



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

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**Recommendations of the Board of Auditors**

**UNDP: Report on the recommendations of the United Nations  
Board of Auditors for 2023: Status of implementation**

**Report of the UNDP Administrator**

*Summary*

In July 2024, the United Nations Board of Auditors formally issued its audit report for UNDP (A/79/5/Add.1) and awarded UNDP an unqualified (clean) audit opinion for the year ended 31 December 2023. This is the twelfth 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 19 consecutive years of unqualified audit opinions for UNDP.

Transparency and accountability for results and impact continue to be the top priority of UNDP. The governance mechanisms and accountability framework ensure that funds are administered with appropriate fiduciary accountability and integrity, reinforced by a commitment to ongoing improvement and innovation. UNDP continuously learns from and implements recommendations of its independent oversight bodies to help drive efficiency and effectiveness. UNDP continues to maintain its position as one of the most transparent aid organizations in the world, according to the Aid Transparency Index 2024. UNDP management is committed and will continue to implement the United Nations Board of Auditors audit recommendations to improve UNDP governance, risk, and control processes.

The present report reviews the progress made on the implementation status of the recommendations of the Board of Auditors for the year ended December 2023 and prior years. Pursuant to Executive Board decision 2010/9, details of the implementation status of the individual audit recommendations and the full audit report of the United Nations Board of Auditors are available on the UNDP Executive Board website.

*Elements of a decision*

The Executive Board may wish to: (a) welcome the unqualified audit opinion issued by the United Nations Board of Auditors for 2023; (b) note progress made by UNDP in closing open audit recommendations; and (c) support the ongoing efforts of UNDP management to implement the recommendations of the Board of Auditors for the year ended 31 December 2023.



## **I. Overview**

1. The United Nations Board of Auditors has issued an unqualified (clean) audit opinion on the UNDP financial statements for the year ended 31 December 2023. This marks 19 consecutive years of unqualified audit opinions for UNDP – an achievement that confirms the organization’s continued commitment to transparency and accountability. The tone set at the top by the Administrator and the Associate Administrator has been instrumental in enabling UNDP to receive unqualified audit opinions from its external auditors and ensures that UNDP will continue to strive for greater operational excellence.
2. The Board of Auditors issued 30 audit recommendations for the period under review, compared to 19 recommendations in 2022. Of those, 10 recommendations were considered to be of high priority and are further elaborated upon in the present document. Management agreed with all recommendations and has started to implement them.
3. UNDP fully implemented 67 per cent of the 30 outstanding recommendations that were open at the beginning of 2023 and aims to close the remaining outstanding recommendations in 2025.

## **II. Introduction**

4. Pursuant to decision 2022/1 of the Executive Board, paragraph 2, which recalls its decision 2021/1 and calls upon UNDP, the United Nations Capital Development Fund (UNCDF), UNFPA, and UNOPS to further harmonize their reporting formats on the implementation of the Board of Auditors recommendations, as appropriate, including, where possible, the timeframes for their detailed reporting and the thematic categorization of recommendations into those that are priority, and any other priorities, and requests to work with the United Nations Children’s Fund (UNICEF), the United Nations Entity for Gender Equality and Women’s Empowerment (UN-Women) and the World Food Programme (WFP) in that regard, as appropriate. Similar to the previous year, the present management response has been reformatted and renamed, as agreed with UNCDF, UNFPA, UNOPS, and UNICEF, to provide the Executive Board with comparable reporting on the key findings and recommendations of the report of the Board of Auditors for the year ended 31 December 2023.
5. UNDP management places the highest priority on addressing audit findings and implementing recommendations of the Board of Auditors. Progress in this regard is closely monitored and regularly reported upon.
6. Consistent with practices adopted in previous years, and as agreed with the Board of Auditors, UNDP has a phased approach for implementing audit recommendations, with clear accountabilities and target completion dates for the implementation of each recommendation.
7. 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 2023 recommendations commences after the issuance of the final report of the Board of Auditors, which was received in July 2024.

