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**Recommendations of the Board of Auditors**

**UNDP: Report on the implementation of the  
recommendations of the Board of Auditors, 2010-2011**

**Report of the Administrator**

*Summary*

In July 2012, the United Nations Board of Auditors issued an unqualified audit opinion on the financial statements of UNDP for the biennium ended 31 December 2011. While this is the third consecutive biennium that UNDP has been awarded an unqualified audit opinion, UNDP management recognizes that it is the first year since the adoption of International Public Sector Accounting Standards (IPSAS) and will ensure that the gains derived from key management initiatives begun in previous years are protected and underlying systemic issues are fully addressed. UNDP will continue to closely monitor and take appropriate actions to sustain the gains.

The present report reviews progress made in addressing the top 10 audit priorities for 2010-2011 and outlines management plans to address the revised set of now top nine audit-related management priorities for the 2012-2013 biennium. The top nine list reflects progress and positive gains noted by the Board of Auditors between the issuance of the original top 15 list (2006-2007), the revised top 11 list (2008-2009) and the revised top 10 list (2010-2011). The report takes into consideration guidance provided by the Advisory Committee on Administrative and Budgetary Questions in its review of the UNDP financial statements, the UNDP Audit Advisory Committee and the Report of the Board of Auditors (A/65/5/Add.1). The audit report of the Board of Auditors is also posted on the [website of the Executive Board secretariat](#). The present report also provides an implementation status update on the 33 audit recommendations made by the Board of Auditors for the biennium ended 31 December 2011. To date, UNDP has implemented three recommendations, either by or before the targeted dates of completion, and the management is confident that the remaining outstanding recommendations will be implemented by the respective target completion dates. Pursuant to Executive Board decision DP/2010/9, the status of the audit implementation is available on the [Executive Board secretariat website](#). UNDP has also implemented the majority (89 per cent of the total recommendations) of the previous years' recommendations. The remaining recommendations have either been withdrawn by the



Board of Auditors, depend on third party action or are included in the 2010-2011 recommendations, as controls are being put in place.

*Elements of a decision*

The Executive Board may wish to: (a) note the unqualified audit opinions issued by the United Nations Board of Auditors; (b) note progress made by UNDP in addressing the audit-related priorities in 2010-2011; and (c) support on-going UNDP management efforts in addressing the revised top nine audit-related management priorities for the 2012-2013 biennium.

## **I. Introduction**

1. At the conclusion of its biennium audit of UNDP in July 2012, the United Nations Board of Auditors issued an unqualified audit opinion on the financial statements of UNDP for the biennium ended 31 December 2011. This is the third consecutive biennium for which UNDP has been awarded an unqualified audit opinion. Nevertheless, UNDP management recognizes that it is the first year since the adoption of International Public Sector Accounting Standards (IPSAS) and will ensure that the gains derived from key management initiatives begun in previous years are protected and underlying systemic issues are fully addressed.

2. UNDP has reaffirmed its commitment, inter alia, by adopting an accountability-based and risk-informed approach to addressing audit issues, an approach consistent with the principles of accountability outlined in the UNDP accountability framework and oversight policy (DP/2008/16/Rev.1). The Executive Group meeting chaired by the Administrator and the Organizational Performance Group chaired by the Associate Administrator have set the tone by strategically reviewing progress made in addressing underlying audit issues.

3. Pursuant to Executive Board decision 2010/9, the status of the audit implementation is available on the Executive Board secretariat website. The present report reviews progress made since the last update (decision 2012/6) in addressing the top 10 audit priorities for UNDP in 2010-2011 and outlines management plans to address the revised set of top nine audit-related management priorities for the 2012-2013 biennium. The purpose of management's practice of setting top audit-related management priorities for every biennium is to identify internal and external significant recurring or emerging audit risks and the inherent causes for the recurring audit observations. This allows management, on a priority basis, to ensure that adequate mitigating controls are put in place to keep any residual risks at acceptable levels. In this regard, management performs annual reviews of progress in consultation with the Board of Auditors and the Office of Audit and Investigations (OAI) and this has resulted in the revised top nine audit-related management priorities for the biennium 2012-2013. The revised top nine audit-related management priority list reflects progress made and positive gains noted by the Board of Auditors and OAI from both the original top 15 list (for the 2006-2007 biennium), the top 11 list (for the 2008-2009 biennium), and the top 10 list (for the 2010-2011 biennium).

