timetable with target dates for the preparation and approval of the strategic note and annual workplans before the beginning of the performance cycle.**

574. UN-Women informed the Board that it had already established a dedicated team and a peer review group for reviewing and recommending approval of annual workplans, and a timetable for the approval of the 2013 workplans.

Department responsible:	Programme Support Division
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

575. **In paragraph 53, the Board recommended that UN-Women design, implement and document additional procedures to improve the completeness and accuracy of property, plant and equipment recording in the asset management system.**

576. The comments of UN-Women are reflected in paragraph 51 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration
Status:	Implemented
Priority:	High
Target date:	Not applicable

577. **In paragraph 56, UN-Women agreed with the Board's recommendation that it: (a) improve its procedures for the management of assets to ensure that all necessary records from acquisition, valuation, recording, accounting and disposal are adequately maintained; and (b) streamline its asset reporting procedures to ensure that the headquarters has adequate information and an appropriate mechanism for monitoring compliance with the property, plant and equipment policies and the requirements of the Financial Rules and Regulations.**

578. The comments of UN-Women are reflected in paragraph 57 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

579. **In paragraph 60, UN-Women agreed with the Board's recommendation that it (a) strengthen the system of project monitoring and evaluation to ensure that the milestones set in its strategic plans are achieved; and (b) ensure that all project contracts are aligned with the provisions of the financial rules and regulations, manuals and policies.**

580. The comments of UN-Women are reflected in paragraphs 61 and 62 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

581. **In paragraph 67, the Board recommended that UN-Women ensure that delivery rates for its projects are as stipulated in the 2011-2013 strategic plan.**

582. UN-Women informed the Board of the initiatives undertaken to ensure that there is organizational efficiency and effectiveness to optimize programme delivery and administrative arrangements. For instance, in 2012 the organization implemented a number of improvements to project management and project delivery. These included weekly monitoring at all levels (headquarters, regions, subregions and country offices); weekly delivery meetings with regional representation; and specific intervention with offices with low delivery rates, including conference calls with the Director of Programmes.

Department responsible:	Programme Support Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

583. **In paragraph 70, UN-Women agreed with the Board's recommendation that it: (a) ensure that the positions held by service contract holders are filled**

on a timely basis by personnel on staff contracts; (b) assess the current status of staffing at all levels and the impact on the performance of programmes, and find a means of creating a database of prospective applicants who can be recruited to fill vacant posts in a timely manner; and (c) institute a follow-up process for officers returning from official travel so that they submit travel claim forms within the specified time.

584. The comments of UN-Women are reflected in paragraph 71 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2014

585. **In paragraph 75, UN-Women agreed with the Board's recommendation that it review its procurement function and established delegations of authority. For instance, UN-Women may consider the case for categorizing procurements into strategic and operational requirements and making sure that the strategic acquisitions are processed centrally. The results of the review should also ensure that the headquarters has adequate control over budgeting, spending, monitoring and evaluation, and that compliance with plans, rules and regulations, as well as regular reporting, is assured.**

586. The comments of UN-Women are reflected in paragraph 77 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

587. **In paragraph 76, the Board also recommended that UN-Women consider the benefits of the provisions of paragraph 4.4 of the UNDP Programme and Operations Policies and Procedures and include a liquidated damages clause in its contracts as required.**

588. UN-Women disagrees with this finding and explained that it is the institutional position of the United Nations, as previously communicated to the Board by the Office of Legal Affairs of the Secretariat, that a liquidated damages clause cannot be applied to all contractual arrangements as a "standard" term. Depending on the nature, scope and complexity of a particular contractual arrangement, UN-Women will assess the appropriateness of a liquidated damages clause and include such a clause as warranted.

Department responsible:	Division of Management and Administration
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

589. **In paragraph 80, UN-Women agreed with the Board's recommendation that, in collaboration with UNDP, it improve the communication procedures between the human resources office and the Argus system focal points to ensure that user accounts for the employees leaving the Entity are disabled promptly. In addition, immediate measures should be taken to disable all dormant accounts.**

590. The comments of UN-Women are reflected in paragraph 79 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration
Status:	Implemented
Priority:	High
Target date:	Not applicable

591. **In paragraph 83, UN-Women agreed with the Board's recommendation that it institute mechanisms at entity level for controlling and monitoring the use of Atlas general ledger codes (in particular codes 74605 and 71640) to avoid incorrect use or erroneous postings.**

592. UN-Women has issued an instruction to staff both at headquarters and in country offices (finance users and operations managers) on the use of general ledger codes 74605 and 71640, and has amended the month-end closure checklist to ensure that these specific codes are reviewed monthly.

