



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

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**Recommendations of the Board of Auditors**

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

*Summary*

In July 2021, the United Nations Board of Auditors formally issued its audit report for UNDP ([A/76/5/Add.1](#)) and awarded UNDP an unqualified (clean) audit opinion for the year ended 31 December 2020. This is the ninth full year of reporting under International Public Sector Accounting Standards (IPSAS) and the opinion reflects the continuing commitment of UNDP to comply with IPSAS. This achievement marks 16 consecutive years of unqualified audit opinions for UNDP.

The Administrator has underlined that transparency and accountability for results and impact continue to be the top priority of UNDP. The governance mechanisms and the accountability framework ensure that funds are administered with appropriate fiduciary accountability and integrity, reinforced by a commitment to ongoing improvement and innovation. UNDP learns continuously from and implements recommendations of its independent oversight bodies to help drive efficiency and effectiveness. In 2020, UNDP ranked as one of the most transparent aid organizations in the world, according to the Aid Transparency Index 2020.

The strategic management of the top audit-related priorities continues to be monitored closely, with the direct engagement of the Administrator and the Associate Administrator. UNDP has made continuous improvements in addressing its audit priorities.

The present report includes an update on the top seven audit-related management priorities for 2020-2021 (as presented in last year's report ([DP/2021/3](#)) and supported by Executive Board decision 2021/1), noting progress in certain areas within the audit priorities (annex I); reports progress on the implementation status of the recommendations of the Board of Auditors for the year ended 31 December 2020 and prior years (annex II); and provides an update on root-cause-analysis actions. Pursuant to Executive Board decision 2010/9, details of the implementation status of the individual audit recommendations and the full audit report of the Board of Auditors are available on the UNDP Executive Board website.

*Elements of a decision*

The Executive Board may wish to: (a) welcome the unqualified audit opinion issued by the United Nations Board of Auditors for 2020; (b) note progress made by UNDP in addressing the top seven audit-related priorities in 2020-2021; and (c) support the ongoing efforts of UNDP management to implement the recommendations of the Board of Auditors for the year ended 31 December 2020.



## **I. Introduction**

1. The United Nations Board of Auditors has issued an unqualified (clean) audit opinion on the UNDP financial statements for the year ended 31 December 2020. This marks 16 consecutive years of unqualified audit opinions for UNDP – an achievement that confirms the organization’s commitment to continuous improvement in transparency and accountability. The tone set at the top by the Administrator and the Associate Administrator has been instrumental in enabling UNDP to receive unqualified audit opinions from its external auditors.
2. UNDP adopts a risk-based approach in addressing recurring audit issues. The purpose of setting the organization's top audit-related management priorities is to identify – including from the perspective of the independent internal and external oversight and governing bodies – significant, recurring or emerging risks and their associated inherent root causes. This allows management to ensure that adequate mitigating strategies and controls are put in place to address such issues on a priority basis, noting that there will always be a level of residual risk.
3. UNDP has made continuous improvements in addressing its audit priorities, as indicated in the progressive reduction in the number of priorities from the original 15 in the period 2006-2007. For the biennium 2020-2021, UNDP is proud of the significant improvement made in the implementation rate of audit recommendations: 70 per cent of audit recommendations were implemented in 2020, compared to 57 per cent in 2019 and 35 per cent in 2018.

## **II. Review of progress made in addressing the refined top seven audit-related management priorities for 2020-2021**

4. Based on the findings of the Board of Auditors for the period ended 31 December 2020 and in discussions with the Board of Auditors, the Office of Audit and Investigations and the Audit and Evaluation Advisory Committee, UNDP has made progress on all of the top seven audit-related priorities for the 2020-2021 period, as set out below.

