

## Annex 4: UNOPS 2017 annual report on the recommendations of the Joint Inspection Unit

### I. Summary

This annex presents responses of UNOPS management to the recommendations issued by the Joint Inspection Unit (JIU) in the reports relevant to UNOPS. The provision of this annex is in accordance with the recommendation given in the JIU management letter JIU/ML/2016/14 '*Acceptance and Implementation of JIU Recommendations by the United Nations Office for Project Services (UNOPS)*' that the UNOPS Executive Director set up a system to report to the Executive Board on JIU reports and recommendations.

UNOPS has made a significant progress in the management and implementation of JIU recommendations, as was highlighted in the '*Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations*'. JIU rated UNOPS as level four, five being the highest score in the maturity of the follow-up process. The improvement is illustrated by section IV of this report, which contains only three unresolved recommendations from 2009-2016. For comparison, in the previous annual report, UNOPS reported 17 unresolved JIU recommendations from 2009-2015.

In 2017, the JIU issued nine reports, of which six are directed to UNOPS.<sup>1</sup> These are discussed in the Table 1 below. The annexure also highlights recommendations directed to the legislative bodies of the United Nations system organizations, especially those aspects that have particular relevance for the work of UNOPS.

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<sup>1</sup> The three reports that were not directed to UNOPS are JIU/REP/2017/1 '*Review of Management and Administration in the United Nations Industrial Development Organization (UNIDO)*', JIU/REP/2017/4 '*Review of Management and Administration in the Universal Postal Union (UPU)*', and JIU/REP/2017/6 '*Results-Based Management in the United Nations development system: Analysis of progress and policy effectiveness*'.

## II. Overview of Joint Inspection Unit reports issued in 2017

Of the 33 recommendations relevant to UNOPS, 24 are addressed to UNOPS management and 9 are addressed to the legislative bodies.

**Table 1: JIU reports directed to UNOPS in 2017**

Summary of recommendations					Implementation status		
Reference	Name of report	Addressed to Executive Head	Addressed to governing body	Total directed to UNOPS	Not accepted/ not relevant	Implemented	In progress/ to be started
<a href="#">JIU/REP/2017/2</a>	Donor-led Assessment of the United Nations system organizations	3	3	6	2	4	-
<a href="#">JIU/REP/2017/3</a>	Review of air travel policies in the United Nations system: achieving efficiency gains and cost savings and enhancing harmonization	3	1	4	-	4	-
<a href="#">JIU/REP/2017/5*</a>	Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations	3	1	4	-	4	-
<a href="#">JIU/REP/2017/7*</a>	Review of donor reporting requirements across the United Nations system	5	2	7	2	3	2
<a href="#">JIU/REP/2017/8*</a>	The United Nations system – Private sector partnership arrangements in the context of the 2030 Agenda for Sustainable Development	6	-	6	-	-	6
<a href="#">JIU/REP/2017/9*</a>	Review of mechanisms and policies addressing conflict of interest in the United Nations system	4	2	6	1	1	4
<b>Total</b>		24	9	33	5	16	12

\* At the time of this report, recommendations from four JIU reports have yet to be uploaded in the JIU web-based tracking system for UNOPS input on acceptance and implementation. The UNOPS management has reviewed all the recommendations and the Table 1 reflects their estimated Implementation status.

### **III. Synopsis and review of relevant Joint Inspection Unit reports and recommendations in 2017**

#### **(a) Donor-led Assessment of the United Nations system organizations (JIU/REP/2017/2)**

Donors are increasingly undertaking their own assessments of United Nations system organizations and their programmes to ensure that funds have been used efficiently, for intended purposes and with the expected levels of accountability. The JIU report reviews the various approaches, arrangements and practices in place regarding donor-led assessments in the United Nations system and seeks to identify areas of common challenges and concerns. The focus is on the organizations that have the highest number of donor assessments and on the 16 major donors (including the European Commission) to the United Nations system.

The report contains six recommendations, three of which have been addressed to the executive heads and three to the legislative bodies. One of the recommendations was not considered relevant for UNOPS and one was not accepted by UNOPS.

