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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

UNOPS: Report on the implementation of the recommendations of the Board of Auditors for the year 2014

Summary

UNOPS is pleased to respond to the recommendations made in the report of the Board of Auditors (A/70/5/Add.11) and to provide an update on the current status of implementation. The report of the Board of Auditors for the year ended 31 December 2014 was unqualified. UNOPS management continues to emphasize the importance of addressing audit concerns, to which the present document testifies by highlighting the current status and management plan for the audit recommendations yet to be implemented.

Elements of a decision

According to the assessment by UNOPS, some progress has been achieved in the implementation of the various recommendations made for the year ended 31 December 2014 and efforts are currently in progress to ensure that the remaining recommendations are successfully implemented. The Executive Board may wish to acknowledge that because the recommendations were issued to UNOPS in July 2015 and because many of them require long-term attention UNOPS will need to work beyond the financial year 2015 to successfully implement them.

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I. UNOPS summary response to the United Nations Board of Auditors

A. Background

1. UNOPS is a self-financing entity of the United Nations system, delivering sustainable infrastructure, procurement and project management services to a wide range of partners. In 2015, UNOPS continued to maintain sound internal control systems, while successfully managing its broad portfolio of risks. In this regard, it initiated an enterprise risk management programme in June 2015 that will run for over a 30 months and be implemented in three major tranches. The aim is to establish a structured and holistic enterprise risk management framework to inform decision-making, enable better governance, value creation and better risk awareness of opportunities and threats. The framework will help the organization to clearly understand its risks by providing guidance on how to deal with threats and opportunities, balance risk aversion with risk appetite in engagement acceptance and be an integral part of everyday operations and responsibilities.

2. UNOPS has already made a number of structural changes to further improve its high standards of efficiency and effectiveness and to address the structural and functional overlaps between its outreach and business positioning, business acquisition, and operational functions.

3. UNOPS understands and shares the importance its partners place on sustainability. UNOPS has made a firm commitment to integrate social, environmental, economic and national capacity considerations in every project that it delivers. In this regard, UNOPS is now working towards becoming a global leader in the implementation of sustainable practices by consolidating and reporting sustainability initiatives using Global Reporting Initiative principles. UNOPS plans to publish its first sustainability report in accordance with the initiative's core level in 2016. As a first step, UNOPS conducted a materiality assessment, an exercise that engages stakeholders within the organization and external partners to define the material topics which the organization needs to report on and to set up reporting boundaries.

4. In 2014, UNOPS initiated the development of a new enterprise resource planning system with the aim of: transforming its operations into a smarter, better integrated set of processes and systems, thereby enhancing its ability to provide efficient operational support to partners, and providing a more fitting system for the International Public Sector Accounting Standards (IPSAS) adopted in 2012. The enterprise resource planning system will also improve UNOPS agility and allow it to further expand the provision of streamlined, high quality, and cost-effective transactional services in response to United Nations and Member States operational needs. The new system is scheduled for release on 1 January 2016.

5. UNOPS maintained its global International Organization for Standardization (ISO) 9001 Quality Management System certification and expanded the coverage of its ISO 14001 Environmental Management System certification to cover infrastructure projects that it manages in Afghanistan, Guatemala, Kosovo, the State of Palestine and Sri Lanka.

6. In 2015, UNOPS also maintained its certification for the Occupational Health and Safety Advisory Services (OHSAS) 18001, the internationally applied standard for occupational health and safety management systems. UNOPS infrastructure operations in Kosovo (under Security Council resolution 1244/99) and the State of

Palestine continue to meet the OHSAS 18001 standard. UNOPS is committed to reducing the health and safety risks that UNOPS personnel and contractors face when working on infrastructure projects, some of its most potentially hazardous activities.

7. As part of mainstreaming the portfolio, programme and project management maturity model (P3M3®) in UNOPS, UNOPS has developed a set of guidelines to support the model's seven process perspectives in UNOPS context at the project level. These guidelines are designed to facilitate and support the application of best practices in project management and the establishment of improvement plans, contributing towards increased capability, performance and project delivery throughout UNOPS offices.

B. Present challenges and measures to address them

8. Considering that the implementation of a new enterprise resource planning system is a significant undertaking for an organization the size and complexity of UNOPS, it has devised a robust training regime to ensure smooth transition.

9. Furthermore, UNOPS managed to exceed the operational reserves target at the end of the financial year 2014. The formula for calculating the operational reserve requirements, approved by the Board in its decision 2013/33, stipulated that the operational reserve should be equivalent to four-months' average of the administrative expenditure for the previous three years of operation. The operational reserves requirement as of 31 December 2014 was $19.6 million. For the year ended 31 December 2014, the actual operational reserves balance was $78.5 million, which exceeded the minimum required level. UNOPS is identifying investment projects that are in line with its goals and will use a portion of the reserve for them.