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

5. Implementation of the 2014 revised harmonized approach to cash transfers (HACT) framework continues to be among the top priorities of UNDP in its efforts to facilitate risk management when working with implementing partners and responsible parties by selecting and updating the implementation and cash transfer modality, based on the results of micro assessments and assurance activities.
6. As of September 2021, 75 per cent of country offices had carried out macro assessments and 81 per cent of micro assessments of implementing partners had been completed.
7. Compliance with HACT continues to improve as offices initiate new programme cycles, which give them an opportunity to fully incorporate the necessary activities during project planning. Offices transitioning to the full elements of the HACT framework continue to perform project financial audits. In order to enhance the oversight and management of implementing partners, in 2021 UNDP:
  - (a) Continued to update the HACT monitoring platform by incorporating new features to flag required and voluntary micro assessment and assurance activities in the planning reports, based on the revised HACT guidelines, to improve country offices’ HACT planning exercises;
  - (b) Rolled out standardized templates to document significant issues and remedial actions arising from micro assessments and assurance activities to enable offices to have a structured documentation and tracking system on issues raised. The documentation would be required to be reviewed by the respective regional offices for partners that are expected to receive cash transfers exceeding or equalling to \$1 million in the year;

- (c) Revised its HACT guidance to enhance its applicability, address issues raised by the Board of Auditors and ensure greater clarity for UNDP offices.
8. In line with the recommendations arising from the internal root cause analysis, UNDP has implemented the following actions:
- (a) Strengthened oversight of the compliance of HACT activities by requiring regional bureaux to review the HACT activities of significant partners that are expected to receive cash transfers exceeding or equalling to \$1 million per year;
  - (b) Revised the prescriptive content of programme and project management, where necessary, to provide greater clarity on managing the risk of working with implementing partners;
  - (c) Strengthened the sharing of best practices for HACT by promoting the use of the dedicated online Yammer platform to help boost capacity at regional and country levels;
  - (d) Continued to update the HACT platform to improve monitoring and explore options for seamless integration of HACT activities into Quantum within the new enterprise resource planning system (ERP), including embedding preventive and reactive control and digitalizing electronic funding authorization and certificate of expenditures forms to integrate information exchange with partners and enhance efficiency and visibility within UNDP.

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

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

10. To effectively address recurring audit issues around core programming functions like risk management, monitoring, stakeholder engagement and project board functioning, UNDP is investing in staff skills through the industry-standard course, Managing Successful Programmes, which it has customized to reflect the United Nations Sustainable Development Cooperation Framework as the umbrella framework from which the UNDP results framework is derived, and to reflect realities in programming for development change. UNDP completed the roll-out of the customized course in 2021 and 1,300 staff<sup>1</sup> successfully completed it between 2020 and 2021. For 2022, it is planned that the course will be available to all UNDP staff through the Talent Development Unit portal for self-paced learning. The accessibility of the course provides learning opportunities and capacity-building to all staff, which can increase the organization's programme capabilities and effectiveness.

11. A robust investment plan to strengthen UNDP capacities for risk management in programming is being rolled out in 2020-2021. This includes a focus on deepening skills on the UNDP social and environmental standards and overall risk management in programmes and projects. An in-depth, one-year training programme is being conducted to form a cadre of experts on the standards based in the regional hubs. These staff will graduate from the programme early in 2022 and will then be utilized by country offices with high-risk projects needing extra support. Staff from the five regional bureaux participated in a five-day training-of-trainers course on risk management in October 2021 to strengthen the culture and behaviours in risk management. Additional guidance and protocols have been developed for project boards, including expectations for effective functioning of project governance and commitments to avoid conflicts of interest. In addition, regular workshops and "boot camps" for staff and managers are held to reinforce important programming concepts and skills.

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<sup>1</sup> The 1,300 staff were from UNDP and also from the United Nations Capital Development Fund, the United Nations Volunteers programme and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women).