## **II. Review of progress made in addressing top audit priorities in 2010-2011**

4. It is important to remember that the top 10 audit-related management priorities for the 2010-2011 biennium reflected progress made on the original top 15 audit priority list identified by UNDP management during the 2006-2007 biennium and the top 11 audit priority list identified by UNDP management during the 2008-2009 biennium. Based on discussions with the Board of Auditors and OAI, the top 10 audit priorities list has now been further revised downward with the establishment of a top nine audit priority list for the 2012-2013 biennium. The details are described in section III below.

5. Consistent with practices started during the last three biennia, UNDP management has leveraged the independent view of the Board of Auditors and OAI to assess UNDP progress in addressing the top 10 audit priorities as well as other remaining challenges.

6. The conclusion is that there has been encouraging progress made on all the top 10 audit-related management priorities, though progress on various details within each audit priority has been quite uneven. In the case of one audit priority (balance sheet clean up — Atlas and pre-Atlas balances), significantly good progress has been noted as the review of these balances and resulting adjustments have been substantially completed, and the remaining necessary internal processes and adjustments will be finalized during the 2012 closure. However, this will continue to be monitored closely to ensure against regression and the reappearance of significant audit risks. In the case of seven audit priorities — nationally implemented modality (NIM) audit follow up and harmonized approach to cash transfers (HACT) monitoring/support; Atlas user security and internal controls; leave records and recruitment management; asset management; management of high-risk programme portfolios; IPSAS implementation readiness; and long outstanding audit recommendations – reasonable improvements have been noted but more work remains. For two audit priorities (programme/project design, monitoring and evaluation, and procurement management at country offices), it has been concluded that not all remedial actions have been fully implemented and hence the effectiveness of these interventions has yet to be fully established. The results of the internal assessment were presented and endorsed by the Organizational Performance Group meeting chaired by the Associate Administrator and by the Executive Group meeting chaired by the Administrator. See annex 1 for a summary of the assessment of the top 10 audit-related priorities for the 2010-2011 biennium.

7. Key management initiatives implemented in the past year that contributed to the positive assessment included, but are not limited to, the following:

- (a) Timeliness of the submission of NIM audit reports has significantly improved. OAI reported that, as at the end of September 2012, 94 per cent of audit reports on planned expenditure have been received as compared to 77 per cent in 2009.
- (b) The overall net financial impacts (NFI) of qualified audits have decreased to \$11.7 million in 2011, from \$39.7 million in 2010, which was mainly a result of the exceptional case of loss of documents in Egypt.
- (c) The total value of long outstanding advances (more than six months) to governments for NIM projects was reduced from \$5.7 million at the end of 2010 to \$3.9 million at the end of 2011.
- (d) A comprehensive review of the results reporting framework and indicators was conducted as part of a mid-term review exercise. The development and institutional results frameworks were proposed to and approved by the Executive Board and in place for 2012-2013, with the introduction of additional indicators to capture UNDP substantive contributions to development and a new category of indicators to measure development effectiveness. The results oriented annual report (ROAR) reporting facilities have been redesigned to capture new results.
- (e) Training has been provided to country offices on results-based management. In addition, results-based management has been integrated in capacity development and programme/project management training. An on-boarding and orientation tool for new and reassigned personnel, which describes how results should align with corporate priorities, has been recently launched. Different bureaus have employed different methods to follow up on audit recommendations. One effective method is the Business

Intelligence Dashboard that allows follow up on audit recommendations and proactively prevents issues from arising.

