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UNFPA – Recommendations of the Board of Auditors

United Nations Population Fund

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

Report of the Executive Director

Summary

The UNFPA Executive Director is pleased to submit, in accordance with Executive Board decision 97/2, the present report on the implementation of the recommendations contained in the report of the United Nations Board of Auditors for the financial period ended on 31 December 2023 (A/79/5/Add.8).

In the opinion of the Board of Auditors, the organization's financial statements represent fairly, in all material respects, the financial position of UNFPA as of 31 December 2023 and its financial performance and cash flows for the year that ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The overall financial position of UNFPA remains sound, with current assets of more than eight times the current liabilities and total assets of more than six times the total liabilities.

A separate table, available on the UNFPA Executive Board website, provides an updated status of the implementation of the audit recommendations.

Elements of a decision

The Executive Board may wish to acknowledge the present report, detailing the progress made and actions taken as well as the forthcoming measures aimed at implementing the recommendations of the Board of Auditors for the financial period ended on 31 December 2023.

I.   Overview

1. For the past 14 consecutive years, UNFPA has received an unqualified audit opinion on the organization's financial statements from the United Nations Board of Auditors (BOA). UNFPA continues to accord the highest priority to accountability and transparency, achieving a record of unqualified audit opinions and resolving the concerns of the Board of Auditors.

2. As reflected in the Board of Auditors report for the year ended 31 December 2023, UNFPA has fully implemented 29 (63 per cent) of the 46 recommendations that were outstanding at the beginning of the 2023 financial year. Seventeen recommendations remain in the process of being implemented.

3. As of July 2024, the Board of Auditors (BOA) issued 32 new recommendations to UNFPA. The organization has a total of 49 outstanding recommendations, including those from previous reporting periods. UNFPA has implemented eight of these recommendations, comprising three from the 2023 report and five from prior years. The organization has submitted the necessary supporting documentation to request the formal closure of these eight recommendations

4. The Board of Auditors provides the opinion that the financial statements of UNFPA present fairly, in all material respects, the financial position of UNFPA as of 31 December 2023 and its financial performance and cash flows for the year ended, in accordance with IPSAS.

5. UNFPA appreciates the overall conclusion of the Board of Auditors that the Board did not identify significant errors, omissions, or misstatements in its review of the financial records for the year ended 31 December 2023. However, the Board noted scope for improvement in the areas of the Humanitarian Response Division, Quantum implementation, contributions and supply management.

II.   Introduction

6. The UNFPA Executive Director (per Executive Board decision 97/2) is pleased to submit a report on implementing the recommendations of the United Nations Board of Auditors for the year ended on 31 December 2023 (A/78/5/Add.8). The Advisory Committee on Administrative and Budgetary Questions (ACABQ) reviewed a summary of the principal findings and conclusions of the Board of Auditors and the corresponding report of the United Nations Secretary-General.

7. The Executive Board of UNDP, UNFPA and UNOPS, in paragraph 2 of its decision 2022/2, asked to harmonize further the reporting formats on the implementation of the Board of Auditors recommendations, as appropriate, including, where possible, the time frames for the detailed reporting and the thematic categorization of recommendations into those that are a priority and any other priorities and requested to work with UNICEF, UN-Women and the World Food Programme in that regard, as appropriate.

8. To implement this decision, UNFPA, in consultation with the UNDP, the United Nations Capital Development Fund (UNCDF), UNOPS and UNICEF, agreed to a common template; this report is aligned, accordingly, to report on the implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2023.

9. The Executive Board of UNDP, UNFPA and UNOPS, in paragraph 4 of its decision 2023/1, asked UNDP, UNCDF, UNFPA and UNOPS to state the impacts of implemented recommendations, including on organizational culture in its reporting on audit recommendations.

10. To implement this decision, UNFPA, in consultation with UNDP, UNCDF and UNOPS, agreed to include a section on the impact of the implementation of audit recommendations, including on

organizational culture, in this report on the implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2023 (see Section V).

III. Status of recommendations for the year ended 31 December 2023

11. The Board of Auditors made 32 new recommendations for 2023 in July 2024. The tables below summarize the implementation status of the main recommendations (table 1) and all recommendations (table 2) for the financial period ended on 31 December 2023, as of the drafting of this report.

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

BOA report thematic area	Total	Closure requested	Under implementation
Quantum implementation	4	0	4
Humanitarian Response Division	3	0	3
Supply management	3	0	3
Contributions	3	0	3
Total	**13**	**0**	**13**
Percentage	*100%*	*0%*	*100%*

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

BOA report thematic area	Total	Not accepted	Closure requested	Under implementation
Humanitarian Response Division	11	-	1	10
Quantum implementation	9	-	1	8
Supply management	9	-	1	8
Contributions	3	-	-	3
Total	**32**	**-**	**3**	**29**
Percentage	*100%*	*-*	*9%*	*91%*

12. This report presents the implementation status for all recommendations the Board of Auditors made for 2023 and prior periods. This section comprises five subsections, addressing (a) the humanitarian response division, (b) Quantum implementation, (c) supply management, (d) contributions, and (e) a separate section on the status of recommendations from prior financial periods (2022, 2020 and 2019).

13. The following paragraphs report on the status and management action plans for every recommendation issued by the Board of Auditors report for the year ended 31 December 2023 (issued in July 2024).

A. Humanitarian Response Division

In paragraph 38, the Board recommends that UNFPA assess and update the terms of reference of its Humanitarian Response Division and establish a clear plan with activities implementation schedule and accountabilities.