12. To help provide insights to managers for more effective programming, UNDP is developing a customizable collaborative digital workspace for programme, project and portfolio management that helps users at every level to deliver integrated results with accountability and quality. This platform will help managers see where their programming stands across the full life cycle to better monitor performance and highlight what needs to be done before becoming an audit issue. A scaled-down version, or minimum viable platform, is being developed for the first quarter of 2022 to include recommendations for similar projects to facilitate lateral learning, output-verification field visits, project board schedules, decisions and minutes, etc. The long-term vision includes advanced management tools, analytics and abilities for users to manage their work across both programme and operations, make decisions and create their own bespoke networks and learning profiles, including alerts to inform managers and corporate oversight functions when key actions are slipping, before they become an issue. The goal is for it to become the daily management tool connecting data, people and information from across dozens of existing UNDP systems, in addition to incorporating additional data needed to deliver better results. Important to note is that in 2021, UNDP migrated to a cloud environment and various UNDP systems will be integrated to the cloud by July 2022.

13. As conveyed in the previous report, measures in 2020 to digitalize operations included launching the combined delivery report (CDR) digital platform, CDR Bridge. This digital platform, launched successfully in the first quarter of 2020, has made the quarterly CDR certification a seamless digital process through which UNDP partners can now certify their expenses digitally. These measures build on previous enhancements, including the end-to-end rewriting of programming policies and procedures, the introduction of new quality standards for programming, a new monitoring policy and improvements introduced through the new United Nations Sustainable Development Cooperation Framework.

14. Per the recommendations noted in the internal root cause study, UNDP has implemented the following actions:

- (a) Invested in and prioritized the development of tools to help alert programming staff when key requirements are due and to enable effective, integrated oversight by the regional bureaux;
- (b) Developed guidance (standard operating procedures) to supplement programme and project management guidance in key areas such as preparation of project workplans and budgets, monitoring and adjustment, thus mainstreaming risk management into this guidance.

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

15. Management continues to invest in better digital tools, improved policies, advisory services and business processes. UNDP is rolling out an end-to-end integrated platform for procurement planning, from project origination to payments, using the Oracle Cloud ERP and UNall applications, enabling full visibility and transparency from end to end in the procurement process and enhanced delivery through fully integrated and optimized processes. The system introduces a single vendor database so that a global repository of vendors can be used across the organization, thus reducing the risks of duplication and improving due diligence and controls in vendor management. It also introduces the supplier portal, giving suppliers the ability to engage digitally with UNDP, self-register, see procurement opportunities and manage orders, invoices and payments.

16. The new procurement platform, which includes an online catalogue, provides easier access to long-term agreements. It will lead to improved expenditure management and strengthened analytical information with enhanced access to volume discounts, greater operational efficiencies and productivity, as well as the ability to reduce transaction times. The control framework is embedded across the cloud process and will result in increased risk management and compliance, from field validation to automated approval workflows. The “sourcing to awards” module of the new procurement platform was rolled out in May 2021 and is being piloted by six business units,

while the transactional modules (including planning) will be implemented by January 2022, thus addressing the recommendations noted in the internal root cause study to automate and digitize the procurement function.

17. The mandatory use, since 2019, of the e-tendering system for procurement requirements above \$150,000 has led to increased transparency and burden reduction, with 94 per cent compliance in 2020. The system was integrated with the procurement oversight system for increased automation and a seamless procure-to-pay process. UNDP continues to utilize the automated management of contracts in the ERP contract management module, leading to increased visibility and monitoring of contractual activities.

18. In an effort to further increase procurement capacity, UNDP provides an increasing number of courses as part of its procurement certification road map. Training was hard hit in 2020 due to lockdowns and the shift to virtual learning. Despite the impact of the coronavirus disease (COVID-19) pandemic, UNDP successfully certified 380 United Nations staff, 178 UNDP staff and 203 national government personnel as having completed training courses certified by the Chartered Institute of Procurement & Supply. The percentage of unit heads of country office procurement with relevant procurement certification was maintained at about 72 per cent despite the challenges caused by the pandemic.

19. To improve country-level capacities, the regional procurement specialists in the regional hubs continue to support procurement at the field level, providing technical and advisory services on complex procurement cases and successfully coordinating regional-level procurement activities, including planning, working closely with the procurement oversight specialists in the hubs.