## **III. Status of recommendations for the year ended December 2023**

8. The Board of Auditors made 30 new recommendations for 2023. Tables 1 and 2 summarize the implementation status of both ‘main’ and ‘all’ recommendations for the financial period that ended on 31 December 2023.

**Table 1. Status of main recommendations for 2023 by thematic area**

Board of Auditors report thematic area	Total	Closure requested	Under implementation
Finance (#53, 61)	2	1	1
Management of budget processes (#142, 165, 211, 233)	4	2	2
Universal field presence of the United Nations Development Programme (#299)	1	-	1
Management of programmes and projects related to Sustainable Development Goal 13 (climate action) (#398, 403, 453)	3	-	3
<b>Total</b>	<b>10</b>	<b>3</b>	<b>7</b>
<b>Percentage</b>	<b>100%</b>	<b>30%</b>	<b>70%</b>

**Table 2. Status of all recommendations for 2023 by thematic area**

Board of Auditors report thematic area	Total	Closure requested	Under implementation
Finance (#37, 44, 52, 53, 54, 61, 89, 96)	8	5	3
Management of budget processes (#142, 144, 165, 209, 211, 213, 215, 231, 233)	9	3	6
Universal field presence of the United Nations Development Programme (#299, 353, 355, 356)	4	-	4
Management of programmes and projects related to Sustainable Development Goal 13 (climate action) (#398, 399, 402, 403, 428, 431, 453, 455, 456)	9	-	9
<b>Total</b>	<b>30</b>	<b>8</b>	<b>22</b>
<b>Percentage</b>	<b>100%</b>	<b>27%</b>	<b>73%</b>

9. The following paragraphs report on the status and management action plans for every recommendation issued by the Board of Auditors for 2023.

## A. Finance

10. In paragraph 37, the Board recommended that UNDP put in place appropriate measures to address the issue concerning the timely recognition of revenues, which may include a mandatory process providing that contribution agreements be signed after a formal endorsement by UNDP support services in order to avoid any significant cut-off error.

Department(s) responsible:	Office of Financial Management and Office of Information and Technology Management
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2025

11. Management response: UNDP is updating and expanding the scope of its client relationship management system (SalesForce) to include all revenue agreements and introduce full integration of revenue agreements into its enterprise resource planning system, Quantum. Starting 1 January 2026, in accordance with IPSAS 47 "Revenue", UNDP will no longer recognize revenue at the time of agreement signature, thus reducing materially the relevance of this audit observation for external financial reporting.

**12. In paragraph 44, the Board recommended that UNDP issue a procedure describing the standard process and controls in the event of a revenue reduction related to unbilled receivables.**

Department(s) responsible:	Office of Financial Management
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2025

13. Management response: UNDP is drafting a policy to address this recommendation.

**14. In paragraph 52, the Board recommended that UNDP identify and resolve the operational challenges of offices to establish project budgets in a timely manner and address labour cost distributions in Quantum for staff expenses.**

Department(s) responsible:	Office of Financial Management, Global Shared Service Centre and Office of Information and Technology Management
Status:	Closure requested
Priority:	Medium
Target date:	Second quarter of 2025

15. Management response: UNDP has implemented robust measures to address the unallocated payroll expenses. For instance, a new dashboard has been launched to provide real-time status updates, and monitoring activities have been strengthened to ensure timely resolution of payroll exceptions. As a result of those efforts, UNDP has achieved a significant decline in unallocated payroll costs, leading to improved closure of accounting periods compared to 2023.

**16. In paragraph 53, the Board recommended that UNDP further refine the periodic reconciliation of payroll transactions to the financial statements.**

Department(s) responsible:	Office of Financial Management, Global Shared Service Centre and Office of Information and Technology Management
Status:	Closure requested
Priority:	High
Target date:	Second quarter of 2025

17. Management response: Starting from the second quarter of 2024, UNDP introduced a revised process for reconciling the global payroll to the general ledger which further refines and enhances the periodic reconciliation of payroll transactions to the financial statements.