Business unit responsible	Humanitarian Response Division
Status	Under implementation
Priority	High
Target date	March 2025

14. The Humanitarian Response Division (HRD) will leverage the opportunity of the rollout and implementation of the Emergency Policy and Procedures (EPPs) to amend the Division's terms of references (TORs), particularly the part of the Operations Centre (OPSCEN). HRD has already developed its Results Framework with a clear work plan and activities implementation schedule. Both the EPPs and the Results Framework define clear accountabilities.

In paragraph 39, the Board recommends that UNFPA take the actions needed to fill the vacant positions in the Humanitarian Response Division.

Business unit responsible	Humanitarian Response Division
Status	Under implementation
Priority	High
Target date	March 2025

15. HRD is actively recruiting for vacant positions in the Division. HRD currently has seven vacant fixed-term positions. HRD is currently in the process of recruitment for five out of those vacant positions while two other positions are on hold pending the revision of the TORs of these positions.

In paragraph 50, the Board recommends that UNFPA establish a mechanism to timely conduct and record the fast-track procedure activation risk assessments and oversee their activation.

Business unit responsible	Humanitarian Response Division
Status	Under implementation
Priority	Medium
Target date	March 2025

16. In October 2024, the Policy Committee adopted the Emergency Policy and Procedures, which is a UNFPA corporate-wide priority. This new Policy will integrate the human resources, supply chain, and finance components of the fast-track procedures. This integration will make the Fast Track Procedures (FTPs) redundant, and the FTPs will thus be archived. UNFPA will establish a mechanism, through the EPPs, to timely monitor and record activation and risk assessment of the components of the FTPs that are absorbed by the EPPs.

In paragraph 51, the Board recommends that UNFPA ensure the timely usage report's submission and subsequent usage assessment to implement the lessons learned.

Business unit responsible	Humanitarian Response Division
Status	Closure requested
Priority	Medium
Target date	Closure requested

17. HRD produced the 2021-2022 usage report in January 2024, which included a section on lessons learned and recommendations derived from the usage reports. A summary of the report, as well as access to the full version of it, was provided to the Humanitarian Steering Committee (HSC) as part of the written updates section for the 31 January 2024 meeting. Similarly, the usage report covering FTP activations/extensions in 2023 was prepared and shared with the HSC as part of the written updates section for the 15 May 2024 meeting. Both reports have informed the discussions on the way forward for the integration of the FTPs into the new EPPs.

In paragraph 52, the Board recommends that UNFPA update its policy and procedures in order to align them with the current fast-track procedure.

Business unit responsible	Humanitarian Response Division

Status	Under implementation
Priority	Medium
Target date	September 2025

18. The EPPs will trigger changes and amendments of other policies to align with the new direction that the organization is taking with the implementation of the EPPs.

In paragraph 64, the Board recommends that UNFPA issue a guidance on risk ranking and subsequent actions depending on the level of risk, in line with the Inter-Agency Standing Committee, with the aim of ensuring that risk assessment ranking, duly advanced preparedness actions and contingency planning are conducted.

Business unit responsible	Humanitarian Response Division
Status	Under implementation
Priority	High
Target date	March 2025

19. HRD is finalizing the development of the Minimum Preparedness Actions (MPAs) in line with the Inter-Agency Standing Committee guidelines, which are a set of mandatory actions that all UNFPA regional and country offices should implement to increase their readiness to respond to emergencies. The MPAs will be presented to the HSC for endorsement as soon as the last round of internal consultations is concluded. After which, a roll out plan will be developed in collaboration with regional and country offices. The next step, after the endorsement and rollout of the MPAs, will be for HRD to develop the Advanced Preparedness Actions (APAs). The APAs will focus on identified specific risks and guide advanced preparedness actions and contingency planning according to the risk identification exercise.

In paragraph 74, the Board recommends that UNFPA conduct the minimum preparedness actions by completing the necessary information and uploading all the relevant documents in strict accordance with the guidance on minimum preparedness actions.

Business unit responsible	Humanitarian Response Division
Status	Under implementation
Priority	Medium
Target date	December 2025

20. Once the MPAs are rolled out, all UNFPA regional and country offices will be required to implement them. The MPAs will also include a set of documents and templates to be completed by regional and country offices and uploaded into Quantum.

In paragraph 75, the Board recommends that UNFPA establish a robust oversight mechanism to ensure the quality and completeness of the filling of minimum preparedness actions by country and regional offices.

Business unit responsible	Humanitarian Response Division
Status	Under implementation
Priority	Medium
Target date	December 2025

21. HRD will establish a robust oversight mechanism to ensure the quality and completeness of the filling of MPAs by regional and country offices. The development of the oversight mechanism will be part of the roll out plan. The documents uploaded by regional and country offices will be reviewed by HRD technical experts in minimum and advanced preparedness.

In paragraph 76, the Board recommends that UNFPA review and approve a new version of the guidance on minimum preparedness actions in order to clarify milestones, provision of evidence and responsibilities of headquarters, regional offices and country offices in this matter.

Business unit responsible	Humanitarian Response Division
Status	Under implementation
Priority	Medium
Target date	March 2025

22. The updated MPAs have been reviewed, streamlined, and simplified to include ten updated actions instead of the previous 13 actions. The MPAs define and clarify milestones and provisions of evidence and responsibilities of HQ, regional and country offices in implementing preparedness actions.