20. UNDP has clustered the creation and management of vendors for the five regional bureaux under the Global Shared Service Centre, leading to increased professionalization, transparency and controls. UNDP continues to ensure compliance with the procedures for vendor management that were established in July 2020, which include requirements for quarterly clean-up and maintenance of vendor records; verification of vendor sanctions lists for payments and purchase orders; and how to identify fraudulent vendor profile changes. The mutual recognition of procurement outcomes of all United Nations agencies, without further review where applicable, continued to enable operational efficiency in 2021.

21. In 2020, the Vendor Review Committee issued 54 sanctions and 22 interim suspensions to vendors involved in proscribed practices. In 2021, the Committee issued 70 sanctions and nine interim suspensions, thus continuing to enforce zero tolerance for such practices.

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

22. UNDP has made marked progress in the last year to ensure effective human resources management. In 2020, compliance with mandatory training increased from 83 per cent to 85 per cent for staff and from 79 per cent to 83 per cent for non-staff.

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

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

25. Launched in 2019, the UNDP People for 2030 strategy, which aims to progressively transform the organization's culture and capacity to deliver more and better development results, continues to be implemented. As part of the strategy, in 2021, UNDP introduced new contract modalities to cover the functions of service contractors. The policy on recruitment of service contractors is being reviewed in the context of the new contractual framework and the work on clustering of local recruitment.

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

## **E. Financial management**

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

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

29. UNDP has launched an integrated finance dashboard which incorporates real-time indicators around financial sustainability, the internal control framework, national execution advances, etc. Country offices are provided timely quarterly financial reports highlighting indicators with potential issues as well as suggested solutions. In addition, regular reviews are conducted with bureaux with a view to escalating chronic items to ensure they are addressed. The internal control framework has been revised and an operational guide issued to make it more agile and user-friendly and to incorporate changes resulting from clustering. The framework policy is aligned to the principles of the Committee of Sponsoring Organizations on three lines of defence and reflects benchmarks with other United Nations agencies.

30. In regard to banking risks, UNDP has reduced risk through clustering bank reconciliations for all country offices in 2020. Banking risk has been further reduced through the phased implementation of a host-to-host interface for the secured transfer of electronic funds for local payments with 37 UNDP offices in addition to all headquarters bank accounts. This control will be reviewed when the new ERP is implemented in 2022. As an additional mitigating measure implemented as an alternative to the host-to-host interface, the Treasury Division approved standard operating procedures and onboarded 36 country offices to implement access to the banks' online platforms for electronic funds transfer payment.

31. To further build the capacities of its staff, UNDP is continuing efforts to promote financial training and certifications for staff and to expand the use of self-assertion to certify the performance of key controls in the decentralized offices of UNDP. A new addition to self-assertion for 2020 includes certification by country offices that they have assessed fraud and corruption risk as required by the UNDP policy against fraud and other corrupt practices and enterprise risk management (ERM) policy.

32. In following up to the recommendations in the internal root cause study, in 2021, UNDP has:

- (a) Automated controls where feasible to enhance compliance with the internal control framework, with an emphasis on controls in the new ERP system;

- (b) Implemented automated controls to improve segregation of functions and enhanced delegation of authority;
- (c) Strengthened the elements of the internal control framework in the financial dashboard to monitor compliance at country and regional levels.

## F. Partnerships and resource mobilization

33. The socioeconomic impact of COVID-19 has been devastating. According to the [Financing for Sustainable Development Report 2021](#),<sup>2</sup> the pandemic has set back development progress, with the global economy experiencing the largest recession in 90 years and the most vulnerable segments of societies disproportionately affected. Faced with the unprecedented challenges, UNDP demonstrated its agility through the speed and scale of its response to the COVID-19 pandemic, improved its efficiency ratio, increased the allocation of regular resources to development programmes, balanced its budget for a fourth consecutive year, garnered a sixteenth consecutive unqualified audit opinion and remained the most transparent United Nations organization.

