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Programme, the United Nations
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UNFPA – recommendations of the Board of Auditors

UNITED NATIONS POPULATION FUND

**Follow-up to the report of the United Nations Board of Auditors for 2013:
status of implementation of the recommendations**

Report of the Executive Director

Summary

Pursuant to decision 97/2 of the Executive Board, the Executive Director, UNFPA, is pleased to submit the final report on the implementation of the recommendations contained in the report of the United Nations Board of Auditors for the financial period that ended on 31 December 2013 (A/69/5/Add.8).

A separate table, available on the web page of the UNFPA Executive Board, provides an updated status of the implementation of the audit recommendations. UNFPA also provided a management response to the issues mentioned in the report of the Director, Division for Oversight Services (now Office of Audit and Investigation Services), on UNFPA internal audit and investigation activities in 2013 (DP/FPA/2014/6), presented at the annual session 2014 of the Executive Board.

UNFPA is pleased to have received an unqualified audit opinion from the United Nations Board of Auditors for its financial statements for the year that ended on 31 December 2013. The report of the United Nations Board of Auditors (A/69/5/Add.8) acknowledges that UNFPA is in good financial health.



I. Introduction

1. Pursuant to decision 97/2 of the Executive Board, the Executive Director of UNFPA is pleased to submit the present report on the implementation of the recommendations of the United Nations Board of Auditors (hereinafter referred to as the Board of Auditors) for the year that ended on 31 December 2013 (A/69/5/Add.8). In addition, the Advisory Committee on Administrative and Budgetary Questions reviewed a summary of the principal findings and conclusions of the Board of Auditors (A/69/386) and the corresponding report of the United Nations Secretary-General (A/69/353/Add.1).

2. The report of the Board of Auditors acknowledges that UNFPA is in good financial health. UNFPA is pleased to have received an unqualified audit opinion for its financial statements for the year that ended on 31 December 2013. This affirms the continued efforts of UNFPA to accord the highest priority to resolving the concerns of the Board of Auditors and continuing the momentum in building a culture of accountability.

3. UNFPA appreciates the acknowledgment by the Board of Auditors of improved oversight by UNFPA management. UNFPA is committed to addressing all of the issues identified by the Board of Auditors. UNFPA plans to complete the implementation of all recommendations by the end of 2015. UNFPA has further enhanced its response to the recommendations through a comprehensive and systemic approach that strengthens controls and ensures compliance with the recommendations.

4. Furthermore, UNFPA provided a management response to address the issues mentioned in the Report of the Director of the Division for Oversight Services (now Office of Audit and Investigation Services) on internal audit and investigation activities in 2013 (DP/FPA/2014/6).

II. Status of implementation of the audit recommendations

5. The Board of Auditors made 11 new recommendations for 2013, compared to 12 for the period 2012. Tables 1 and 2 below summarize the status of implementation of the recommendations, as of October 2014, for the financial period that ended on 31 December 2013.

Table 1

Status of implementation of the main recommendations for 2013

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Not accepted</i>	<i>Implemented or closure requested</i>	<i>In progress</i>	<i>Target date set</i>
Office of the Executive Director	1	–	–	1	1
Division for Management Services	1	–	–	1	1
Division for Human Resources	1	–	–	1	1
Procurement Services Branch	1	–	–	1	1
Programme Division and Department for Management Services	1	–	–	1	1
Total	5	–	–	5	5

Table 2
Status of implementation of all recommendations for 2013

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Not accepted</i>	<i>Implemented or closure requested</i>	<i>In progress</i>	<i>Target date set</i>
Office of the Executive Director	3	–	–	3	3
Division for Management Services	2	–	–	2	2
Division for Human Resources	2	–	–	2	2
Procurement Services Branch	2	–	–	2	2
Programme Division and Department for Management Services	1	–	–	1	1
Programme Division	1	–	–	1	1
Total	11	–	–	11	11

6. This report presents the status of implementation for all recommendations of 2013 and prior periods made by the Board of Auditors, addressing the following issues: (a) governance, accountability and business transformation process; (b) selecting, monitoring and auditing implementing partners; (c) human resource management; (d) management of consultants, experts and temporary assistance; (e) procurement and contract management; (f) inventory management; (g) funding of employment benefits liabilities; (h) internal audit and oversight; (i) asset management; and (j) other recommendations from financial periods prior to 2013 that have not been addressed under one of the above sections.

A. Governance, accountability and business transformation process

7. The Board of Auditors recommended that UNFPA (a) align the operations of the decentralized offices to cover assessment of the sub-offices, to ensure they are in compliance with the requirements of the UNFPA guidelines for decentralized offices; (b) establish clear descriptions of roles and responsibilities between country offices and decentralized offices; and (c) improve staffing of the offices and set performance targets, systematic monitoring and assessment criteria for focal points, to ensure the quality and timely delivery of the assigned responsibilities.

8. In response to this recommendation, UNFPA will undertake, through the respective regional and country offices, a comprehensive assessment of all existing decentralized offices by June 2015. This assessment will include, among other things, an exclusive focus on the review of a clear business case (outlining, among others, the rationale, a cost-benefit analysis of various possibilities, an organizational chart and a comprehensive costing of the decentralized offices), to be submitted and approved at the time of their establishment. At the 2014 second regular session of the Executive Board, the UNFPA Executive Director indicated that UNFPA would continue to integrate preparedness and disaster risk reduction in its development results framework, in order to ensure a more predictable, effective and measurable response, and to achieve sustainable resilience in high-risk countries.