**18. In paragraph 54, the Board recommended that UNDP assess and align the Quantum Project and Portfolio Management module, and the general ledger cost classifications reported in the financial statements.**

Department(s) responsible:	Office of Financial Management, Office of Information and Technology Management and Global Shared Service Centre
Status:	Closure requested

Priority: Medium  
Target date: Second quarter of 2025

19. Management response: Starting from the second quarter of 2024, UNDP implemented a quarterly manual reallocation exercise for payroll costs in the Quantum project and portfolio management module to comply with the IPSAS presentation of financial statements.

**20. In paragraph 61, the Board recommended that UNDP review and update its internal rules concerning its reserves.**

Department(s) responsible: Office of Financial Management  
Status: Under implementation  
Priority: High  
Target date: Second quarter of 2025

21. Management response: UNDP is reviewing and updating its internal rules concerning its operational reserve calculation and plans to present a proposal to the Executive Board in June 2025.

**22. In paragraph 89, the Board recommended that UNDP carry out a post-implementation review of rights and changes released in Quantum during the “hypercure” period.**

Department(s) responsible: Office of Information and Technology Management  
Status: Closure requested  
Priority: Medium  
Target date: First quarter of 2025

23. Management response: The Office of Information and Technology Management has completed the review of the rights and changes provided during the “hypercure” period and disabled all access provided, consistent with the granting of roles in Quantum.

**24. In paragraph 96, the Board recommended that UNDP perform and document a review of the “Oracle seeded roles”, “hypercure roles”, “batch roles”, and “special approval roles” and include them as necessary into the segregation of duties matrix.**

Department(s) responsible: Office of Information and Technology Management  
Status: Closure requested  
Priority: Medium  
Target date: First quarter of 2025

25. Management response: The Office of Information and Technology Management has completed the review and the roles are now documented.

## **B. Management of budget processes**

**26. In paragraph 142, the Board recommended that UNDP enhance, for the information of its Executive Board within its regular reporting cycle, the explanation of the differences between the projected contributions and expenditures and the actual contributions and expenditures of the relevant years, along with an indicative projection for the remaining years.**

Department(s) responsible: Office of Budget, Performance and Compliance and Office of Financial Management  
Status: Closure requested  
Priority: High  
Target date: Not applicable

27. Management response: UNDP has implemented the recommendation by issuing its midterm review of the integrated resources plan and integrated budget, 2022-2025. The report included explanations of discrepancies between budget projections and actual contributions and expenditures for the period 2022-2023, along with an indicative projection for the remaining years. UNDP considers this recommendation to be implemented and requests its closure by the Board.

**28. In paragraph 144, the Board recommended that UNDP further strengthen its guidance to clearly and precisely define the categories of programmatic and institutional expenditures, and the methods for calculating their totals.**

Department(s) responsible:	Office of Financial Management and Office of Budget, Performance and Compliance
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2025

29. Management response: UNDP has initiated the process of further enhancing internal guidance on programmatic and institutional expenditures to align with decision 2024/1 of the Executive Board. The review of the guidance focuses on optimizing cost allocation and ensuring better alignment with strategic goals. The 2025 budget execution and other related guidance will incorporate those updates.

**30. In paragraph 165, the Board recommended that UNDP present, as part of its strategic plan for the period 2026-2029 and the related funding dialogue, based on a benchmark of other development institutions' fundraising practices, operational proposals to move to a more integrated approach to fundraising, including adequate investment in fundraising capabilities to match the ambition.**

Department(s) responsible:	Bureau of External Relations and Advocacy
Status:	Under implementation
Priority:	High
Target date:	Third quarter of 2025

31. Management response: UNDP has initiated a consultative process with partners to design the strategic plan, 2026-2029. This process builds on the implementation of the corporate resource mobilization strategy and an assessment of prospects for fundraising and development financing. As part of the business model review, a benchmarking exercise has been conducted to evaluate how partners value the UNDP offer, with the aim of identifying the most effective strategies for financing value.