34. Despite the difficult funding environment and deeper cuts from key donor partners, UNDP received annual contributions to regular resources amounting to \$696 million in 2020, a 13 per cent increase over \$616 million received in 2019. This was realized due to the generous support of key partners and proactive engagement by UNDP making the case for regular resources, mitigating risks of potential cuts, showcasing its role in operationalizing the reform of the United Nations development system and seizing opportunities for additional and timely contributions from other partners. The effective communication and tailored messages helped to ensure that the UNDP COVID-19 offer effectively positions the organization with key donors and shows its impact on the ground. UNDP appreciates the increased contributions to regular resources in 2020 from the Governments of Czech Republic, Denmark, Finland, Germany, Israel, Japan and the United States. Eleven Member States had multi-year agreements for regular resources in place in 2020, up from six in 2018, making up 50 per cent of total regular resources contributions. Total contributions in 2020 reached \$5.6 billion, exceeding the planned level of \$5.3 billion.

35. Contributions to the thematic funding windows in 2020 increased by 21 per cent to \$125 million, from \$103 million in 2019, indicating continued growing support for this funding channel. To further enhance the flexible thematic funding, UNDP is embarking on a thematic portfolio approach to partnership and resource mobilization in an effort to shift from the current highly projectized and strictly-earmarked contributions to a more flexible funding practice that allows for strategic and needs-based deployment of development interventions.

36. The total amount received from United Nations pooled funds in 2020 was \$438 million, slightly lower than \$477 million received in 2019. The Law and Order Trust Fund for Afghanistan, Peacebuilding Fund and Spotlight Initiative were the top multi-partner trust funds implemented by UNDP. The potential decline in contributions anticipated by the transfer of the management agent function for humanitarian funds was averted to a degree by the increased implementation of inter-agency pooled funds by UNDP, as a participating United Nations organization, by 77 per cent in 2020. Through its Sustainable Development Goal Finance Sector Hub, UNDP is scaling up its support to transform the global financial system, through new and innovative financing mechanisms, to enable accelerated implementation of the Goals at the country level. UNDP will accelerate advancing the financing agenda for the Goals by deepening its partnership with United Nations agencies, international financial institutions, the private sector and other development partners.

37. The 2021 report of the Secretary-General on the implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system ([A/76/75](#)) shows a mixed picture of the funding

<sup>2</sup> United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2021. (New York: United Nations, 2021), available from: <https://developmentfinance.un.org/fsdr2021>.

compact, with some progress observed on 50 per cent of Member States' commitments and 73 per cent of United Nations Sustainable Development Group commitments. For commitments tracked and reported by individual agencies, in 2020, UNDP observed progress on only 44 per cent of Member States' commitments and on 89 per cent of UNDP commitments. Despite the slow progress, particularly on Member States' commitments, fulfilling the funding compact commitments is critical now more than ever to ensure that the United Nations system can respond to complex development challenges while reducing response times, transaction costs and competition for resources.

38. As the international community continues to seek more resources to support sustainable development, the COVID-19 pandemic remains a major threat to both public and private finance. This could significantly affect the quality and quantity of funding for UNDP in its effort to prepare and respond to this new development crisis. Accordingly, UNDP calls on its partners to: refrain from cutting and avoid redirecting official development assistance away from global human development; prioritize regular resources; enter into multi-year commitments and make early and timely disbursements to enable UNDP to continue responding rapidly to countries' demands; and offer integrated development solutions to realize the 2030 Agenda for Sustainable Development. UNDP closely monitors the impact of COVID-19 on current and future funding and updates its intelligence-based planning and budgeting instruments. It also continues to engage with the Executive Board, through the structured funding dialogue, to address the funding challenges, mitigate risks and realize opportunities.