- (f) Increased delegation of procurement authority to country offices based on a procurement capacity assessment (PCA) has been introduced. A new micro-purchasing policy and individual consultant policy have been released in order to shorten procurement processes. The Advisory Committee on Procurement on-line system has been enhanced as well. A management tracking and reporting tool has been developed in the Procurement Dashboard to proactively provide analysis and reports for various aspects of procurement by each country office or business unit, bureau and UNDP globally. A UNDP suspension/vendor eligibility policy, aligned with the United Nations interagency model policy framework of vendor sanction, has been released. Vendor protest procedures have also been released and the vendor protest tracking system has been launched.
- (g) All 60 Atlas risks and controls related to audit recommendations issued by OAI in 2008 have been fully implemented. In addition, the Office of Financial Resources Management in the Bureau of Management conducts spot check reviews of key Atlas transactions. Atlas user accounts and access rights are reviewed on an annual basis jointly with the business owners to ensure that any exceptions to the Internal Control Framework are reviewed with any exceptions duly authorized by the Chief Finance Officer.
- (h) UNDP is generally chosen as the interim Principal Recipient of grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria in countries with significant risk. As of June 2012, UNDP is serving as interim Principal Recipient of the Global Fund in 29 countries, amounting to \$1.4 billion in signed grants with 84 per cent of grants performing well or adequately. Underscoring the high-risk environment, so far 35 of 38 Global Fund project audits were rated partially satisfactory or better.
- (i) UNDP has established a Global Shared Services Centre in Malaysia to support IPSAS-related functions. This centre is now fully functional, providing assistance to country offices in processing complex transactions in the IPSAS regime, including the recording of revenue from contribution agreements and asset management-related transactions.
- (j) Management made significant efforts as part of the preparation for the adoption of IPSAS on 1 January 2012. IPSAS-compliant financial policies and procedures were formulated in consultation with the Board of Auditors and the Audit Advisory Committee and were issued prior to the adoption of IPSAS. Staff members were trained through regional workshops, webinars and online training. Changes to the enterprise resource planning (ERP) system were also made to comply with IPSAS. The IPSAS dashboard has also been launched to monitor compliance with IPSAS policies and related procedures.
- (k) As part of preparations for IPSAS implementation, management conducted an intensive data clean-up exercise before the migration of management assets data into the configured IPSAS system. The Programme and Operations Policies and Procedures for asset management has also been updated to institute effective controls.
- (l) Absence management processes now use Atlas ERP functionality (eServices). In addition, quality controls of the recruitment process are in place and functional with

the establishment of the Compliance Review Panels (for local staff) and Compliance Review Board (for international professional staff).

(m) As at 31 December 2011, trust funds with accounting deficit balances are down to \$3.3 million (compared to \$7.5 million as at 31 December 2010), which includes \$3.2 million denominated in euros. These balances are now monitored and followed up on a quarterly basis and are included in the quarterly financial reviews.

(n) Clean-up of long outstanding account balances has been achieved as the review of these balances and resulting adjustments have been substantially completed. The remaining necessary internal processes and adjustments will be finalized during the 2012 closure. Accounts closing procedures have been revamped as part of IPSAS preparation.

8. As mentioned above, in the case of the two audit priorities concerned, management has agreed that more work will be done before it can be said that progress has been made in addressing the underlying capacities and management issues. These areas are: (a) programme/project design, monitoring and evaluation, and (b) procurement management at UNDP offices.

### **III. Management plans for addressing the top nine audit priorities in the 2012-2013 biennium**

9. Based on the results of the joint assessment with the Board of Auditors and OAI, a revised list of top nine audit-related management priorities for the 2012-2013 biennium has been established and endorsed both by the Organizational Performance Group meeting chaired by the Associate Administrator and by the Executive Group meeting chaired by the Administrator.

10. One audit priority of the previous top 10 list — balance sheet clean up (Atlas and pre-Atlas balances) — has been dropped, as the review of these balances and resulting adjustments have been substantially completed and the remaining necessary internal processes and adjustments will be finalized during the 2012 closure. This will continue to be monitored closely, however, to ensure against regression and the reappearance of significant audit risks.

11. While several audit priorities in the revised top nine list remain similar to those of the previous top 10 list, the contexts of several functional areas have been fine-tuned or revised to reflect the identification of emerging risks. See annex 2 for an overview of the top nine audit-related management priorities for the 2012-2013 biennium.

12. The top nine audit-related management priorities for the 2012-2013 biennium are described below with discussion on how UNDP management intends to address the audit risks and underlying systemic issues. UNDP is mindful of the fiscal challenge associated with the lingering impact of the on-going global financial crisis and the need to continue achieving cost savings, efficiencies and effectiveness. This revised list of the top nine audit-related management priorities reflects the commitment of UNDP management to focus on key audit risks while building up internal capacities:

(a) *NIM audit follow-up and HACT framework/monitoring/support.* Although, UNDP management is pleased to note that 82 per cent of NIM audit reports reviewed by OAI

received a 'satisfactory' rating (compared with 76 per cent in 2010), it remains focused on NIM projects with an 'unsatisfactory' overall NIM audit rating, including those with high financial impact associated with their qualified audit and offices that have long pending NIM audit reports past the deadline. This will continue to be monitored closely by the regional bureaus to ensure mitigation measures are in place to address underlying capacity issues and weaknesses in the financial management system of implementing partners.