**32. In paragraph 209, the Board recommended that UNDP further enhance guidance setting out for country offices the principles and rules governing budget preparation and execution.**

Department(s) responsible:	Office of Budget, Performance and Compliance and Office of Financial Management
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2024

33. Management response: UNDP considers this recommendation as implemented with respect to budget preparation through the issuance of its 2025 budget formulation guidance on 1 August 2024. The guidance encourages business units to continue demonstrating alignment of their budget proposals with the strategic objectives set forth in the strategic plan, 2022-2025, in line with key principles of performance budgeting. Business units and country offices are encouraged to provide realistic estimates for key financial metrics expected in 2025, considering past successes, historical trends and the latest on-the-ground intelligence. They are reminded that budget proposals will continue to be reviewed in the context of historical and planned performance across all key metrics,

including programme delivery, non-core resource mobilization, institutional budget resource generation, and institutional budget expenditure. Similar instructions will be issued in the UNDP institutional budget execution guidance for 2025, to be released in December 2024.

**34. In paragraph 211, the Board recommended that UNDP present to the Executive Board a simplification plan of core funding of programmatic activities, including alternate scenarios for determining formula-based allocations while assessing the potential development impact of each of these scenarios.**

Department(s) responsible:	Executive Office
Status:	Under implementation
Priority:	High
Target date:	Second quarter of 2025

35. Management response: UNDP management is working with the respective units to address this recommendation. Management notes that the material decline in core contributions may have a significant bearing on any scenarios in this regard.

**36. In paragraph 213, the Board recommended that UNDP assess the advantages and disadvantages of the new cost-based budgeting structure for business units and country offices.**

Department(s) responsible:	Office of Budget, Performance and Compliance
Status:	Under implementation
Priority:	Medium
Target date:	Fourth quarter of 2024

37. Management response: UNDP accepted this recommendation and noted that the rationale for the new cost-based budgeting model was extensively consulted on and discussed with the regional bureaux and leadership prior to launch, as documented in the Administrator's budget decision memorandum for 2022, followed by the after-action review conducted in 2022. UNDP indicated that it would document the advantages and disadvantages of the new model for the Administrator's reference.

**38. In paragraph 215, the Board recommended that UNDP clarify the rationale and the rules guiding the decisions on the amount of the final five-month allocation issued to business units.**

Department(s) responsible:	Office of Financial Management
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2025

39. Management response: UNDP will clarify the rationale for issuing the final five-month budget allocations in the budget execution guidance for 2025, planned to be released in December 2024.

**40. In paragraph 231, the Board recommended that UNDP further enhance its communication to country offices regarding the integration of performance-related elements (e.g., linkages to the strategic plan and other corporate priorities) in the budget formulation process, consistent with leading practices for performance-based budgeting in the public sector. This should include, subject to resource availability, incentives aimed at further achieving development results.**

Department(s) responsible:	Office of Budget, Performance and Compliance
Status:	Closure requested
Priority:	Medium
Target date:	Not applicable

41. Management response: UNDP has implemented the recommendation by issuing its budget formulation guidance for 2025, which aligns budget proposals with strategic objectives and further enhances transparency and accountability.

**42. In paragraph 233, the Board recommended that UNDP improve the readability and comparability of financial reporting to the Executive Board.**

Department(s) responsible:	Office of Financial Management
Status:	Closure requested
Priority:	High
Target date:	Third quarter of 2025

43. Management response: UNDP added disclosures and introduced improvements to several areas within the statistical annex to enhance the readability and comparability of financial reporting to the Executive Board.