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

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

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

41. Since April 2019, when the updated ERM policy was launched, several trainings have been conducted and new tools introduced to further strengthen risk management. Most of the activities in the approved ERM implementation action plan were completed in 2020. The risk appetite statement and its related guidance were recently approved by the Administrator and launched on 31 October 2021. The risk appetite statement was developed based on a consultative process and sets out the internal preference of UNDP regarding the level of risk to take in a given situation. It also reflects the UNDP risk culture and the risk attitudes of key external stakeholders and partners. It is not a fixed statement and will be reviewed and updated to support the delivery of the UNDP Strategic Plan, 2022—2025 and to reflect existing organizational capacities and priorities to take and effectively manage risks. To ensure effective implementation of the risk appetite statement, system changes are under way and a series of webinars will follow. To support the implementation and monitoring of the risk appetite statement, key risk indicators are being developed along with measurements and thresholds for each indicator to support risk-informed decision-making and effective risk management. They are aimed to be an early warning indicator that highlights when performance may be about to move to an unacceptable level, that is, to go outside the agreed risk appetite. The indicators will be set at the minimum acceptable threshold for performance, as an alarm to take action and avoid taking unnecessary risks. Additionally, they can be seen as an early signal of increasing and unacceptable risk exposure.

42. In addition, some regional bureaux, e.g., as the Regional Bureau for Asia and the Pacific, included risk management in their performance tracking system (key performance indicators) and performance compacts between the bureau and country offices. A special investment was made in



bolstering risk management capacities, including hiring a regional risk management specialist. The overall direction of risk management is to incorporate risk assessment and management as part of project/programme design rather than to take a passive approach of monitoring and reacting to the consequences of the risks after they materialize.

43. The anti-fraud strategy and its associated anti-fraud action plan were endorsed by the Organizational Performance Group and are under implementation as part of ongoing efforts to manage the risk of fraud and improve the control environment. The strategy sets out both the ongoing efforts of UNDP to prevent fraud and corruption and the key priority areas for further attention and focus.

44. Per the recommendations noted in the internal root cause study, UNDP has implemented the following actions:

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

### **III. Status of audit recommendations of the Board of Auditors for the year ended 31 December 2020**

45. For the year ended 31 December 2020, the Board of Auditors, in its audit report on UNDP ([A/76/5/Add.1](#)), issued 43 audit recommendations (2019: 37 recommendations). Of those, 14 were classified as “high priority” and the remaining 29 were assigned a “medium priority” rating. Management agreed with all recommendations issued. Details are provided in annex II.

46. Consistent with practices adopted in previous years and as agreed with the Board of Auditors, UNDP has a phased approach for implementing the audit recommendations, with clear accountabilities for the implementation of each recommendation and target completion dates. The phased approach is based on the complexity and time required to resolve and discuss each issue with the Board of Auditors. It is important to note that implementation of the 2020 recommendations could start only after issuance of the final report of the Board of Auditors in July 2021.

47. As of October 2021, UNDP management has already implemented 16 recommendations, i.e., 28 per cent of recommendations. Pursuant to Executive Board decision 2010/9, a tabular listing of the status of implementation of the audit recommendations is available in annex II on the Executive Board web page.

### **IV. Status of audit recommendations of the United Nations Board of Auditors for the year ended 31 December 2019 and prior years**

48. The Board of Auditors noted in its report that 13 recommendations were outstanding when its report for the financial year ended 31 December 2020 was issued. The recommendations from prior years that remain in progress or have been reiterated are part of the top seven audit priorities.

49. Of the 13 recommendations from previous years, eight recommendations have been implemented as of the date of this report.

## **V. Conclusion**

50. UNDP is pleased to have received an unqualified audit opinion from the Board of Auditors. This is a testament to the hard work of all staff across UNDP offices globally. The Executive Group and the Organizational Performance Group will continue to closely monitor the progress made in addressing audit-related management priorities, with a view to ensuring that UNDP continues to enhance productivity, accountability, transparency and performance for greater results and impact, while making every effort to close the recommendations of the Board of Auditors in a timely manner.

**Annex I**

<b>UNDP assessment of progress for its top seven audit priorities</b>	<b>2019</b>	<b>2020</b>
Implementing partner fiduciary and capacity management		
Programme and project management and evaluation		
Procurement and fraud mitigation strategies		
Human resources management		
Financial management		
Partnership and resource mobilization		
Enterprise risk management		

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