The UNOPS approach to the subject is that UNOPS always supports the donors' requirements concerning assessments. Due to the geographical distribution of major donors of UNOPS, there are liaison offices established in several countries in order to ensure a smooth coordination and consistency. When it comes to assurance, the audit risk assessments and plans always take into account the element of donor requests. At the same time, UNOPS is ready to be part of and support initiatives that reduce the needs for additional bilateral assessments.

#### **(b) Review of air travel policies in the United Nations system: achieving efficiency gains and cost savings and enhancing harmonization (JIU/REP/2017/3)**

Travel expenses are one of the largest budget components of the United Nations system organizations after staff costs. The main objective of this review was to assess relevant air travel policies, rules and practices and to examine their implementation across United Nations system organizations. The current review covers aspects such as the air travel and related expenditures; standards of accommodation; policies and practices governing air travel; advance planning; alternatives to air travel; cost-saving measures; and system-wide harmonization.

The report contains four recommendations, three of which were addressed to the executive head and one to the governing bodies. All of these recommendations have already been implemented by the organization.

UNOPS welcomes this report, which the organization demonstrates by its efforts to streamline policies and procedures in order to achieve high efficiencies and reduce travel expenditure. This was partly accomplished in 2015, when UNOPS introduced the Corporate Online Booking Tool. UNOPS sees this process as a chance for continuous improvement and innovation, with the next phase expected in 2018, which will consist of integrating the tool with the UNOPS ERP Platform.

**(c) Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations (JIU/REP/2017/5)**

The JIU conducts single-organization, several organization and system-wide reviews and issues three types of outputs: reports, notes and management letters. The value of JIU reports/recommendations depends on effective follow-up on the part of the participating organizations. A review was conducted by the JIU with the specific purpose to assess the acceptance and implementation of recommendations by JIU participating organizations and CEB; and the process of consideration of JIU reports by the legislative bodies of organizations.

The report contains four recommendations addressed to UNOPS, which were accepted and implemented by the organization.

Internal Audit and Investigations Group (IAIG) acts as the focal point for JIU reports and recommendations. UNOPS was rated level four, five being the highest score in maturity of the development of the follow-up process. UNOPS welcomes this report and its recommendations and acknowledges that there is room for improvement in the follow-up process.

**(d) Review of donor reporting requirements across the United Nations system (JIU/REP/2017/7)**

The report identifies ways to improve donor reporting, better address donor needs and requirements, and enhance the standing of the United Nations system as a responsive and valuable partner for donors. It explores possibilities for standardization and streamlining, including developing a common reporting format/template.

The report contains seven recommendations, of which two are addressed to the governing bodies and five to the executive heads. UNOPS has already implemented three recommendations and the implementation of another two recommendations is in progress. The remaining two recommendations are not applicable to UNOPS.

**(e) The United Nations system – Private sector partnership arrangements in the context of the 2030 Agenda for Sustainable Development (JIU/REP/2017/8)**

The review started from the widely shared conviction that the 2030 Agenda for Sustainable Development provides unique momentum for a renewed engagement of the private sector in the service of the United Nations goals. While acknowledging the existing safeguards regarding due diligence and risk management, this report places emphasis on making the United Nations system more effective in its cooperation with the private sector to support the 2030 Agenda and to foster sustainability in their business models.

The report contains six formal recommendations, all of which two are addressed to the executive heads.

UNOPS welcomes this report and supports the recommendations set out. The Executive Director acknowledges that the 2030 Agenda for Sustainable Development provides unique momentum for a renewed engagement with the private sector in the service of the United Nations goals. As such, UNOPS agrees with the need for a consistent and coordinated approach across the UN system for engagement with the

private sector and look forward to participating across the six allocated recommendations for action.

**(f) Review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9)**

The objective of this system-wide review was to assess to what extent the United Nations system organizations have in place adequate regulatory frameworks for addressing conflicts of interest. JIU assessed the mechanisms and practices currently in place that address existing and potential conflicts of interest, identified gaps and challenges and proposed solutions. Furthermore, the report highlights good practices in addressing conflicts of interest at all stages: prevention, mitigation, resolution and/or sanction.

The report contains six recommendations, of which two are addressed to the governing bodies and four to the executive heads. The four recommendations addressed to the executive heads are currently in progress. UNOPS welcomes the effort to reinforce the monitoring of established mechanisms or introduce new discussions at a system-wide level.