As a result of the HACT global assessment conducted in response to the recommendation from the high-level mission report of the High-level Committee on Management (HLCM) of the United Nations Development Group (UNDG), focus has been on revising the HACT framework. Revision is being co-ordinated by UNDG/Development Operations Coordination Office (DOCO), with inputs provided by HACT participating United Nations organizations. The aim is to improve the effectiveness of the framework, streamline practices, develop additional guidance, and revise HACT applicability and compliance criteria, accountability framework, procedures and tools for use by country offices to reflect the recommendations made in the global assessment. It is expected that, once launched, the revision to the HACT framework will address key audit issues. UNDP is actively taking part in this inter-agency effort. The ultimate responsibility for HACT implementation resides with United Nations country teams, which take into consideration the unique background of each programme country's setting. In addition, there is a need to enhance the performance of the regional UNDG teams. In UNDP, an operations oversight committee will be actively engaging in monitoring HACT implementation in country offices.

- (b) *Programme/project design, monitoring and evaluation.* As mentioned earlier, full implementation of all remedial actions is still to be completed, hence the effectiveness of these interventions has yet to be fully established. Under the agenda for organizational change (AOC), the Country Office Business Model Task Force has been set up to develop new country office business models to address three interlinked key challenges: improving operational efficiency, strengthening critical functions, and enhancing change agility of country offices. One objective of this exercise is to prepare a system to strengthen capacities of UNDP country offices for planning, oversight, monitoring and evaluation. As part of this exercise, select country offices are being assisted in systematically strengthening programme quality through better results planning, monitoring and evaluation. Ultimately, the proposed exercise will constitute the basis for revisions to UNDP result based management (RBM) practices in preparation for the next UNDP strategic plan. Field work in one selected country office has already been conducted, results and corporate lessons have been drawn, and currently work is in progress for defining new corporate minimum standards for monitoring and evaluation.

In addition, as part of one UNDG-level initiative, discussions are underway to find ways to improve monitoring and evaluation and RBM practices at the United Nations country team level, in cooperation with another United Nations organization. The Organizational Performance Group has approved the Country Office Support Initiative to improve results based management of programmes, which aims to achieve the best possible standards in RBM by the start of the next strategic plan in January 2014.

- (c) *Financial closure of projects.* Recognizing positive trends in this area, the issue of the financial closure of projects has been emphasized during the latest round of IPSAS

regional training workshops. Monitoring financial closure via a revamped financial dashboard is under consideration.

- (d) *Procurement management at UNDP offices.* Although management is continuing to build on the progress made in implementing the key interventions under the UNDP procurement roadmap within the framework of the agenda for organizational change, it is aware that more improvement is needed. Under the agenda, UNDP, through the on-going Country Office Business Models Initiative, continues to pursue efficiencies and ensure compliance in the case of international procurement, by clustering procurement activities where possible, and in the case of local procurement, by providing further reinforcement regionally or from headquarters to compensate for capacity gaps in country offices. In the area of procurement capacity, UNDP has put in place a formal system of procurement professionalization programmes with different levels of certification. These programmes are accredited by the United Kingdom-based Chartered Institute of Purchasing and Supply.
- (e) *Atlas change controls.* UNDP management shares the view of the Audit Advisory Committee that robust governance of information and communications technology (ICT) is essential to ensure that capital investment decisions are made based on an enterprise view of ICT systems and on the analysis of the cost implications (both one-time and recurring costs) in the life cycle of the key corporate systems. The ICT governance group has been recently re-established with revised terms of reference for its mandate. This group has the appropriate authority for business ICT decisions across all units. It also advises UNDP senior management biennially on priorities for UNDP ICT resource allocations, investments and implementation, recognizing that ICT resources currently include other inter-agency, non-UNDP dimensions.

In order to address potential audit risks, the Atlas Change Control Manual is being updated to reflect current practical methods applied during the change process and related controls. Criteria for data fixes are also being reviewed and different types of change and controls to be followed for each type of change are being clearly defined.

- (f) *Leave records and recruitment management.* The absence management processes now use Atlas ERP functionality (eServices) and are available to staff to request absences, which are electronically approved by managers. Regional bureaus are required to monitor that country offices make optimal use of eServices. Absence dashboards are being tested for implementation by the end of 2012 to track usage. In addition, the audit of leave management is now part of the OAI work plan. Full certification of leave balances by each UNDP country office and headquarters location is planned as part of the 2012 year-end financial closure activities.
- (g) *Management of high-risk programme portfolios.* Consistent with its risk-based approach to managing audit issues, UNDP management recognizes the need for strategically managing its portfolios of potentially high-risk programmes. This includes the Global Fund to Fight AIDS, Tuberculosis and Malaria, euro-denominated trust funds subjected to currency fluctuations and programmes in countries with special development situations.