10. End-of-service and post-retirement benefits for both management-funded and project-funded staff as at 31 December 2014 amounted to $69.5 million ($52.3 million for after-service health insurance and $17.2 million for repatriation grants). The Executive Board may wish to acknowledge that all UNOPS end-of-service and post-retirement benefit liabilities are fully funded as at 31 December 2014.

Issues to watch and risks to mitigate

11. UNOPS continues to maintain narrow operational margins, keeping its fees low so as to pass on the maximum value and benefit to its partners and beneficiaries. UNOPS actively seeks to further improve efficiency. The average global management fee for 2014 was approximately 5.7 per cent.

12. While the organization's operational reserves exist as a risk-mitigating measure, it should be noted that unforeseen catastrophic events, such as punitive legal damages imposed or significant fraud, could reverse much of the gains established during the past eight years. In particular, the UNOPS business model makes it vulnerable to certain operational risks. To reduce its exposure further, in 2015 UNOPS: (a) commenced a 30-month enterprise risk management programme; (b) established a risk and quality group; and (c) revised or issued new administrative instructions where necessary.

13. In 2015, UNOPS offered the Project Management Foundation Course three times in Copenhagen at its headquarters, as well as two other events in UNOPS country offices. It is an eight-day practical course based on project management methodologies within a UNOPS context, which 146 participants attended. The course focuses on pragmatic guidance and understanding of PRINCE2® methodologies for UNOPS project management personnel, while strengthening quality and consistency

in the delivery of projects. Further, UNOPS has also delivered the Project Management Practitioner Course in Haiti for 17 participants, attended by senior project management professionals who successfully completed the Project Management Foundation Course and met strict criteria for selection.

14. In terms of infrastructure trainings, UNOPS offered 200 spots for the online Institution of Occupational Safety and Health training on occupational health and safety to UNOPS infrastructure practitioners. It also delivered additional infrastructure trainings to engineers in various parts of the world, such as seven design review trainings and seven International Federation of Consulting Engineers contract management trainings. The design review training focuses on the design planning manual for buildings and the associated design review process and requirements that is relevant for the work of project managers and design practitioners. Moreover, the contract management training provides an understanding of how UNOPS works contracts are applied for infrastructure projects in accordance with the new procurement manual.

15. In 2015, UNOPS conducted several project management capacity assessment, implementation support, operational infrastructure and Project Management Office implementation missions with the aim of assisting country offices in applying UNOPS project management methodology and in improving implementation and performance, in order to increase customer and client satisfaction and programme/project success. The missions covered how country offices could conduct current capability assessments, project 'health' checks and training, as well as how to engage in the provision of project, programme or portfolio management and business development support.

16. As described in paragraph four above, UNOPS is in the process of developing a new enterprise resource planning system to allow for better alignment of systems and processes with IPSAS and to increase the quality of information for management decision-making.

II. UNOPS responses to the United Nations Board of Auditors recommendations

17. The Board of Auditors issued ten main recommendations classified as 'high priority' and eleven recommendations classified as 'medium priority'. UNOPS management has made some progress in implementing these recommendations, and the implementation of all recommendations is on track for completion as per set timelines. The Executive Board may wish to acknowledge that because the recommendations were issued to UNOPS in July 2015 and because many of them require long-term attention, UNOPS will need to work beyond the financial year 2015 to successfully implement them. UNOPS is presenting the specific responses to these recommendations in annexes 1 and 2 below.

III. Conclusion

UNOPS is pleased to respond to the report of the Board of Auditors for the year ended 31 December 2014. Based on the developments and improvements made since the end of 2014 and bearing in mind the high degree of dedication and commitment of all personnel, UNOPS is confident that it will address all issues highlighted in the report of the Board of Auditors in a satisfactory manner.

Annex 1

Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2014

Table 1. Status of implementation of main recommendations

Department responsible	Number of recommendations	Implemented	In progress	Target date set	No target date
People and Change Group	5	1	4	4	–
Business Improvement and Innovation Programme	2	–	2	2	–
Finance Group and Executive Office	2	–	2	2	–
Infrastructure and Project Management Group	1	–	1	1	–
Total	**10**	**1**	**9**	**9**	**–**

Table 2. Status of implementation of all recommendations

Department responsible	Number of recommendations	Implemented	In progress	Target date set	No target date
People and Change Group	15	5	10	10	–
Business Improvement and Innovation Programme	3	–	3	3	–
Finance Group and Executive Office	2	–	2	2	–
Internal Audit and Investigation Group	1	–	1	1	–
Total	**21**	**5**	**16**	**16**	**–**

1. **In paragraph 15, the Board reiterated its previous recommendation, that UNOPS review its operational reserve policy and establish, with the approval of its Executive Board, clear plans for the use of surplus reserve balances and, to this effect, establish a target reserve to manage this reduction.**

2. UNOPS will utilize a portion of the reserves to fund investment projects that support the goals of the organization. The identification of such projects is an ongoing process and UNOPS will make investments as they are identified. In this regard, to enhance the level of utilization of the investment fund, a committee consisting of senior managers both from field operations and headquarters is currently working on clear guidance on eligibility criteria and process around utilization of the investment funds. UNOPS expects to put this guidance in practice in the last quarter of 2015. Further, it should be noted that the formula for calculating the operational reserve is only around two years old and, therefore, launching a review at this stage would be premature. It should further be noted that the reserve calculation identifies a minimum threshold below which it would be operationally and financially risky for UNOPS to operate.