#### IV. Unresolved Joint Inspection Unit recommendations 2009-2016

Recommendation summary 2009-2016				
Year	Reference	Name of report	Recommendation description	Latest implementation status
2014	<a href="#">JIU/REP/2014/9</a>	Contract Management and Administration in the United Nations system	<p><b>Recommendation 5</b></p> <p>The executive heads of the United Nations system organizations should develop a specific contract-management training programme in their organizations that would include courses offered as a requirement for all persons managing contracts of a certain size, value and complexity.</p>	Work on the online course for Contract Management has started by identifying the content to be included, upon discussion with subject matter experts in the Procurement Group and the Infrastructure and Project Management Group. Work on the actual content as well as the development of the course into eLearning form started in January 2018 and the course will be available online in the Learning Zone in Q2-2018.
2014	<a href="#">JIU/REP/2014/9</a>	Contract Management and Administration in the United Nations system	<p><b>Recommendation 11</b></p> <p>The executive heads of the United Nations system organizations should augment the capabilities of their existing information technology systems such as Enterprise Resource Planning systems, or consider other specialized contract-management systems, to support the management of post-award contract activities based on a cost/benefit analysis and taking into account the level of need for such functionality.</p>	Work has progressed as an important part of the Contract Management module (the Supplier Performance Evaluation tool) has been developed within the UNOPS ERP system and was launched in September 2017. The remainder of the Contract Management functionality will be developed and implemented in collaboration with the ICT department and relevant stakeholders. Work is expected to start in Q4-2018 with a planned completion in Q1-2019.
2016	<a href="#">JIU/REP/2016/4</a>	Fraud prevention, detection and response in United Nations system organizations	<p><b>Recommendation 8</b></p> <p>When introducing or updating statements of internal controls, the executive heads of the United Nations system organizations should ensure that the statements address the adequacy of organization-wide anti-fraud controls, in accordance with good practices and applicable international standards. In the absence of a formal statement of internal controls, executive heads should certify in their annual reports to legislative and governing bodies that their organization has in place proportionate anti-fraud controls based on fraud risk assessments, and that appropriate fraud prevention, detection, response and data collection procedures and processes exist.</p>	UNOPS has initiated a review of its internal control framework (ICF), which will continue throughout 2018. In December 2017, key personnel in UNOPS finance units took part in a 3-day training on internal controls, facilitated by an external partner, with the aim of raising awareness of internal risks and controls, and to develop a roadmap for the ICF review. Based on this, UNOPS Finance Group will review, revise and implement a new ICF in 2018. A new Operational Directive (OD) on finance and asset management is planned to be issued by Q1-2018, and a new Operational Instruction (OI) on ICF is planned to be issued by Q2-2018.