### C. Universal field presence of the United Nations Development Programme

**44. In paragraph 299, the Board recommended that UNDP define a strategy to improve the management of its field presence, including by: (a) reviewing the model of resource allocation to offices in net contributing and middle-income countries; (b) enhancing the cross-cutting functions of regional bureaux and hubs and multi-country offices; (c) making the most of its subnational field presence; and (d) ensuring that communication on local achievements becomes a priority.**

Department(s) responsible:	Executive Office
Status:	Under implementation
Priority:	High
Target date:	Second quarter of 2025

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

**46. In paragraph 353, the Board recommended that UNDP set up regular cross-cutting opportunities between the regional bureaux as well as between all field offices to ensure the sharing of experiences, best practices and management tools, in order to improve both the functioning and monitoring of performance of country offices and the oversight and support by regional bureaux and their hubs.**

Department(s) responsible:	Executive Office
Status:	Under implementation
Priority:	Medium
Target date:	Second quarter of 2025

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

**48. In paragraph 355, the Board recommended that UNDP better monitor at the headquarters level the situation of country offices that are less financially sustainable and the measures taken by regional bureaux to support them.**

Department(s) responsible:	Executive Office
Status:	Under implementation
Priority:	Medium
Target date:	Second quarter of 2025



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

**50. In paragraph 356, the Board recommended that UNDP schedule staffing and organizational reviews of a given country office at a useful time to feed into the review of the corresponding country programme document.**

Department(s) responsible:	Executive Office
Status:	Under implementation
Priority:	Medium
Target date:	Second quarter of 2025

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

## **D. Management of programmes and projects related to Sustainable Development Goal 13 (climate action)**

**52. In paragraph 398, the Board recommended that UNDP set out an in-depth reflection on climate for its next strategic plan and improve the follow-up, tagging and reporting on its achievements, including by: (a) providing specific guidance on what climate action in projects encompasses; (b) strengthening data quality through a mismatch correction system, notably through keyword analysis; and (c) enforcing the use of a “climate marker”.**

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	Under implementation
Priority:	High
Target date:	First quarter of 2025

53. Management response: UNDP activities to strengthen the inclusion of climate in the next strategic plan and establish systems for tracking and reporting on those elements have been advanced. This includes engaging in the strategic plan development, taking concrete steps to roll out the “climate marker”, and strengthening corporate data systems to enhance the quality of tracking.

**54. In paragraph 399, the Board recommended that UNDP ensure effective visibility of its climate strategy at the country level and strengthen coordination of climate action across United Nations agencies, including through joint programmes.**

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2025

55. Management response: UNDP is advancing the visibility and coordination of its climate strategy with other United Nations agencies providing policy and programming support in many developing countries. This includes targeted joint programming on key thematic areas that leverage the comparative advantages of different agencies. Additionally, UNDP is acting as technical lead for the United Nations system-wide coordinated effort to support countries in the development of their next climate pledges, or nationally determined contributions 3.0, due in 2025.

**56. In paragraph 402, the Board recommended that UNDP systematically include climate-related result indicators in climate-tagged projects and ensure that these indicators can be aggregated at the country, regional and global levels.**

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	Under implementation

Priority: Medium  
Target date: First quarter of 2025

57. Management response: UNDP is identifying potential key results indicators that could be systematically reported, tracked and aggregated at all levels. These would align with the UNDP annual results reporting processes and draw on existing results frameworks and indicators.

**58. In paragraph 403, the Board recommended that UNDP consider the carbon footprint in the design and implementation of projects and include this information in the evaluation guidelines.**

Department(s) responsible: Bureau for Policy and Programme Support  
Status: Under implementation  
Priority: High  
Target date: Second quarter of 2025

59. Management response: UNDP initiated a response to this recommendation jointly with other United Nations agencies under the “Greening the Blue” initiative to coordinate approaches across the United Nations system.

**60. In paragraph 428, the Board recommended that UNDP explore ways to supplement resources provided by the vertical funds to cover the costs of early programming, project design and extensions of climate projects.**

Department(s) responsible: Bureau for Policy and Programme Support  
Status: Under implementation  
Priority: Medium  
Target date: First quarter of 2025

61. Management response: UNDP is currently analysing those costs and exploring alternative sources to cover them.

**62. In paragraph 431, the Board recommended that UNDP, before the adoption of the 2026-2029 strategic plan, assess the reconfiguration around climate hubs, including its operational consequences on the ownership and responsibility of projects.**

Department(s) responsible: Bureau for Policy and Programme Support  
Status: Under implementation  
Priority: Medium  
Target date: Second quarter of 2025

63. Management response: Lessons learned from the first year of implementing the new structure around environment hubs are being considered in the initial design discussions for the next strategic plan. Further analysis and consultation will be undertaken to distil insights, particularly concerning project implementation, including through integrated programming initiatives such as the ongoing global programme on environment and climate change, through a partnership between UNDP and the Swedish International Development Cooperation Agency.