There is already an established strategy for addressing audit risks. Members of the senior management are tasked with providing close oversight and monitoring of Global Fund grants. Every six months, the UNDP Organizational Performance Group (chaired by the Associate Administrator) reviews implementation issues and risk



management concerns across the grant portfolio. Frequent reviews are undertaken to address implementation bottlenecks, strengthen risk management and support the timely implementation of audit recommendations. Corporate tools and guidelines have been developed to ensure consistency and transparency in the management of the Global Fund grants by country offices.

- (h) *Asset and inventory management.* Year-end certification of physical verification of assets by headquarters units and country offices for the year 2012 is planned in the first quarter of 2013. In addition, UNDP has had two half-yearly physical verification certifications for project assets since December 2011 as part of its IPSAS implementation plan to prepare development project assets data for upload once the transition phase (per IPSAS 17) is over. Plans are underway to visit countries or engage consultants to support offices in preparing their records for this final phase. A second round of training workshops and webinars is in progress to train country office staff in the area of asset management. Inventory management also requires closer attention as it is an area that has gained greater prominence and focus as a result of the adoption of IPSAS. However, in comparison with the other United Nations organizations, inventory is not a significant component of the UNDP balance sheet, hence it was not considered vital to have a central inventory module. Management has been focused on providing detailed guidance to country offices on inventory management and strengthening existing inventory systems used by country offices locally. Training through regional workshops and webinars has been conducted. Regional bureaus, in conjunction with central bureaus and, where applicable, with respective trust fund managers (for example, in the case of Global Fund to Fight AIDS, Tuberculosis and Malaria), are encouraged to continue providing support by visiting country offices.
- (i) *IPSAS implementation.* Pursuant to Executive Board decision 2009/15, UNDP adopted IPSAS on 1 January 2012. The management made significant efforts and progress in preparing the organization, stakeholders, staff, Atlas, data and finalization of IPSAS-related policies in consultation with the Board of Auditors and the Audit Advisory Committee. However, UNDP management is cognizant of the fact that after the smooth roll out of IPSAS in UNDP offices on 1 January 2012, it is important to monitor IPSAS-related activities. Management is also fully aware of the fact that IPSAS standards continuously evolve, resulting in the need for periodic updates to IPSAS policies, procedures, processes and systems, accompanied by cost implications. The objective of management is to ensure an unqualified audit opinion on IPSAS-compliant financial statements. Management is also in the process of developing an IPSAS benefits realization plan.
- (j) *Long outstanding audit recommendations.* Pursuant to Executive Board decision 2006/19, UNDP management has been taking active steps to fully address all audit recommendations that could be outstanding for 18 months or more, as of December 2012. In discussion with OAI, management is differentiating between audit recommendations that are within the control of UNDP offices and those that are dependent on reciprocal actions of other parties.

#### IV. Status of audit recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2011

13. For the biennium ended 31 December 2011, the Board of Auditors issued 33 audit recommendations in its report A/65/5/Add.1. Of these, the Board of Auditors categorized 23 recommendations as main or high priority. The other 10 recommendations were assigned medium priority. UNDP management appreciates that the Board has recognized the key improvements that have been made and has encouraged UNDP to continue striving for higher standards of organizational excellence since the adoption of International Public Sector Accounting Standards (IPSAS) on 1 January 2012. UNDP management agrees with all 33 recommendations of the Board of Auditors and continues to strive for higher standards.

14. Consistent with practices adopted in previous biennia, UNDP has, in consultation with the Board of Auditors, adopted a phased approach to the implementation of the audit recommendations. Target completion dates have been set for different recommendations based on a management assessment of the effort and complexity involved in fully addressing the audit recommendations. The phased approach also minimizes disruption of work at UNDP headquarters and country offices during peak periods. Progress will be measured and monitored in consultation with the Board and based on the target completion dates.