In paragraph 88, the Board recommends that the Humanitarian Response Division, in coordination with the Supply Chain Management Unit, ensure the implementation of the humanitarian supplies strategy's activities through the precise identification of a cost proposal, accountabilities assignment and the needed budget arrangements in Quantum.

Business unit responsible	Humanitarian Response Division and Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	December 2025

23. UNFPA welcomes the recommendation to strengthen its planning and execution phase of the Humanitarian Supply Strategy. HRD and the Supply Chain Management Unit (SCMU) commit to having quarterly reporting and review meetings. As an integral component within the broader context of the Humanitarian Supplies Strategy implementation, UNFPA will strengthen its monitoring mechanism by tracking and assessing progress, identifying deviations from the plan, and making necessary adjustments. Each Business Unit is responsible for ensuring the necessary budgets are reflected in Quantum for their respective activities.

In paragraph 89, the Board recommends that UNFPA establish a monitoring mechanism to ensure that the action plans informed to the Executive Board are fully implemented.

Business unit responsible	Humanitarian Response Division and Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	December 2024

24. HRD will engage with other relevant stakeholders to develop the required monitoring and reporting mechanism on prepositioning activities, to ensure the action plans are fully implemented.

B. Quantum implementation

In paragraph 104, the Board recommends that UNFPA assess its internal control activities and apply the necessary adjustments considering the use of Quantum.

Business unit responsible	Division for Management Services
Status	Under implementation
Priority	High
Target date	December 2025

25. Management agrees with this recommendation and is working to enhance its internal control activities which have been impacted by the new system. System access controls have been enhanced by introducing stronger segregation of duties controls and are being continuously updated and adjusted based on user requests and following a strict protocol that requires clearance from the internal control framework (ICF) focal point. Additional reporting features and dashboards are being developed to ensure timely and informed decision-making and to enhance accountability. Relevant corporate policies and related risk-control matrices (mandatory elements of all policies) are being updated as needed.

In paragraph 105, the Board recommends that UNFPA update the resource management policy and related guidelines to reflect the Quantum procedures and controls.

Business unit responsible	Division for Management Services
Status	Under implementation
Priority	High
Target date	December 2024

26. Management agrees with the recommendation and is in the process of updating the Resource Management Policy. It expects to have the updated policy internally approved and operational by the end of 2024. Guidelines and guidance notes pertinent to resource management are also in the process of being updated.

In paragraph 106, the Board recommends that UNFPA implement a tool similar to the financial quality data dashboard to assist field offices' monitoring.

Business unit responsible	Division for Management Services
Status	Under implementation
Priority	High
Target date	December 2025

27. Management agrees with this recommendation and will develop and implement a tool similar to the financial quality data dashboard to assist field offices with monitoring.

In paragraph 107, the Board recommends that UNFPA align its financial management community with Quantum resources.

Business unit responsible	Division for Management Services
Status	Under implementation
Priority	High
Target date	December 2024

28. Management agrees with this recommendation. All Quantum training and learning resources, including those produced for the financial community, were included on a central platform to make it easier for all users to find the information in one place. However, UNFPA will also update the financial management community page to align it with Quantum resources by the end of 2024.

In paragraph 118, the Board recommends that UNFPA implement a mechanism to ensure timely operational and financial closures.

Business unit responsible	Programme Division
Status	Under implementation
Priority	Medium
Target date	May 2025

29. UNFPA agrees with the recommendation and will include a mechanism with the required information for offices and budget owners to monitor and implement timely operational and financial closure.

In paragraph 119, the Board recommends that UNFPA update the guidance note on programme cycles, project identification and activity identification creation and closure, and related procedures, with the aim to reflect the processes to be implemented in the Quantum system.

Business unit responsible	Programme Division
Status	Under implementation
Priority	Medium
Target date	May 2025

30. UNFPA agrees with the recommendation. UNFPA is updating the guidance to align with the launch of the results of UNFPA and the resources planning system Quantum Plus.

In paragraph 131, the Board recommends that UNFPA establish the necessary procedures to align all ISO/IEC 27000 standards to support compliance with the information security policy in a timely manner to accommodate its current ICT environment.

Business unit responsible	Information Technology Solutions Office
Status	Closure requested
Priority	Medium
Target date	Closure requested

31. UNFPA agrees with this recommendation. In addition to policies issued since the interim audit: (Policy for Information and Communications Technology (ICT) (2024), Information Security Threat and Vulnerability Policy (2024), Information Systems Acceptable Use Policy (2024), ICT Hardware and Software Guidelines (2024), Information Security Awareness Guidelines (2023)) and the information security programme for 2024 which includes activities to establish the remaining policies, the Information Technology Solutions Office (ITSO) obtained approval for remaining policies – Policy and Procedures for Information Security Identity and Access Management, Policy for Third-party Information and Communication Technology (ICT) Risk Management, Policy and Procedures for Network and Cloud Security – and requests to close this recommendation.

In paragraph 132, the Board recommends that UNFPA formulate a procedure for conducting comprehensive and periodic reviews of the segregation of duties in Quantum to ensure different staff members are responsible for distinct parts of any task to prevent errors.

Business unit responsible	Information Technology Solutions Office
Status	Under implementation
Priority	Medium
Target date	June 2025

32. UNFPA has introduced periodic reviews which were already performed as follows: (a) review performed at HQ level (in July 2023); (b) annual validation/certification at the business unit level (in April 2024). These procedures will be performed on an annual basis and will be captured in the next version of the user provisioning/SOD policy and related Standard Operating Procedures

(SOPs). The next annual review will be performed in preparation to request closure of this recommendation by Q2 2025.