    Department responsible: Finance Group and Executive Office
    Status: In progress
    Priority: High
    Target date: 31 December 2015

3. **In paragraph 26, the Board recommended that UNOPS review the basis of its directly attributable support costs and management fees to ensure consistency, equity and transparency in the light of the**

principles of the new pricing model. In particular: (a) ensure that reporting on the mine action projects reflect the scale of directly attributable support costs currently embedded in programme costs in addition to the management fees charged; and (b) review recovery rates on partner managed ICAs, to ensure that charge rates are equitable across partners, and better reflect the actual costs incurred.

4.   UNOPS has changed individual mine action financial reports to more clearly highlight the costs noted, which are part of the memorandum of understanding. UNOPS will also provide a new annual, consolidated report on all mine action and secretariat activity to further support UNOPS values of transparency and consistency.

5.   The variation in recovery rates between partners reflects historical agreements signed between UNOPS and partners at that time. An effort by the Global Portfolio Services Office - Human Resource Services Cluster is already underway to review these agreements and ensure that recovery rates on services provided to partners are in line with the current UNOPS pricing policy and the newly promulgated administrative instruction on partner-managed personnel. UNOPS is working to ensure that recovery rates are equitable for all partners, reflecting the actual cost in addition to UNOPS consistent management fee.

Department responsible:	Finance Group and Executive Office
Status:	In progress
Priority:	High
Target date:	30 June 2016

6.   **In paragraph 33, the Board recommended that management obtain specific independent expert assurance on the integrity of the enterprise resource planning implementation system, its progress and the adequacy of its configuration prior to the planned implementation date of each phase.**

7.   The Business Innovation and Improvement Programme is currently working with the Internal Audit and Investigation Group on the independent assessment that is recommended for inclusion in UNOPS implementation plans in future phases. UNOPS is considering including one (on external assurance) in the ongoing phase, although doing so might adversely affect the implementation timeline. Moreover, UNOPS believes that the steering committee for the programme, which includes senior managers, has provided an adequate level of control and monitoring of the current phase.

Department responsible:	Business Innovation and Improvement Programme
Status:	In progress
Priority:	High
Target date:	31 December 2016

8.   **In paragraph 36, the Board recommended that UNOPS reconfirm the level of expected savings arising from the enterprise resource planning implementation and seek to obtain viable benchmark cost data to inform a review of the realized process cost benefits.**

9.   UNOPS acknowledges the recommendation and has commenced working towards addressing it with full implementation expected by mid-2016.

Department responsible:	Business Innovation and Improvement Programme
Status:	In progress
Priority:	High
Target date:	30 June 2016

10.   **In paragraph 39, the Board recommended that UNOPS further explore opportunities to improve business process efficiency by standardizing work practices and processes, delegations of authority and alignment of access rights to improvements in the internal control framework and based on the needs of the business.**

11. Improvement of business process efficiency by standardizing work practices and processes has been an integral part of the programme. UNOPS is also in the process of reviewing and finalizing its work on the alignment of access rights in line with the organizational control framework.

Department responsible: Business Innovation and Improvement Programme
Status: In progress
Priority: Medium
Target date: 30 June 2016

12. **In paragraph 46, the Board recommended that UNOPS continue to address the gender imbalance in its workforce and evaluate the impact of its initiatives, in keeping with gender equality objectives of the United Nations.**

13. Addressing the imbalance is an ongoing process and UNOPS is, on an annual basis, assessing the impact of the initiatives put in place to address the imbalance using relevant key performance indicators.

Department responsible: People and Change Group
Status: Implemented/closure requested
Priority: High
Target date: Not available

14. **In paragraph 49, the Board recommended that UNOPS examine whether the increases in senior management and international personnel are consistent with its operating model and its capacity-building objective.**

15. UNOPS acknowledges the recommendation and has already begun data analysis. It will fully address the recommendation by year's end.

Department responsible: People and Change Group
Status: In progress
Priority: High
Target date: 31 December 2015

16. **In paragraph 58, the Board recommended that UNOPS: (a) obtain feedback from practice groups on the performance of People and Change Practice Group as a business partner; (b) manage and monitor the benefits of recent organizational reforms, including the Global Shared Service Centre; and (c) develop a measure covering the cost-efficiency of the human resources function, such as the human resources staff to workforce ratio.**

17. UNOPS acknowledges the recommendation and has begun working to fully address it by the end of the first quarter, 2016.