15. As of 31 October 2012 (the cut-off date for this report), the implementation status is as follows:

**Table 1. Implementation status by target completion dates**

| Target completion date        | Implemented | In progress | Grand total |
|-------------------------------|-------------|-------------|-------------|
| 2012, 4 <sup>th</sup> quarter | 1           | 1           | 2           |
| 2013, 1 <sup>st</sup> quarter |             | 2           | 2           |
| 2013, 2 <sup>nd</sup> quarter |             | 17          | 17          |
| 2013, 3 <sup>rd</sup> quarter | 1           | 3           | 4           |
| 2013, 4 <sup>th</sup> quarter | 1           | 7           | 8           |
| <b>Grand total</b>            | <b>3</b>    | <b>30</b>   | <b>33</b>   |
| <b>Percentage</b>             | <b>9</b>    | <b>91</b>   | <b>100</b>  |

16. All audit recommendations are either implemented or in the process of being fully implemented. One of the two recommendations with the target completion date of 4th quarter 2012 has already been implemented. Management is confident that the second recommendation will also be implemented by the end of 2012. Management also notes that two more recommendations have been implemented in advance of their target completion dates. The details of the implementation status, including action plans, are available in the document posted on the [website of the Executive Board secretariat](#) together with this report.

**Table 2: Implementation status by priority**

| <b>Recommendations by priority and status</b> | <b>Implemented (a)</b> | <b>In progress (b)</b> | <b>Total (a) to (b)</b> |
|---|------------------------|------------------------|-------------------------|
| High  | 3                      | 20                     | 23                      |
| Medium  |                        | 10                     | 10                      |
| Low   | 0                      | 0                      | 0                       |
| <b>Total</b>                                  | <b>3</b>               | <b>30</b>              | <b>33</b>               |
| <b>Percentage of total</b>                    | <b>9</b>               | <b>91</b>              | <b>100</b>              |

17. At the aggregated level, all recommendations from previous years have either been implemented or withdrawn by the Board of Auditors or their outcome is dependent on the reciprocal action of third parties or included in 2010-2011 recommendations as controls are being put in place. In case of 14 of the implemented recommendations, management has requested the closure of these recommendations by the Board of Auditors.

**Table 3: Implementation status of previous years' recommendations**

| <b>Recommendation status</b>          | <b>Number of recommendations</b> | <b>Percentage of total</b> |
|---------------------------------------|----------------------------------|----------------------------|
| Implemented                           | 79                               | 89                         |
| Withdrawn by the Board of Auditors    | 3                                | 4                          |
| Dependent on third party              | 2                                | 2                          |
| Included in 2010-2011 recommendations | 5                                | 5                          |
| <b>Total</b>                          | <b>89</b>                        | <b>100</b>                 |

## V. Conclusion

18. UNDP will ensure that the positive gains stemming from key management initiatives of past years are not reversed in the medium to longer term. The revised top nine audit-related management priorities for the 2012-2013 biennium set the tone at the corporate level and communicate the management response to existing and emerging risks. In addition, audit risks that may affect the ability of the organization to carry out its mandate and strategic plan are being brought to the attention of the Enterprise Risk Management Committee, which is chaired by the Associate Administrator. Thus corporate risks arising from audits are closely monitored and mitigated. Consistent with the current practice of UNDP, there will be on-going and regular oversight and monitoring so as to mitigate significant audit or corporate risks.

## Annex 1: Summary assessment of the top 10 management priorities for the 2010-2011 biennium

|  |  |  |
|--|--|--|
| <b>NIM audit follow up and HACT monitoring/support</b> | <b>Programme/project design monitoring and evaluation</b>  | <b>Procurement management at country offices</b> |
| <b>Atlas user security and internal control</b>        | Leave records and recruitment management                   | Asset management                                 |
| <b>Management of high-risk programme portfolios</b>    | Balance sheet data clean-up (Atlas and pre-Atlas balances) |  |
| <b>IPSAS implementation readiness</b>                  | Long outstanding audit recommendations                     |  |

### Legend

|  |  |   |
|--|--|---|
| Good improvements noted. Controls are effective. | Improvements noted. More work remains. | Not all remedial actions have been fully implemented or effectiveness of interventions yet to be fully established. |
|--|--|---|

## Annex 2: Top nine audit-related management priorities for 2012-2013

|   |  |  |
|---|--|--|
| NIM audit follow up and HACT framework monitoring/support | Programme/project design monitoring and evaluation | Procurement management at UNDP offices |
| Atlas change controls                                     | Leave records and recruitment management           |  |
| Management of high-risk programme portfolios              | Asset and inventory management                     |  |
| IPSAS implementation                                      | Long outstanding audit recommendations             |  |

All items have been carried forward from the previous top 10 list