Department responsible:	Division of Management and Administration
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

593. **In paragraph 88, the Board recommended that UN-Women assess the level of capacity and capability required to effectively perform the internal audit function in view of the growth of its audit and advisory services requirements.**

594. The comments of UN-Women are reflected in paragraph 87 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration and Programme Support Division
Status:	Implemented
Priority:	High
Target date:	Not applicable

595. **In paragraph 92, the Board recommended that UN-Women consider the results of audits of its projects and work closely with implementing partners to address the weaknesses identified. The focus should be on implementing partners who have recurring negative reports.**

596. The comments of UN-Women are reflected in paragraphs 93 and 94 of the Board's report for the year ended 31 December 2012.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

B. Implementation of the recommendations contained in the report of the Board of Auditors for the previous financial period

597. In the annex to its report for the financial period ended 31 December 2012, the Board provided a summary of the status of implementation of recommendations for the previous financial period. Information is provided below on the five recommendations, out of 28 issued in the biennium 2010-2011, listed as outstanding. All five are shown as under implementation in the annex; 23 recommendations (82 per cent) of the 28 recommendations were implemented.

598. The situation as of July 2013 of the five recommendations that were under implementation is summarized in Table 24.

Table 24
Status of implementation of recommendations from the prior period considered not fully implemented in the annex to the report of the Board of Auditors for the year ended 31 December 2012

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Management and Administration	4	–	–	4	4	–
Programme Support Division	1	–	–	1	1	–
Total	**5**	**–**	**–**	**5**	**5**	**–**

Report of the Board for the year ended 31 December 2011[13]

599. **In paragraph 97, UN-Women agreed with the Board's recommendation that it: (a) improve its project budget management and monitoring procedure to better monitor underspending on projects; and (b) address the cause of delays in project implementation to ensure delivery on its mandate.**

600. UN-Women introduced a monthly review of budget expenditure and reports provided to the senior management and also made available to local offices. In addition, ongoing Atlas (the enterprise resource planning system) training of field staff for monitoring project expenditure continues to increase understanding of available reports.

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[13] A/67/5/Add.13, chap. II.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

601. **In paragraph 101, UN-Women agreed with the Board's recommendations that it perform financial closure of all operationally closed projects within 12 months of operational closure.**

602. Financial closure of old projects is under way and a dedicated project team was established to close the legacy projects inherited from United Nations Development Fund for Women. Project closure of an initial list of 388 projects to be closed for the years from 2004 to 2007 began in May 2012: 193 projects were closed; 54 projects were ongoing and 141 projects were operationally closed pending completion of the general ledger reconciliation project in March 2013. In May 2013 the closure of old operational projects recommenced.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2014

603. **In paragraph 107, UN-Women agreed with the Board's recommendation that it strive to complete the annual workplan approval process before the start of the performance cycle.**

604. UN-Women recognizes the desirability of completing annual workplans before the end of the preceding year of the performance cycle. This was UN-Women's first year of preparing annual workplans, during a period of transformation that included the approval of the strategic plan only halfway through 2011. UN-Women will continue to strengthen its efforts to complete annual workplans in advance of the year in which they are implemented and fully agrees with the Board that this is the ideal scenario for such processes and instruments. With 2011 having been a transition year, UN-Women anticipates being able to accelerate the process in future years. UN-Women has now a timetable in place and the majority of annual workplans for 2013 were approved before the end of 2012. UN-Women has strengthened the process for the approval of annual workplans in order to ensure that approval is timely.

Department responsible:	Programme Support Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

605. **In paragraph 136, the Board recommended that UN-Women expedite the process of filling posts at country and regional offices to have adequate staffing.**

606. UN-Women informed the Board that, as part of the transition and the ongoing transformation process, the filling of UN-Women posts in 2011 was based on a phased approach. The first phase, focused on headquarters positions, was fully

completed in 2012. The second phase, focused on the field-based positions, is intrinsically linked to the outcome of the regional architecture analysis and the related change management process. The recruitment for all international Professional positions approved by the Executive Board for 2011 was fully completed and further recruitment has already been initiated for the positions approved by the Executive Board for 2012-2013. Additional recruitment is being fast-tracked to fill positions that are being approved as part of the regional architecture of UN-Women, which is being reviewed by the Executive Board.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

607. **In paragraph 140, UN-Women agreed with the Board's recommendation that it perform validation checks on the payroll information that is submitted to UNDP to ensure that it is valid, accurate and complete.**

608. The UNDP payroll is initially focusing on the payroll validation tool for internationally recruited Professionals and headquarters-based General Service staff, which is now functioning well. For the field offices, it will finalize this tool in due course. Also, importantly, there needs to be a roll-out plan within UN-Women for a payroll validation process for the field offices, which ideally should be managed by international operations managers in the regional offices. UN-Women is in the process of recruiting for these posts. Until the international operations managers are onboard, UN-Women does not have adequate capacity to manage this process at the field level.

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

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