Department responsible: People and Change Group
Status: In progress
Priority: Medium
Target date: 31 March 2016

18. **In paragraph 62, the Board recommended that People and Change Practice Group, working with the other practice groups, collect and assess information on the knowledge and experience of its workforce to inform future skills and workforce planning.**

19. UNOPS acknowledges the recommendation and has begun working to address it by the end of the first quarter, 2016.

Department responsible: People and Change Group
Status: In progress
Priority: High
Target date: 31 March 2016

20.   **In paragraph 67, the Board recommended that UNOPS: (a) develop clear business-led criteria for assessing requests from personnel to change engagement terms from staff to an individual contractor agreement; and (b) monitor the impact of this policy on the workforce.**

21.   UNOPS acknowledges the recommendation and has begun working to fully address it by the end of 2016.

Department responsible:	People and Change Group
Status:	In progress
Priority:	Medium
Target date:	31 December 2016

22.   **In paragraph 70, the Board recommended UNOPS monitor turnover rates as a result of resignations, to inform its workforce planning.**

23.   UNOPS acknowledges the recommendation. Currently, it has defined the data formula and has run the first round of reports, with full implementation of the recommendations expected by the end of the first quarter, 2016.

Department responsible:	People and Change Group
Status:	In progress
Priority:	Medium
Target date:	31 March 2016

24.   **In paragraph 75, the Board recommended UNOPS: (a) fully test future business case assumptions to ensure they are supported by evidence and adequately reviewed; (b) closely monitor the impact of changes to local individual contractor contract terms to ensure that the expected benefits are realized in practice; and (c) implement measures to address the very high turnover levels among international individual contractors, subject to careful analysis of the causes of turnover and characteristics of such positions.**

25.   UNOPS acknowledges the recommendation and has commenced working towards fully addressing it by mid-2016.

Department responsible:	People and Change Group
Status:	In progress
Priority:	High
Target date:	30 June 2016

26.   **In paragraph 78, the Board recommended UNOPS continue its work to establish standard job descriptions and terms for senior positions and, once implemented, take steps to ensure these are used in practice.**

27.   Job description standardization for senior position has been completed.

Department responsible:	People and Change Group
Status:	Implemented/Closure requested
Priority:	Medium
Target date:	Not available

28.   **In paragraph 81, the Board recommended that UNOPS implement a system for the reliable reporting and analysis of recruitment processing times, covering the period from which a vacancy first occurs through to the post being filled.**

29.   UNOPS acknowledges the recommendation and has commenced working towards addressing it by mid-2016.

Department responsible:	People and Change Group
Status:	In progress
Priority:	Medium
Target date:	30 June 2016

30. **In paragraph 84, the Board recommended that UNOPS expand its use of workforce rosters across the business so that it is better placed to recruit and allocate people swiftly in response to business need.**

31. UNOPS has initiated the setup of functional and leadership benches, which are on track for completion in early 2016.

Department responsible: People and Change Group
Status: In progress
Priority: High
Target date: 31 March 2016

32. **In paragraph 88, the Board recommended that UNOPS evaluate the impact of its recent additional investment in training, including whether the type and distribution of training provided is addressing the gaps between current workforce skills and future business need.**

33. UNOPS acknowledges the recommendation and has begun working to fully address it by mid-2016.

Department responsible: People and Change Group
Status: In progress
Priority: Medium
Target date: 30 June 2016

34. **In paragraph 93, the Board recommended that UNOPS develop and communicate a promotion policy as soon as reasonably possible. The policy should address key issues such as in what circumstances staff and individual contractors can compete for a position, and when positions should be advertised externally.**

35. UNOPS has duly considered the recommendation in the formulation of the talent management framework launched in September 2015 and deemed fully addressed.

Department responsible: People and Change Group
Status: Implemented/closure requested
Priority: *Medium*
Target date: Not available

36. **In paragraph 94, the Board recommended that UNOPS further develop its approach to strategic workforce planning by implementing a more systematic approach to talent management which includes all personnel from all contract modalities.**

37. UNOPS has duly considered the recommendation in the formulation of the talent management framework launched in September 2015 and deemed fully addressed.

Department responsible: People and Change Group
Status: Implemented/closure requested
Priority: Medium
Target date: Not available

38. **In paragraph 98, the Board recommended UNOPS: (a) identify ways of disaggregating personnel performance more clearly through performance appraisal; and (b) strengthen underlying systems for identifying and addressing underperformance.**

39. UNOPS has duly considered the recommendation in the formulation of the talent management framework launched in September 2015 and deemed fully addressed.

Department responsible: People and Change Group
Status: Implemented/Closure requested
Priority: Medium
Target date: Not available

40.   **In paragraph 101, the Board recommended that UNOPS review the merit reward scheme to ensure it is consistently aligned to the achievement of its break-even objective.**

41.   UNOPS has completed the initial evaluation and expects to fully address the recommendation by mid-2016.

Department responsible: People and Change Group
Status: In progress
Priority: Medium
Target date: 30 June 2016

42.   **In paragraph 106, the Board recommended that UNOPS establish clear deliverables to monitor the progress made in implementing the new enterprise risk management plan; seeking to prioritize key elements such as the identification of top-level strategic risks and mitigations.**

43.   The enterprise risk management programme, to be finalized with the adoption of an enterprise risk management framework is in progress, and will consist of the implementation of several projects to be delivered in three major tranches:

- laying the foundation for enterprise risk management;
- mainstreaming enterprise risk management; and
- transitioning to business-as-usual.