**64. In paragraph 453, the Board recommended that UNDP strengthen its efforts in its sustainability strategy by: (a) moving towards the expansion of the internal initiative to indirect carbon emissions; and (b) ensuring that data collection is mainstreamed, and its quality is better controlled.**

Department(s) responsible: Bureau for Policy and Programme Support  
Status: Under implementation  
Priority: High  
Target date: First quarter of 2025

65. Management response: UNDP initiated a response to this recommendation, in collaboration with other United Nations agencies under the “Greening the Blue” initiative, to coordinate approaches across the United Nations system. To strengthen data collection, the carbon data approval process has been revisited to improve data quality.

**66. In paragraph 455, the Board recommended that UNDP develop a portfolio-wide information system for monitoring implementation of the social and environmental standards and allowing for reliable reporting globally and on each standard, including at the project level.**

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2025

67. Management response: UNDP has designed a social and environmental standards tracker (dashboard), to be launched by March 2025.

**68. In paragraph 456, the Board recommended that UNDP develop an action plan to increase awareness among beneficiaries and local communities on the social and environmental standards policy and the related grievance redress mechanisms.**

Department(s) responsible:	Bureau for Policy and Programme Support
Status:	Under implementation
Priority:	Medium
Target date:	First quarter of 2025

69. Management response: A stakeholder response mechanism training for country offices and social and environmental standards advisers, focused on informing stakeholders, was conducted from March to September 2024 and is now being developed into a corporate-wide self-paced course for country offices. To streamline and improve social and environmental standards-related activities, including outreach to stakeholders, the social and environmental standards policy and oversight capacities were integrated into one team in October 2024. Additionally, a new stakeholder response mechanism adviser has been recruited and will start in January 2025.

#### IV. Status of recommendations from prior financial periods

70. In annex 1 to its report for the year ended 31 December 2023, the Board of Auditors provides a summary on the status of implementation of recommendations from previous financial periods. This section provides a summary and details of the action plans and expected completion target dates for those recommendations reported as outstanding to date by the Board.

**Table 3. Status of outstanding recommendations from prior years**

Board of Auditors report thematic area	Total	Closure requested	Under implementation
Sustainable procurement (#153, 185)	2	1	1
Human resources (#280)	1	-	1
Finance and budget (#37)	1	1	-
Implementation at UNDP of the reform delinking the United Nations resident coordinator and UNDP resident representative functions (#118, 129)	2	2	-

Risk management (#191, 222, 249)	3	1	2
Management of programmes and projects related to Sustainable Development Goal 16 (Governance) (#325)	1	1	-
<b>Total</b>	<b>10</b>	<b>6</b>	<b>4</b>
<b>Percentage</b>	<b>100%</b>	<b>60%</b>	<b>40%</b>

#### Report of the Board of Auditors for the year ended 31 December 2021 (A/77/5/Add.1)

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

Department(s) responsible: Office of Procurement  
 Status: Under implementation  
 Priority: High  
 Original target date: Second quarter of 2023  
 Revised target date: Fourth quarter of 2024

72. Management response: UNDP has developed the procurement sustainable action plan, which is currently undergoing internal clearance and is expected to be finalized by the end of the fourth quarter of 2024.