In paragraph 143, the Board recommends that UNFPA conduct an updating exercise of the policies and procedures manual, establishing deadlines for each content owner with the aim of reflecting the technological and organizational changes in a timely manner.

Business unit responsible	Programme Division
Status	Under implementation
Priority	Medium
Target date	December 2025

33. UNFPA agrees with this recommendation and is in the process of updating its policies to reflect the technological and organizational changes.

C. Supply management

In paragraph 156, the Board recommends that UNFPA reinforce the accountability of the country offices in the data quality of procurement records for locally procured goods.

Business unit responsible	Supply Chain Management Unit
Status	In progress
Priority	Medium
Target date	June 2025

34. UNFPA concurs with the Board's recommendation to ensure the quality of data in procurement records for locally sourced goods. In alignment with its commitment to Supply Chain Excellence, UNFPA has planned additional measures to enhance data governance in this area.

In paragraph 157, the Board recommends that UNFPA record both accurately and timely the supplies, in accordance with the nature of the transaction (physical receipt, storage, handover, disposals and adjustments) and in agreement with the applicable accounting standards.

Business unit responsible	Supply Chain Management Unit
Status	Implemented
Priority	Medium
Target date	Closure requested

35. In 2024, UNFPA undertook a number of actions to ensure timely recording of related actions to supplies. These included introducing quarterly closure of accounting periods in shipment tracker, prompting country offices and SCMU midstream (procurement teams) to promptly record physical receipts, storage, disposal, distribution and adjustments. UNFPA conducted a series of webinars in different languages aiming at increasing capacity and knowledge of the related personnel to manage inventories. UNFPA also introduced another system control to prompt timely recording of receipts via the Enterprise Resources Planning (ERP) (3-week backdating option for financial receipts, reducing from 6 weeks). Considering all these activities, UNFPA considers this recommendation is implemented.

In paragraph 158, the Board recommends that UNFPA update the guidance to include all locally procured goods, reflecting all relevant concepts and categories used during the performance of the procedure.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	December 2026

36. UNFPA concurs with the Board's recommendation to update its guidance to the country offices to include all relevant locally procured goods in the designated inventory tracking tool. SCMU plans to undertake a review of all supply chain related policies and develop of comprehensive Supply Chain Management policy, which will also cover guidance on supplies both locally and internationally procured.

In paragraph 173, the Board recommends that UNFPA ensure that its country offices record prepositioning supplies transactions in Quantum in a timely manner.

Business unit responsible	Humanitarian Response Division and Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	December 2024

37. UNFPA agrees with this recommendation. UNFPA is working on developing an interim solution in Quantum Plus that will have similar functionality to the Shipment Tracker in Atlas to facilitate recording and tracking of prepositioned supplies. This will eventually be replaced by a long-term ERP solution for inventory management by the end of 2025 that will allow business units to record the related transactions and provide visibility to the lowest transactional level in real-time. UNFPA will also be accompanied by development and capacity building on relevant SOPs on prepositioning at the country level in collaboration with HRD.

In paragraph 174, the Board recommends that UNFPA implement a monitoring and reportability mechanism for country offices that maintain prepositioned supplies to avoid manual errors and inaccuracies and to ensure that inventories are delivered to final beneficiaries and used for their intended purposes.

Business unit responsible	Humanitarian Response Division and Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	December 2024

38. UNFPA agrees with this recommendation. UNFPA will use the ERP solution for inventory management to improve the visibility of prepositioned supplies. The SCMU and Regional Supply Chain Management teams will regularly review reports generated from the ERP and follow up with country offices to resolve errors and inaccuracies and offer training as appropriate. An added level of oversight and accountability will be ensured through the Last Mile Assurance (LMA) processes that will assess and verify the distribution of supplies to service delivery points. UNFPA will also explore, together with ITSO, the possibility of a built-in functionality and reporting in its long-term ERP solution on inventory management providing data and dashboards to allow efficient inventory management and oversight.

In paragraph 175, the Board recommends that UNFPA Humanitarian Response Division incorporate guidelines regarding compliance with prepositioned supply planning to maintain supplies in warehouses for timely emergency response.

Business unit responsible	Humanitarian Response Division and Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	December 2024

39. HRD, as the policy owner, will lead the development of the corporate policy on prepositioning as a component of preparedness. The policy will include specific guidance regarding compliance requirements of country and regional offices that wish to preposition supplies for emergency response.

In paragraph 185, the Board recommends that UNFPA establish a monitoring mechanism for the risks included in the policy related to the management of programme supplies.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	High
Target date	June 2025

40. UNFPA concurs with the Board of Auditors' recommendation to establish a monitoring mechanism for the risks identified in the Supply Chain policies. While UNFPA plans to issue a new Supply Chain policy following the implementation of additional controls given by new ERP modules, these risks will be discussed with other branches involved in the management of programme supplies and incorporated into the next year's Enterprise Risk Management (ERM) exercise to ensure a consistent and thorough assessment.

In paragraph 186, the Board recommends that UNFPA implement automatic controls in Quantum to prevent country offices from procuring pharmaceuticals and medical devices without authorization and restrict the purchase of contraceptives at this level.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	High
Target date	December 2025

41. UNFPA concurs with the Board of Auditors' recommendation to implement automatic controls in Quantum to prevent country offices from procuring pharmaceuticals and medical devices without authorization and will take immediate action to explore ERP requirements for implementing such preventive controls.