44.   In preparation for the programme tranches, UNOPS has undertaken several activities, including but not limited to: creation of an enterprise risk management unit; the recruitment of members for the enterprise risk management unit; preparation of the programme brief; and an analysis of the current background and stakeholders' expectations and needs. The Corporate Operations Group endorsed the programme brief, which outlines the scope of the programme and provides a high-level overview of the three tranches, the projects under the respective tranches, and their deadlines. Deriving from this document and building on the findings of the gap analysis, UNOPS will establish a detailed implementation plan with set deadlines.

45.   To further strengthen internal control as well as the relationship between risk management, compliance, engagement acceptance, quarterly assurance and performance evaluation, UNOPS has transferred the enterprise risk management programme to the new Risk and Quality Group through the recent organizational restructuring. The programme will be part of the wider establishment of a governance, risk and compliance framework.

Department responsible: Infrastructure and Project Management Group
Status: In Progress
Priority: High
Target date: 30 June 2017

Annex 2

A. Comments on the status of implementation of the recommendations of the Board of Auditors for prior years

46.   In the annex to its report for the financial period ended 31 December 2014 (A/70/5/Add.11), the Board of Auditors provided a summary of the status of implementation of recommendations for previous financial periods. Of the 32 recommendations noted from prior periods, 10 were fully implemented and 22 were not implemented or under implementation. Information is provided below on the 18 recommendations that were under implementation and four recommendations that were yet to be implemented. The Executive Board may wish to recognize that, according to UNOPS assessment, nine of the 22 recommendations of the Board of Auditors relating to previous financial periods have now been implemented. The information below is set out in the order in which the recommendations are presented in annex 2 of the audit report. The table below summarizes the overall situation.

Table 3. Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2014

Department responsible	Number of recommendations	Implemented	In progress	Target date set	No target date
Procurement Group	8	6	2	2	–
Infrastructure and Project Management Group	8	2	6	6	–
Finance Group	3	1	2	2	–
Finance Group and Corporate Support Group	1	–	1	1	–
Finance Group and Executive Office	1	–	1	1	–
People and Change Group and Procurement Group	1	–	1	1	-
Total	**22**	**9**	**13**	**13**	**-**

B.   Report of the Board for the biennium ended 31 December 2011

47.   **In paragraph 48 of A/67/5/Add.10, the Board recommended that UNOPS: (a) draw lessons from its existing projects and consider measures to enable it to close projects in time; and (b) address the backlog of projects needing closure.**

48.   An extensive joint exercise has been underway together with the Finance Group and the Integrated Practice Advisory Group to support the project closure. As a result of this exercise, since 1 July 2015, out of 287 projects in different stages of closure, a total of 64 projects are financially closed (22 per cent) and 87 projects have moved forward in their closure status (30 per cent); 223 project are currently pending for closure at different stages and there is a strong commitment to close as many old projects as possible by the end of 2015 through this joint effort.

   Department responsible: Infrastructure and Project Management Group
   Status: In Progress
   Priority: Medium
   Target date: 31 December 2015

C. Report of the Board for the year ended 31 December 2012

49. **In paragraph 24 of A/68/5/Add.10, the Board recommended that UNOPS: (a) clearly identify the envisaged benefits from accrual-based information and associated revised management procedures; and (b) appoint a senior responsible owner for realizing such benefits and embedding new ways of working across the organization.**

50. UNOPS has modified its systems and tools providing management information to reflect accrual-based information. UNOPS has incorporated new processes in the design and configuration of the new enterprise resource planning system due for release on 1 January 2016.

Department responsible:	Finance Group
Status:	In Progress
Priority:	High
Target date:	31 December 2016

51. **In paragraph 31 of A/68/5/Add.10, the Board recommended that UNOPS to increase the visibility of funding provided for end of service liabilities, that UNOPS establish a separate reserve account for after-service benefits.**

52. UNOPS has incorporated this recommendation in the workplan related to the takeover of treasury functions from UNDP as of 1 January 2016.

Department responsible:	Finance Practice Group
Status:	In Progress
Priority:	Medium
Target date:	30 June 2016

53. **In paragraph 44 of A/68/5/Add.10, the Board recommended that UNOPS: (a) appoint a fraud risk owner, or senior risk officer, at a suitably senior level, to be accountable for the active management of fraud risks across UNOPS activities; (b) perform a comprehensive, organization-wide fraud risk assessment to identify the major types of fraud risk UNOPS faces; and (c) define UNOPS tolerance to different types of fraud risk and ensure that fraud controls are commensurate with this "risk-appetite".**

54. Following detailed discussions and an assessment by senior management on addressing quality and risk, UNOPS has decided to transfer the responsibility of risk management across the organization to the newly established Risk and Quality Group. UNOPS will give the group the corporate mandate for risk and quality management, in line with oversight and corporate controls established at institutional level. It will ensure that UNOPS engagements are based on a coherent assessment of risks, opportunities and strategic alignment with established goals, tolerances and risk appetite. Implementation of the governance, risk and compliance framework will also address risk related to fraud.