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

Department(s) responsible: Office of Procurement  
 Status: Closure requested  
 Priority: High  
 Original target date: Second quarter of 2023  
 Revised target date: Not applicable

74. Management response: UNDP developed six new sustainable procurement guides in 2023 and 2024, based on the identified risk categories and in response to the audit recommendation. In 2024 UNDP identified four sustainable procurement guides on the United Nations Global Marketplace (UNGM) as additional resources for the country offices. The guides have been shared with country offices as knowledge articles in the UNall platform, where they are continuously accessible by all personnel. The guides have also been shared with the Executive Board. UNDP therefore considers this recommendation to be implemented and requests its closure by the Board.

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

Department(s) responsible: Global Shared Service Centre and Information and Technology Management Office  
 Status: Under implementation  
 Priority: Medium  
 Original target date: Second quarter of 2023  
 Revised target date: First quarter of 2025

76. Management response: The employee benefits section of the UNDP risks and control matrix outlines the key risks and their associated controls for overtime processes. The automated overtime flow, due to be rolled out in Quantum by December 2024, includes several control points to further enhance controls over overtime, such as verifying if staff members included a time break in their overtime submission. Country offices are periodically reminded by the Global Shared Service Centre to ensure that overtime requests are issued and processed in full compliance with the overtime policy.

**Report of the Board of Auditors for the year ended 31 December 2022 (A/78/5/Add.1)**

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

Department(s) responsible:	Office of Financial Management and Bureau for Policy and Programme Support
Status:	Closure requested
Priority:	High
Original target date:	First quarter of 2024
Revised target date:	First quarter of 2025

78. Management response: UNDP has introduced a periodic reconciliation and assessment of funding needs by project. Adjustments to contribution income and receivables for closed projects are performed within the same financial year, prior to contract closure. A process for accounting write-downs and write-offs, referencing UNDP policy, is being developed. UNDP will resubmit the recommendation for closure.

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

Department(s) responsible:	Executive Office
Status:	Closure requested
Priority:	High
Original target date:	Second quarter of 2024
Revised target date:	Second quarter of 2025

80. Management response: UNDP has proactively provided the Board with comprehensive documents and data detailing the reported costs and human resources impacts of delinking. In addition, UNDP has provided information on efficiency gains for the periods 2019-2021 and 2022-2023, as measured and reported by the United Nations Development Coordination Office. UNDP is committed to further transparency, accountability, and operational efficiency and is submitting the recommendation to the Board for closure.

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

Department(s) responsible:	All regional bureaux
Status:	Closure requested
Priority:	High
Original target date:	Second quarter of 2024
Revised target date:	Second quarter of 2025

82. Management response: UNDP coordinated its shared services efforts with the United Nations Sustainable Development Group entities at the global and country levels as part of the efficiency road map implementation. The road map provides a medium-term strategy to enhance the overall operational effectiveness, accountability, and collaboration of the United Nations Sustainable Development Group entities within the United Nations development system. As part of those efforts, UNDP leads two of the three common back offices, which were launched in Brazil and Viet Nam in May 2024. At the global level, the UNDP Global Shared Services Centre has extended human resources and payroll and benefits and entitlements services to other United Nations Sustainable Development Group entities as part of its clustering initiative, and has contributed to targets under the efficiency road map.

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

Department(s) responsible:	Office of Budget, Performance and Compliance and Bureau for Policy and Programme Support
Status:	Closure requested
Priority:	High
Original target date:	Fourth quarter of 2024
Revised target date:	No change

84. Management response: UNDP has fully implemented parts (a) and (b) of this recommendation, as confirmed by the Board's assessment and reflected in the audit report. The Office of Audit and Investigations will engage with the Board to clarify that its current role is exclusively third-line in nature, in conformity with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. This was further confirmed by the independent external quality assessment of the internal audit activities of the Office of Audit and Investigations performed by the Institute of Internal Auditors in December 2022.

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

Department(s) responsible:	Office of Budget, Performance and Compliance and Bureau for Policy and Programme Support
Status:	Under implementation
Priority:	High
Original target date:	Fourth quarter of 2024
Revised target date:	No change

86. Management response: UNDP is working to introduce risk appetite levels in the programme and project risk registers by the end of the fourth quarter of 2024, to benchmark risks' significance against organizational risk appetite levels.