In paragraph 187, the Board recommends that UNFPA categorize the products in Quantum according to the type of programme supplies to enable the Supply Chain Management Unit's monitoring.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	High
Target date	June 2025

42. UNFPA concurs with the Board of Auditors' recommendation to categorize the products in ERP according to the programme supplies typology. This process will be part of the greater data governance model, and in the interim UNFPA will explore using other tools to enhance SCMU data for monitoring purposes.

D. Contributions

In paragraph 202, the Board recommends that UNFPA develop a control mechanism for the signed and posted agreements to prevent delays in the recording of revenue.

Business unit responsible	Division of Communications and Strategic Partnerships and Division for Management Services
Status	Under implementation
Priority	High
Target date	December 2024

43. Management agrees with the recommendation and will develop a dedicated standard operating procedure detailing the process of recording signed contribution agreements, clearly assigning responsibilities, and specifying associated turn-around time for each step.

In paragraph 203, the Board recommends that UNFPA implement a mechanism to enable the oversight and traceability of the agreements from the negotiation process to the revenue posting in Quantum, by coding the negotiation processes and developing dashboards.

Business unit responsible	Division of Communications and Strategic Partnerships and Division for Management Services
Status	Under implementation
Priority	High
Target date	December 2025

44. Management agrees with the recommendation. Management will institute measures for performing and duly documenting regular reconciliations between signed contribution agreements and contribution revenue recognized over a period of time.

45. Management will also develop and institute a new solution allowing oversight and traceability of opportunities from agreement negotiation to agreement execution.

In paragraph 204, the Board recommends that UNFPA issue a new version of the terms of reference of the Resource Mobilization Branch to reflect its current accountabilities, systems involved, functions, and interactions with the Finance Branch.

Business unit responsible	Division of Communications and Strategic Partnerships and Division for Management Services
Status	Under implementation
Priority	High
Target date	December 2024

46. The Division of External Relations (DER) has updated its Terms of Reference, including for the Public Funding and Financing Branch (PFFB, formerly Resource Mobilization Branch or RMB), which clarifies PFFB's responsibility for the recording of contribution agreements and their amendments, and quality assuring ERP records relating to contribution revenue and associated transactions. Further details about the split of responsibilities between PFFB and the Finance Branch will be provided in the SOPs for the recording of signed contribution agreements, developed in response to the recommendation from paragraph 202 of the long-form report of the Board of Auditors for the year ended 31 December 2023.

IV. Status of recommendations from prior financial periods

47. In annex 1 to its report for the year ended 31 December 2023, the Board of Auditors provided a summary of the status of the implementation of recommendations from previous financial periods. Information is provided below on the nine recommendations assessed by the Board of Auditors to be 'under implementation.' The information in table 3 below is in the order in which the recommendations are presented in annex 1.

Table 3. Status of outstanding recommendations from prior years

BOA report thematic area	*Total*	*Closure requested*	*Under implementation*
Travel management	1	1	-
Inventory management	2		2
Implementing partner management	1		1
Information and communications technology	2		2
Office of Audit and Investigation Services	2	2	-

Oversight Advisory Committee	2	2	-
Programme management	1		1
Supply Chain Management Unit	6		6
Total	**17**	**5**	**12**
Percentage	*100%*	*29%*	*71%*

Report of the Board of Auditors for the year ended 31 December 2019

In paragraph 165, the Board recommends that UNFPA Mozambique, Myanmar, and Ethiopia country offices strengthen and incorporate systemic tools with the main aim to improve the information system in the travel management process, aiming to increase its effectiveness and efficiency.

Business unit responsible	Division for Management Services
Status	Closure requested
Priority	Medium
Target date	June 2022
Revised target date	Closure requested

48. The Travel Module was rolled out for all country offices in August 2024. Required training, both online and in person for involved staff, took place in July 2024.

Report of the Board of Auditors for the year ended 31 December 2020

In paragraph 89, in addition, the Board recommends that UNFPA incorporate preventive controls related to inventory information in the new enterprise resource planning, in order to provide early alerts at each stage of the supply process.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	High
Target date	December 2025

49. SCMU is developing and rolling out the new Shipment Tracker module (Quantum Plus) to manage inventory movements and provide reporting functionality. The new Shipment Tracker will go live for the 2025 transactions and will be enabled by the end of this year. An information technology landscape assessment will commence in Q4 2024 along with a process assessment and guide the future scope and timelines for implementation of the desired long-term solution. This review will consider (financial and human) resource requirements and prioritization with other parallel initiatives. Additionally, SCMU is developing a set of key performance indicators s and dashboard tools, including inventory alerts and red flags, to enhance oversight, guidance, and support to field offices.

Report of the Board of Auditors for the year ended 31 December 2021

In paragraph 78, the Board recommends that UNFPA strengthen the assurance activities plan and put in place preventive controls in its formulation process in the implementing partners assessment.

Business unit responsible	Division for Management Services
Status	Under implementation
Priority	Medium
Target date	December 2024

50. Development work has started, aiming to have a new implementing partners assurance system with additional preventive controls for assessments by 31 December 2024.

In paragraph 176, the Board recommends that UNFPA Colombia country office work closely with headquarters in order to incorporate the categorization of the type of delivery document (programme supplies distribution agreements, direct distribution and delivery slips) into the new enterprise resource planning system.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	December 2025

51. While UNFPA is implementing an interim solution for the country offices inventory management, it is the "lift and shift" of the existing shipment tracker. The interim solution will go live for the 2025 transactions and will be enabled by the end of this year. An IT landscape assessment, along with a process assessment, will begin in Q4 2024 to help define the future scope and timeline for implementing the desired long-term solution. This review will also evaluate the necessary financial and human resources and consider how to prioritize this initiative alongside other ongoing projects. .