Department responsible:	Infrastructure and Project Management Group
Status:	In Progress
Priority:	High
Target date:	30 June 2016

55. **In paragraph 51 of A/68/5/Add.10, the Board recommended that UNOPS examine the costs and benefits of performing mandatory background checks on all new recruits, vendors and other partners or contractors.**

56. Links to various sanctions lists are now on the intranet site. The lists are still accessible through separate links and once it is confirmed that all such lists can be searched without issues in the United Nations Global Marketplace, the individual links to the lists will be replaced with guidance on how to check on the United Nations Global Marketplace website.

When it comes to background checks on new recruits, UNOPS has signed a contract with a background check service provider and the service is being used for specific cases where deemed necessary.

Department responsible:	People and Change and Procurement Groups
Status:	In Progress
Priority:	Medium
Target date:	31 March 2016

57.   **In paragraph 67 of A/68/5/Add.10, the Board recommended that UNOPS review the extent of changes to agreements and the causes of delays in the completion of projects across its infrastructure portfolio.**

58.   The reasons of delays could be multiple — inadequate estimation and planning during project development and initiation, lack of proper monitoring and assurance during project execution, scope change during project execution, volatile operations environments (security, access), limited capacity of service providers. UNOPS is tackling the issue in two ways:

(i)   New project support: review of project documentations through the Leads System, with particular focus on the project design and planning of strategic and/or complex projects;

(ii)   Ongoing project support: support ongoing projects through planning, estimating, monitoring, reviewing, reporting, controlling, assuring or any other project management related activity which might be required.

59.   With the help of the new enterprise resource planning system and its features, more analysis will take place during project development to ensure proper estimations and planning and a high level of control and monitoring during project implementation.

60.   The Infrastructure and Project Management Group analyses the engagement assurance results on a regular basis to see which offices and engagements are not on track in terms of schedule. Based on those results, the Infrastructure and Project Management Group approaches the relevant country offices to offer support. In 2015, the group has supported the South Sudan Operation Centre and the Democratic Republic of the Congo Operational Hub, by providing assistance in planning of specific projects. The group also provides delivery support services to the Haiti Operational Centre and the Ivory Coast Operational Hub. The Project Management Office implementation programme also focuses on establishing programme management offices that can support country programmes in better planning and delivery of projects. Given the above-mentioned efforts and ongoing actions, UNOPS considers this recommendation fully implemented.

Department responsible:	Infrastructure and Project Management Group
Status:	Implemented/closure requested
Priority:	High
Target date:	Not available

61.   **In paragraph 76 of A/68/5/Add.10, the Board recommended that UNOPS encourage its clients to accept the inclusion of contingency budget for projects, which might necessitate a corresponding reduction in other components of the budget as well as processes for releasing contingency that are acceptable to clients.**

62.   The quantification and justification of the values of contingency required should be from a risk based perspective. Based on the recommendation of the UNOPS Global Management Meeting working group, UNOPS created the new Risk and Quality Group to holistically address how UNOPS approaches risk and how it undertakes its engagement acceptance process. The Infrastructure and Project Management Group will support the Risk and Quality Group in designing its approach to be used for contingencies on projects. This approach will support discussions with donors and establish the basis for reasonable contingency sums with justification.

Department responsible:	Infrastructure and Project Management Group
Status:	In Progress
Priority:	Medium
Target date:	31 December 2016

63.   **In paragraph 82 of A/68/5/Add.10, the Board recommended that UNOPS to develop a mechanism to generate better information on the post-completion performance of buildings.**

64.   UNOPS will incorporate guidance within the next revision of the design planning manual for buildings in the second quarter of 2016. In addition, it may integrate the post occupancy evaluation into the new monitoring and evaluation toolkit, following the merger of the former Sustainable Infrastructure Practice Group and the Sustainable Project Management Practice Group into the new Infrastructure and Project Management Group.

Department responsible:	Infrastructure and Project Management Group
Status:	In Progress
Priority:	High
Target date:	30 June 2016

65.   **In paragraph 90 of A/68/5/Add.10, the Board recommended that UNOPS work with its partners to establish processes to better capture information on the outcomes to which UNOPS activities contribute, particularly in terms of the beneficiaries of projects.**

66.   In September 2015, the UNOPS Global Reporting Initiative programme team presented the final report of the materiality assessment conducted jointly with the consulting firm Deloitte, along with the three-year Global Reporting Initiative programme budget plan. Both have been unanimously accepted and approved by members of the Corporate Operations Group and the Executive Director. The approval has set the motion to proceed with the Global Reporting Initiative reporting process. UNOPS will combine its sustainability report (using the Global Reporting Initiative) and its annual report, to be released in June 2016. The reports will assist UNOPS in identifying the level of contribution to sustainability and therefore the results will lead UNOPS to look into unsatisfactory areas and address them accordingly. Considering the above efforts, this recommendation has been substantially addressed and implemented.