## V. Review of relevant JIU recommendations in 2017 for consideration by the governing body

Report description and recommendations	Remarks
<b>Donor-led Assessment of the United Nations system organizations (JIU/REP/2017/2)</b>	
<p><b>Recommendation 1</b></p> <p>The legislative/governing bodies of the United Nations system organizations should encourage better access to, dissemination of and exchange of information concerning donor assessments among the Member States and should, in this context, call upon the executive heads to make such assessments publicly available by uploading them in an online global repository to be established by the Secretary-General of the United Nations for that purpose not later than 2018.</p>	<p>This recommendation was not accepted by UNOPS. All the assessments are carried out by the donors. UNOPS believes that the process of sharing of this information is at their discretion.</p>
<p><b>Recommendation 2</b></p> <p>Member States that are members of the Multilateral Organization Performance Assessment Network (MOPAN) should initiate an evaluation of the MOPAN 3.0 methodology to assess its rigour and utility in providing the expected levels of information, and determine its effectiveness in reducing the need for additional individual donor assessments.</p>	<p>UNOPS has not been assessed by MOPAN so far but we support any initiative that streamlines member states assessments.</p>
<p><b>Recommendation 5</b></p> <p>The legislative/governing bodies of the United Nations system organizations should request the executive heads to identify and provide adequate resources and support to the internal audit and evaluation offices of their respective organizations to enable them to provide the required levels of assurance that would help minimize duplication and overlap with external reviews, verifications and assessments conducted by third parties.</p>	<p>UNOPS always supports the donors' needs concerning assessments. The audit risk assessments and plans have already been established and consider these elements. Furthermore, all audits are carried out according to the single audit principle, which states that all external audits of UNOPS activities are carried out exclusively by UNOPS external auditors. Only the external auditor, UN Board of Auditors (UNBoA), may conduct an external audit of any UN entity or fund. This is the same principle that UNOPS uses for all types of assessments.</p>
<b>Review of air travel policies in the United Nations system: achieving efficiency gains and cost savings and enhancing harmonization (JIU/REP/2017/3)</b>	
<p><b>Recommendation 1</b></p> <p>The legislative bodies of the United Nations system organizations should request their executive heads, who have yet to do so, to establish by 2019 a consistent percentage cost threshold below which the most direct route may be selected in lieu of the most economic route, taking into account the time thresholds established in each organization's travel policy for the selection of the most economic routes.</p>	<p>In 2015, with the introduction of a corporate travel online booking tool, UNOPS established a threshold of ten percent above the most economical flight within a time window of four hours to ETD, where the most direct route can be selected. The threshold is built into the online booking system, which is based on travel profiles containing personnel's different contract modalities and governing the entitlements relating to the cabin class. As such, UNOPS supports this recommendation.</p>
<b>Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations (JIU/REP/2017/5)</b>	
<p><b>Recommendation 4</b></p> <p>The legislative bodies of organizations which have not yet done so should request annual follow-up reports on the implementation of prior years' accepted JIU recommendations until their full implementation, by the end of 2018.</p>	<p>UNOPS supports the recommendation. Implementation status of prior years' accepted JIU recommendations is presented in the Annual report on the recommendations of the JIU, until their full implementation.</p>
<b>Review of donor reporting requirements across the United Nations system (JIU/REP/2017/7)</b>	
<p><b>Recommendation 1</b></p> <p>The governing bodies of the United Nations system organizations should encourage the Secretary-General and executive heads of other organizations, in the framework of the United Nations System Chief Executives Board for Coordination, to develop a common position and pursue a high-level strategic dialogue with donors, in</p>	<p>This recommendation is not relevant for UNOPS. UNOPS is a fully voluntary funded organization, as such it is not exposed to challenges that apply to a mixed funding model of assessed and voluntary funds. The reporting to donors is fully aligned to cover all the cost</p>

Report description and recommendations	Remarks
order to address the challenges posed by the current funding models and practices and the impact of strict earmarking of voluntary contributions and reporting to donors.	incurred with implementing the activities under the voluntary contribution.
<p><b>Recommendation 7</b></p> <p>The governing bodies of the United Nations system organizations should request the executive heads to task, and adequately support, the internal audit and evaluation offices of their respective organizations with ensuring that the relevant oversight reports provide the required levels of assurance that would help minimize reporting to individual donors on the use of their earmarked contributions.</p>	<p>UNOPS welcomes this recommendation while noting that all audits of the Internal Audit and Investigations Group (IAIG) are carried out in accordance with the International Standards for the Professional Practice of Internal Auditing (IIA Standards). IAIG achieved the highest level of conformity with the IIA Standards (“generally conforms”) in the External Quality Assessment performed by PriceWaterhouse Coopers. IAIG oversight reports thus provide the required levels of assurance and are made publicly available to all UNOPS donors.</p>
<b>Review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9)</b>	
<p><b>Recommendation 3</b></p> <p>The governing bodies of the United Nations system organizations should request the executive heads of the organizations to prepare a detailed report on existing financial disclosure programmes and propose any changes to the rationale and scope of those programmes that are needed to increase their effectiveness.</p>	<p>UNOPS welcomes this recommendation and refers it to the governing body.</p>
<p><b>Recommendation 6</b></p> <p>The governing bodies of the United Nations system organizations should, in exercising their oversight role on the accountability framework of their respective organizations, regularly monitor conflict of interest issues, including updates to relevant policies, administrative instruments and mechanisms.</p>	<p>This recommendation was not accepted by UNOPS. It is desirable to avoid broad reporting requirements and any reporting activities should rather be based on actual needs. We believe that the Executive Board should provide an oversight and a strategic guidance for the organization and not enter into detailed reviews of individual cases.</p>