Report of the Board of Auditors for the year ended 31 December 2022

In paragraph 54, the Board recommends that UNFPA accelerate the actions to define the modules developed on Atlas pending to be included in the enterprise resource planning Quantum.

Business unit responsible	Information Technology Solutions Office
Status	Under implementation
Priority	High
Target date	December 2023
Revised target date	December 2024

52. UNFPA agrees with this recommendation, and the development of an inventory management system in Quantum Plus is underway and is expected to go live by the end 2024.

In paragraph 68, the Board recommends that UNFPA ensure the execution of revoking access for all ICT resources for separated staff in a timely manner.

Business unit responsible	Information Technology Solutions Office
Status	Under implementation
Priority	Medium
Target date	December 2023
Revised target date	December 2024

53. UNFPA agrees with this recommendation, routine checks are underway to revoke access for separated staff in Atlas, until the application (Atlas) is decommissioned by end 2024, therefore then this will not be a material risk anymore.

In paragraph 90, the Board recommends that UNFPA develop and issue a supply chain management policy in order to implement a coordinated approach to supply chain and logistics within the organization.

Business unit responsible	Supply Chain Management Unit
Status	Not implemented
Priority	High
Target date	December 2024
Revised target date	December 2026

54. SCMU plans to first complete the implementation of enhanced supply chain system solutions, including the ERP. Following this, SCMU will develop and issue a comprehensive supply chain

management policy. This approach ensures that the policy is aligned with the updated systems and provides a coordinated approach to supply chains and logistics within the Fund.

In paragraph 91, the Board recommends that UNFPA conduct an assessment in regard to the fulfilment of the functions included in the Supply Chain Management Unit terms of reference to define an implementation schedule and accountabilities to accomplish the Supply Chain Management Unit mandate.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	High
Target date	December 2023
Revised target date	December 2024

55. An assessment of the fulfillment of the functions was conducted which resulted in a new SCMU Terms of Reference and a corresponding organizational structure. The practical demonstration of these functions and their fulfillment will be confirmed upon the complete implementation of the new structure. In June, the new SCMU officially went live and the work to deliver on the desired outcomes of the realignment kicked into gear.

56. The process is currently at the last stage of implementation where at the date of this report, 131 positions were approved and 61 existing eligible staff members have been successfully placed in the new structure. Out of the additional 61 positions advertised, 90% of the selection/onboarding process has been completed.

In paragraph 101, the Board recommends that UNFPA define and approve a supply chain strategy to provide the organization with a holistic supply chain system.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	June 2024
Revised target date	December 2024

57. SCMU is developing its 2024-2029 strategy framework, which will provide clear direction and prioritization to the unit to fulfill its mandate and accelerate progress towards achieving UNFPA's three Transformative Results. A few highlights: enhanced humanitarian supplies intervention through contingency planning, global and regional pre-positioning, and supply chain resilience in disaster-prone areas. An updated Last Mile Assurance (LMA) process to reflect evolving business processes, with a focus on developing and monitoring annual work plans and risk assessments that will feed into systems strengthening initiatives. Additionally, the strategy also aims at building financial sustainability for SCMU by benchmarking costing strategies, analysing costs, and identifying areas for improvement so that SCMU can optimize financial resources, ensuring the long-term viability and impact of SCMU to serve UNFPA and the SRH ecosystem.

58. SCMU has conducted consultations with UNFPA Headquarters, Regional Offices, and selected country offices to validate the draft strategy framework and to ensure that the strategy is comprehensive and fit for purpose before finalization. UNFPA Executive Committee gave their conditional endorsement of the strategy on 8 October 2024 and strategy should be finalized very soon pending ongoing discussions between SCMU, HRD and DMS.

In paragraph 110, the Board recommends that UNFPA conduct the Supply Chain Management Unit and supply chain function risk assessments in order to address a complete risk approach.

Business unit responsible	Supply Chain Management Unit
Status	Not implemented
Priority	Medium

Target date	June 2024
Revised target date	December 2024

59. SCMU is focusing on its ERM activities, beginning with a comprehensive risk identification exercise and the creation of the SCMU Risk Register. The next steps include conducting a risk assessment, identifying risk mitigation actions, and implementing these actions to ensure operational consistency and compliance.

In paragraph 133, the Board recommends that UNFPA ensure that their business units conduct vendor's assessments when the purchase order is closed.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	June 2024
Revised target date	December 2024

60. The Supplier Portal module was launched in April 2024 as a component of the ERP roll out schedule. This module will allow users to perform basic vendor assessments activities. Further improvements will be given by the data gathered by the Order Transport Module planned to be launched in Q3 2024.

61. Furthermore, SCMU is working on implementing a solution for a more advanced, qualitative supplier evaluation. This solution is expected to be finalized by Q1 2025 and will be accessible to both SCMU and regional and country offices. After the solution launch, staff will be trained to improve the timely fulfillment of vendor evaluations and assessments. Additionally, periodic checks will be conducted to ensure compliance.

In paragraph 134, the Board recommends that UNFPA improve oversight of business units with the timely fulfilment of vendor's assessments in the vendor assessment application defined by the Population Fund.