Department responsible:	Infrastructure and Project Management Group
Status:	Implemented/closure requested
Priority:	Medium
Target date:	Not available

D.   Report of the Board for the year ended 31 December 2013

67.   **In paragraph 9 of A/69/5/Add.11, the Board recommended that UNOPS prepare reports on financial, performance and risk management that include a full analysis and explanation of significant variances. Specifically, UNOPS should document risk tolerances and should identify, document and assess key risks and regularly update and monitor said risks.**

68.   In 2014 mid-year review and every quarter since, UNOPS has integrated the global portfolio and regional performance review with its quarterly assurance and business planning processes. The purpose has been to establish a clear link between project and corporate performance, while optimizing the use of corporate tools and systems, and improving UNOPS ability to manage performance and risks. Analysis, informed by reports from the management workspace system, and explanation of significant variance is made as relevant at each level of the integrated review process. From this extensive review process, key aspects of risk and performance are escalated and eventually discussed in meetings between the regional and global portfolio managers and the Deputy Executive Director, with action agreed as required.

69.   Further, quarterly performance messages from the Executive Director are sent to all personnel at the conclusion of the quarterly review process. The documents reflect financial, performance and risk management, including analysis and explanation of significant variances.

Department responsible:	Finance Group
Status:	Implemented/closure requested
Priority:	High
Target date:	Not available

70.   **In paragraph 12 of A/69/5/Add.11, the Board recommended that UNOPS critically review its accrual accounting treatment and closure procedure to ensure that financial information is available in real time in the management workspace system and continue to enhance the system to meet the needs of country offices.**

71.   UNOPS has since revised its closure procedures to permit monthly closure. The implementation of the new enterprise resource planning system will address the low degree of coherence between UNOPS business processes and the enterprise resource planning system, which required that several complexities be built into the reporting systems, such as simulation of accrual for open periods. The launch of the new enterprise resource planning system will help align reports provided with the needs of UNOPS offices around the world.

Department responsible:	Finance Group.
Status:	In Progress
Priority:	High
Target date:	30 June 2016

72.   **In paragraph 21 of A/69/5/Add.11, the Board recommended that UNOPS review its operational reserve policy and establish, with the approval of its Executive Board, plans for the use of surplus reserve balances.**

73.   Please refer to response give in paragraph two above.

Department responsible:	Finance Group
Status:	In Progress
Priority:	High
Target date:	31 December 2015

74.   **In paragraph 34 of A/69/5/Add.11, the Board recommended that UNOPS take practical steps to implement enterprise risk management strategies, policies and procedures across the entity without further delay. Specifically, UNOPS should:**

- **identify, document and assess key risks to achieving strategic objectives;**
- **regularly update and monitor risk information that can be aggregated at the entity level;**
- **document risk tolerances so that they are understood and applied throughout the organization;**
- **use risk registers to record the likelihood of a risk materializing, the impact of the risk, the proposed mitigating actions and the assessed level of risk post-mitigation; and**
- **assign risk owners to take responsibility for monitoring and controlling each risk.**

75.   Please refer to paragraph 43 above.

Department responsible:	Infrastructure and Project Management Group
Status:	In Progress
Priority:	High
Target date:	30 June 2016

76.   **In paragraph 45 of A/69/5/Add.11, the Board recommended that UNOPS strengthen its performance information, including by reference to what metrics are used by other United Nations entities. In**

particular, it should: (a) examine the scope for a metric for price and cost competitiveness, based on prices actually paid; (b) review the suitability of the scorecard measures and annual targets and how they can be widened in the future to cover all UNOPS procurement; and (c) include only those measures that can be measured, with clear time frames for targets that are stretching yet achievable.

77.   UNOPS conducted a workshop at the end of September, where the framework for performance management was discussed and outlined, along with a number of suggestions for key performance indicators across the agreed collection of performance areas. Work is ongoing to develop these into key performance indicators for the Procurement Group and the individual teams, which will provide performance targets and progress. UNOPS expects to finalize this task within the timeframe indicated in the procurement planning process instituted in 2015. Currently, there is greater visibility and measurability across all of UNOPS procurement.

Department responsible:	Procurement Group
Status:	In Progress
Priority:	High
Target date:	31 December 2015

78.   **In paragraph 52 of A/69/5/Add.11, the Board recommended that UNOPS establish ways in which the Sustainable Procurement Practice Group can engage more effectively in the development of local procurement strategies.**

79.   The Procurement Group has now devised a process to facilitate its effective engagement in the development of local procurement strategies, which it has now fully incorporated in its workplan.

80.   UNOPS has now reworked the manner in which procurement plans are collected and a process is now in place for this recurring task. This also involves incorporating procurement plans into the continuous development and update of category strategies. The category team will regularly develop and update category strategies, which will include strategies on how the Procurement Group can support local and regional procurement.