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

Department(s) responsible:	Executive Office
Status:	Under implementation
Priority:	High
Original target date:	Fourth quarter of 2024
Revised target date:	Second quarter of 2025

88. Management response: The Executive Board, in its decision 2024/13, requested UNDP to assess its accountability framework against the updated Joint Inspection Unit reference accountability framework, 2023, and to adjust it as necessary, by the annual session 2025. To effectively implement that decision, UNDP is reviewing all recommendations related to changes in the accountability framework holistically and will make any necessary updates in one comprehensive revision by June 2025.

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

Department(s) responsible:	Bureau for Policy and Programme Support and all regional bureaux
Status:	Closure requested
Priority:	High
Original target date:	Third quarter of 2024
Revised target date:	First quarter of 2025

90. Management response: UNDP has strengthened regional bureaux oversight by implementing all recommendations from the five regional thematic audits of project monitoring and oversight practices conducted by the Office of Audit and Investigations in 2023. Regional bureaux continue to shape the work of the UNDP Global Policy Centre for Governance through its project board and regional research and capacity-building collaborations.

## V. Impact of implemented recommendations

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

### A. Impact on the organization

92. Management undertook several actions to implement key audit recommendations and strengthen controls. One of the key actions has been the successful implementation of the final modules of Quantum, the new enterprise resource planning solution for UNDP, in January 2023. Quantum provides a more effective operational platform, integrating programme and project management, financial, procurement and human resources functions. Also in 2023, UNDP piloted the new integrated finance dashboard and relaunched “UNDP at a Glance”, providing UNDP managers with real-time performance metrics on programme financial performance, delivery and efficiency, and facilitating effective monitoring and oversight.

93. Meanwhile, implementation of the thematic audit recommendations has yielded improvements in UNDP organizational systems and practices. For example:

(a) **Management of budget processes.** Implemented recommendations have enhanced clarity of communication to country offices of performance-related elements of the budget formulation process, contributing to the UNDP culture of collaboration across bureaux, enhancing efficiency, and promoting capacity-building in financial management.

(b) **Management of programmes and projects related to Sustainable Development Goal 16** (peace, justice and strong institutions). Implemented recommendations have contributed to strengthened regional oversight of country programme documents within UNDP and fostered closer collaboration between regional bureaux and the Global Policy Centre for Governance, ensuring that efforts to advance Sustainable Development Goal 16 are regionally informed and shaped.

(c) **Risk management.** Updates to UNDP enterprise risk management processes have contributed to an overall enhancement of the risk culture within UNDP. In accordance with

decision 2024/1 of the Executive Board, UNDP will provide an update on the continuous work undertaken by the organization to improve the system of enterprise risk management and to inform the Board of critical risks of strategic importance at the first regular session 2025.

**B. Impact on the organizational culture**

94. Beyond enhanced performance and operational and financial impacts, the implementation of audit recommendations continues to foster a stronger governance and organizational culture in mitigating risks – including fraud risks – strengthening internal controls, safeguarding financial assets, and enhancing a culture of ethics and integrity throughout the organization.

95. Management is continuing to strengthen controls in the financial, administrative, programme management and human resources management areas through the implementation of new policies, procedures, tools, and information technology solutions, buttressing the organizational culture.

96. In accordance with decision 2024/1 of the Executive Board, UNDP, along with UNFPA and UNOPS, will provide a joint update to the Executive Board, at its first regular session 2025, on their ongoing efforts to strengthen organizational culture.

## **VI. Conclusion**

97. UNDP welcomes the financial report, the audited financial statements and the report of the United Nations Board of Auditors for the year ended 31 December 2023, and its overall conclusion that UNDP closed 2023 in good financial health. UNDP continues to accord the highest priority to maintaining its record of unqualified audit opinions and resolving the concerns of the Board of Auditors in a timely manner. UNDP is committed to addressing the areas of improvement identified in the report to ensure continued enhancements to productivity, accountability, transparency, and performance, ultimately driving better results and greater impact.

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