Business unit responsible	Supply Chain Management Unit
Status	Under implementation
Priority	Medium
Target date	June 2024
Revised target date	December 2024

62. The Supplier Portal module was launched in April 2024 as a component of the ERP rollout schedule. This module will allow users to perform basic vendor assessment activities. Further improvements will be made using the data gathered by the Order Transport Module, which is planned to be launched in Q3 2024.

63. Furthermore, SCMU is working on implementing a solution for a more advanced, qualitative supplier evaluation. This solution is expected to be finalized by Q1 2025 and will be accessible to both SCMU and country offices and regional and country offices. After the solution launch, staff will be trained to improve the timely fulfillment of vendor evaluations and assessments. Additionally, periodic checks will be conducted to ensure compliance.

In paragraph 169, the Board recommends that UNFPA ensure the Oversight Advisory Committee's independence by updating their terms of reference with the aim to fulfil the International Standards for the Professional Practice of Internal Auditing and best practices.

Business unit responsible	Executive Board Branch
Status	Closure requested
Priority	Medium
Target date	Closure requested

64. UNFPA management underlines that the Oversight Advisory Committee (OAC) is an independent advisory body to the UNFPA Executive Director, which is in line with the Executive Board-approved oversight policy of UNFPA. This is the same as current practices in other United Nations organizations, with Oversight Advisory Committee-equivalent advisory bodies reporting to their respective executive heads.

65. To further strengthen the relationship between the OAC and the Executive Board and respond to the Joint Inspection Unit report on audit committees (JIU/REP/2019/6), UNFPA revised the OAC terms of reference in 2021. As per its terms of reference, the OAC undertakes structured and systematic reviews of the organization's governance, risk management, and internal control practices, including as it relates to the independent oversight functions of audit and investigations, evaluation, and ethics to assist the Executive Director in fulfilling their oversight responsibilities. The OAC Chairperson has unrestricted access to the Executive Board and its President. The terms of reference also establish safeguards and spell out clearly why the Committee's appointees are independent.

66. As indicated in the Terms of Reference and to respond to UNDP/UNFPA/UNOPS Executive Board decision 2023/7, in addition to submitting its Annual Report to the Executive Board, the Chair of the OAC presents at the Annual Session of the Executive Board. This practice has been started at the annual session 2024 and will be maintained in future annual sessions.

67. UNFPA appreciates that there are different approaches to securing the independence of audit committees and maintains that the current structure and functioning of the UNFPA OAC, as an advisory body to enable the Executive Director to fulfill her oversight responsibilities, is a best practice and of immense value to the organization in strengthening its oversight, transparency, and risk management.

In paragraph 170, the Board recommends that UNFPA strengthen its third line of defence by reviewing and updating the related oversight policies in order to reflect the new Oversight Advisory Committee definition and purpose.

Business unit responsible	Executive Board Branch
Status	Closure requested
Priority	Medium
Target date	Closure requested

68. UNFPA management notes that this recommendation is related to that contained in paragraph 169. As noted in that response, management is of the view that the OAC is an independent advisory body to the UNFPA Executive Director, in line with the Executive Board-approved oversight policy of UNFPA. This is the same as current practices in other United Nations organizations, with Oversight Advisory Committee-equivalent advisory bodies reporting to their respective executive heads. Such bodies are not described nor intended as "audit committees" (i.e., formal governance bodies) but as "advisory" committees – established to assist the Executive Heads of UN Organisations in discharging their oversight responsibilities effectively.

In paragraph 184, the Board recommends that UNFPA review and approve a new version of the charter of the Office of Internal Audit and Investigation Services that ensures adherence to the International Standards for the Professional Practice of Internal Auditing.

Business unit responsible	Office of Audit and Investigation Services
Status	Closure requested
Priority	Medium
Target date	May 2024
Revised target date	Closure requested

69. The Office of Audit and Investigation Services (OAIS) takes note of the assessment of the Board of Auditors and wishes to reiterate its position that the recommendation is already implemented.

70. OAIS maintains that it conforms with the Institute of Internal Auditors (IIA) *Standards* as confirmed and attested by the results of the External Quality Assessment (EQA) conducted by the IIA in 2022. The EQA demonstrated OAIS' alignment with the relevant Attribute and Performance Standards issued by the IIA in 2017. [https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/standards/attribute-standards/]

71. In fact, IIA *Standard* 1110 – Organizational Independence [1] states that the Chief Audit Executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The Chief Audit Executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

72. This is fully achieved as the Director of OAIS reports functionally to the highest authority within UNFPA, i.e. the Executive Director, and has a direct reporting line to the Executive Board through which he/she can provide any information or updates when necessary. This is in addition to regular briefings, closed-door sessions, discussions, and presentations at the annual and other sessions of the Executive Board.

73. Further the IIA provided some examples to demonstrate this independence. These examples are not exclusive and should serve as reference.

74. According to the IIA, organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:

   Approving the internal audit charter

75. **OAIS response**: The current OAIS Charter was shared with the Executive Board for information and the Board can, at any time, request its update or amendment.

76. The Oversight Policy includes a clear reference to the OAIS Charter. The Policy was approved by the UNFPA Executive Board in decision 2015/2, dated 30 January 2015, and replaces the UNFPA Oversight Policy of September 2008. Paragraph 53 stipulates that *"[t]he detailed description of the mandate, responsibilities and authority of OAIS, including the relevant professional standards applied to its functions, are set forth in the OAIS Charter, which is reviewed by the Oversight Advisory Committee prior to being approved by the UNFPA Executive Director. The Charter is shared, for information, with the Executive Board."*

   Approving the risk-based internal audit plan

77. **OAIS response**: OAIS presented the 2024 workplan to the Executive Board at a closed-door meeting in February 2024. The Member States engaged positively in discussing the document and did not express any reservations on the proposed plan.