Department responsible:	Procurement Group
Status:	Implemented/closure requested
Priority:	Medium
Target date:	Not available

81.   **In paragraph 56 of A/69/5/Add.11, the Board recommended to maximize the benefits resulting from long-term agreements, UNOPS headquarters should work with country offices using aggregated information to identify where regional and global long-term agreements would be mutually beneficial, such as for medical equipment and supplies.**

82.   UNOPS has set up a new and complete procurement category management team at headquarters, and the new category management approach is currently fully functional. Further, it has developed a number of global long-term agreements based on analysis of UNOPS procurement spending and plans, including: global consultant services, high-risk labour services, and infrastructure-related goods and services. The category management team is and will continue to develop global and local long-term agreements in collaboration with country offices as part of the category management strategy.

Department responsible:	Procurement Group
Status:	Implemented/closure requested
Priority:	Medium
Target date:	Not available

83.   **In paragraph 57 of A/69/5/Add.11, the Board recommended that to improve the use of and benefits resulting from long-term agreements, UNOPS should collate information on the existence and usage of local and regional long-term agreements available for its use.**

84.   Further to what has been discussed in paragraph 82, the category management team, as part of the category management strategy, will continue to track global and regional long-term agreement usage.

Department responsible: Procurement Group
Status: Implemented/Closure requested
Priority: Medium
Target date: Not available

85.   **In paragraph 61 of A/69/5/Add.11, the Board recommended to strengthen the professionalization of procurement UNOPS should: (a) use the results of its skills definition and mapping exercise to set out the desired level of training and qualifications for specific procurement roles in UNOPS and identify areas of shortage; and (b) make the sustainable procurement online training course mandatory for all procurement staff within a specified time frame.**

86.   The Procurement Group has fully integrated into its workplan the provision of various training courses for specific procurement roles at UNOPS through a combination of online and onsite courses. It is on track to meet its target for mandatory completion of the online sustainable procurement course for procurement staff.

Department responsible: Procurement Group
Status: Implemented/closure requested
Priority: Medium
Target date: Not available

87.   **In paragraph 65 of A/69/5/Add.11, the Board recommended that UNOPS develop a way of monitoring the length of the procurement process, either through the e-procurement or enterprise resource planning systems that are under development and being introduced in 2015 or by distributing a template for capturing procurement information from all centres.**

88.   Development of the tool is going well and progressing according to plan. Testing will commence November 2015, with final release scheduled for the second quarter of 2016. UNOPS will integrate the solution with purchase requisitions and purchase orders in the new enter resource planning system, and will include necessary 'time stamps' to enable capturing and reporting on progress and time-related performance.

Department responsible: Procurement Group
Status: In progress
Priority: Medium
Target date: 30 June 2016

89.   **In paragraph 75 of A/69/5/Add.11, the Board recommended that the UNOPS Internal Audit and Investigations Group, in setting its work programme for 2015, and on the basis of the results of the fraud risk assessment undertaken in 2014, consider carrying out specific audit work to examine controls covering the risk of fraud in procurement.**

90.   Due to the recent organizational restructuring, UNOPS has transferred the enterprise risk management programme to the new Risk and Quality Group, as part of a wider governance, risk and compliance framework to further strengthen internal control as well as the relationship between risk management, compliance, engagement acceptance, quarterly assurance and performance evaluation. Implementation of the governance, risk and compliance framework will also address this recommendation.

Department respo*n*sible: Infrastructure and Project Management Group
Status: In progress
Priority: Medium
Target date: 30 June 2016

91.   **In paragraph 80 of A/69/5/Add.11, the Board recommended that UNOPS carry out structured and regular benchmarking exercises, where feasible, of the prices that it obtains. UNOPS should also obtain feedback specific to procurement from its partners.**

92.   UNOPS has strengthened benchmarking and market research by setting up the new category management team. These activities form an integral part of the team's workplan. The global long-term agreements that the Procurement Group is currently developing will cover a significant volume of UNOPS procurement, giving the wider organization good indications of prices for procurement and benchmarking purposes.

Department responsible: Procurement Group
Status: Implemented/closure requested
Priority: High
Target date: Not available

93.   **In paragraph 82 of A/69/5/Add.11, the Board recommended that UNOPS take action to strengthen local capacity-building. This could involve sharing good practices such as procedures to reduce non-compliance in tendering.**

94.   Since the beginning of 2015, the Procurement Group has continued to increase interactions with UNOPS country offices, through both online and onsite training, knowledge-sharing activities, webinars, face-to-face missions and a number of other measures that strengthen capacity building. UNOPS has also posted Procurement Group staff in the Latin America and Caribbean region, as well as in Nairobi, and plans to have one in Myanmar in 2016. Some of these staff members will be under joint reporting structures to enhance local capacity building. Further, in September 2015, members from all regions participated in a three-day procurement group workshop to share best practices and undertake joint planning for 2016.

Department responsible: Procurement Group
Status: Implemented/closure requested
Priority: Medium
Target date: Not available

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