   Approving the internal audit budget and resource plan.

78. **OAIS response:** The OAIS Budget was approved by the Executive Board as part of the UNFPA Integrated Budget. See document DP/FPA/2021/9, dated 14 June 2021. Further, additional budgetary resources allocated to OAIS at the midterm review of the UNFPA Integrated Budget, 2022-2025, undertaken in 2023, were presented to and approved by the Executive Board.

   Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters.

79. **OAIS response:** OAIS provided several briefings to the Executive Board in 2024, which served to update the Board members on progress made in implementing the annual audit plan, the main risks anticipated, and challenges faced by UNFPA.

Approving decisions regarding the appointment and removal of the chief audit executive.

80. **OAIS response**: The OAIS Director's selection and appointment was discussed with the President of the Executive Board.

Approving the remuneration of the chief audit executive.

81. **OAIS response:** The Director of OAIS is a United Nations staff member, at D2 level. It is mandatory that remuneration for all UN staff members is in line with the International Civil Service Commission (ICSC) scales and requirements.

Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.

82. **OAIS response:** During all Executive Board briefings and at the Board's annual session, the Director of OAIS provides updates on the status of resources and capacity of OAIS. These are further provided in OAIS annual reports to the Executive Board on internal audit and investigation activities.

OAIS considers the recommendation as fully implemented.

In paragraph 201, the Board recommends that UNFPA conduct a comprehensive analysis of the root causes of the significant delays and develop a mechanism to periodically review the level of compliance, with the aim to adhere to the timelines of audit reports and investigations.

Business unit responsible	Office of Audit and Investigation Services
Status	Closure requested
Priority	Medium
Target date	December 2023
Revised target date	Closure requested

83. OAIS conducted a comprehensive analysis of the root causes of the significant delays and implemented several measures to reduce the chronic backlog of cases. In consultation with the Office of the Executive Director, and in coordination with the OAC, OAIS increased the recruitment of investigation consultants, completed the recruitment for investigation staff positions. It further defined specific criteria for the closure and accelerated investigation of backlog cases, investment in digital forensic capacity. The OAIS Investigations Manual was also issued. This has resulted, inter alia, in the record number of closures in 2023 (160) as well as the closure of outstanding cases from 2017 and reduction of those dating from 2018.

84. For 2024, OAIS aims to close a total of 150 cases and clear all the backlog from 2017-2019. It has further reduced the backlog and the aging of cases. Notably, OAIS has further expanded its consultants pool but this time to specific geographic locations as well as into specialized areas of support to assist in reducing backlog cases (language expertise, subject matter expertise, and quality assurance capability). In addition, OAIS has refined its case closure criteria as part of its efforts to bring to conclusion chronic backlog cases. Finally, OAIS is streamlining a number of internal processes to enable more expeditious resolution of cases. OAIS considers the recommendation as fully implemented.

In paragraph 239, the Board recommends that UNFPA formalize a confidential management clause regarding beneficiaries into the agreements signed with their implementing partners.

Business unit responsible	Programme Division and Legal Unit
Status	Under implementation
Priority	Medium
Target date	December 2023
Revised target date	December 2024

85. The amendment of the General Terms and Conditions of IP Agreements will be concluded in 2024.

V. Impact of implemented recommendations

86. The ongoing commitment of UNFPA to strengthening its organizational systems and practices has been further reinforced through the successful implementation of eight critical recommendations, addressing key areas across information security, travel processes, audit oversight, and more. These actions have not only contributed to the operational excellence of the organization but also supported its overarching goals of efficiency, transparency, and accountability.

87. UNFPA has significantly enhanced its information security environment by aligning policies with ISO/IEC 27000 standards. This has fostered a more secure ICT environment, ensuring compliance with global best practices. Key policy updates, including those on information security and network and cloud security, have improved overall governance and risk management capabilities. These initiatives underscore the organization's dedication to safeguarding its digital infrastructure and protecting sensitive information, contributing to a culture of cybersecurity awareness and resilience.

88. The successful rollout of the Travel Module in all country offices in August 2024 has transformed UNFPA's travel management processes. This new system has streamlined workflows, reduced administrative burden, and increased process transparency. The comprehensive training provided to staff has further ensured effective adoption of the module, which now facilitates smoother and more efficient travel operations across the organization.

89. The review and revision of the Oversight Advisory Committee's (OAC) terms of Reference have strengthened UNFPA's audit and oversight functions. Additionally, OAIS's implementation of measures to reduce investigation case backlogs, including enhanced staffing and new forensic capabilities, has led to a record number of case closures in 2023, with ongoing efforts to expedite case resolutions further.

90. Overall, the implementation of these recommendations has driven significant improvements across multiple operational domains, supporting UNFPA's mission of delivering impactful services efficiently and transparently.

VI. Conclusion

91. UNFPA management welcomes the Board of Auditors' report on the financial statements for the year ended 31 December 2023. The report concludes that UNFPA maintained good financial health in 2022, supported by sound financial management practices, including robust processes and controls to ensure expenditures remained within available financial resources. UNFPA remains committed to maintaining a record of unqualified audit opinions and addressing the concerns raised by the Board of Auditors. The organization will continue to prioritize the implementation of recommendations and strengthen efforts to improve in the areas identified in the report.

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