B. Selecting, monitoring and auditing implementing partners

9. The Board of Auditors reviewed the UNFPA procedures for selecting, assessing and monitoring implementing partners to ascertain the adequacy of their procedures to manage risks of non-performance, errors and fraud. It noted that UNFPA is one of the United Nations entities using the harmonized approach to cash transfers (HACT) in assessing its implementing partners in procurement and financial management. In 2012, UNFPA introduced the implementing partner capacity assessment tool (IPCAT), as it viewed HACT not sufficient for assessing implementing partners. The Board of Auditors recommended that UNFPA consider harmonizing IPCAT and HACT to improve the assessment of its Implementing Partners.

10. In response to this recommendation, UNFPA has initiated discussions with the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF) to review the possibility of integrating the remaining agency-specific assessments (such as IPCAT for UNFPA) into one harmonized United Nations assessment tool. Currently, only the assessment of the financial management and procurement capacities of implementing partners are harmonized, in the micro-assessment of the harmonized approach to cash transfers. IPCAT contains areas of programme management, monitoring and technical capacity that are currently not part of the micro-assessment; other agencies have similar type of assessments for at least some implementing partners. The agencies have exchanged their methodologies with each other, and agreed to explore, during the next year, harmonization and integration of the remaining capacity areas into the micro-assessment template. UNFPA will revise IPCAT and, together with other agencies, explore harmonization and integration of remaining capacity areas into the micro-assessment template.

11. The Board further recommended that UNFPA agree with implementing partners to abide by the terms of their engagement and ensure that the signing of annual workplans is completed in advance of the implementation cycle of any new project.

12. Regarding this issue, it may be noted that both the revised policy and procedures for preparation and management of workplans and the legal contract with implementing partners (both issued in July 2014) emphasize the existing requirement of a timely workplan signing. In addition, the Global Programming System (GPS), launched in November 2014, will bring full transparency to the management of workplans, including the date of signing. The GPS will enable UNFPA to compare budgeting and spending with an implementing partner to the status of the respective workplan (i.e., whether or not it has been signed). The organization expects to see first results (i.e. more timely signing of workplans) by end of the first quarter of 2015.

C. Human resource management

13. The Board of Auditors recommended that UNFPA ensure there is adequate representation in the coordination and oversight of the activities of the field offices by filling the long outstanding vacant posts on an urgent basis in order to achieve the Fund's programme objectives more efficiently and effectively.

14. In order to minimize the vacancy rate, UNFPA developed and implemented a new leadership pool initiative in 2013, which pre-screens potential candidates for key business positions (representatives, deputy representatives and international operations managers) in a more proactive manner, thus growing the organization's

candidate pool for critical leadership positions. UNFPA will continue to expand the use of the leadership pool initiative by increasing the number of candidates assessed and adding to the unique job profiles included in the pool. Further, UNFPA is employing executive search services to ensure a speedy filling of senior-level vacancies with high-calibre candidates. UNFPA has issued a request for proposal to continue the use of executive search services. The organization is currently evaluating the bids it has received. UNFPA has recruited and trained human resources strategic partners, who will be deployed to the regional offices by the end of 2014. They will help to accelerate crucial vacancies in the respective regions. In addition, UNFPA will implement the recommendations made by the UNDP management consulting team (a network of internal advisors that advise UNDP and other United Nations funds and programmes to overcome organizational challenges and to improve effectiveness and efficiency) to restructure the UNFPA recruitment process and thereby make it more efficient.

15. During the period prior to 2013, the Board of Auditors recommended that UNFPA (a) improve its leave policy, to clearly state the role of leave monitors and absence administrators and the approval limits, so as to ensure that headquarters has adequate control of the endorsement and granting of special leave; and (b) review Atlas reports on special leave, to make them more comprehensive by including the duration of the special leave and the reason for granting it.

16. With regard to the recommendation on special leave, the UNDP policy on special leave, which is also applicable for UNFPA, already provides a clear hierarchical segregation of duties for approving such leave. The UNFPA Division for Human Resources has further issued instructions to all staff, by circular of 10 February 2014, to use the revised 'special leave without pay request' form contained in the UNFPA Policies and Procedures Manual, in order to streamline the application process and capture all necessary and relevant data. The form ensures that all necessary approvals are obtained. With regard to leave reports, UNFPA has revised the Atlas report on special leave to make it more comprehensive by including duration and reason for granting special leave. The organization is currently testing the new report format; it has identified some system limitations in Atlas affecting the implementation of the special leave report, and is now exploring possible solutions to address the issue.

D. Management of consultants, experts and temporary assistance

17. The Board of Auditors recommended that UNFPA adhere to the recruitment guide by (a) ensuring that the hiring of service contracts holders is not used as a substitute for the recruitment of fixed-term officers; (b) whenever hired, contractors should not exceed contract periods stipulated in the service contract user guide; and (c) reconfigure the web-based tool to improve monitoring and evaluation of the performance of special service agreements and service contracts in a timely manner.

18. In response to this recommendation, UNFPA has announced that data on the service contract holders' is being imported into the Atlas human capital management module to ensure that the responsible UNFPA managers can better manage contracting of service contract holders, in coordination with UNDP field offices. The UNFPA Division for Human Resources has further issued a revised policy on management of service contracts (October 2014), providing access to the new UNDP service contract handbook to UNFPA country offices, along with guidance on the appropriate use of service contracts as well as selection and contracting procedures.

19. The UNFPA Division for Human Resources is exploring, with input from the Management Information Services Branch, the use of an application in Atlas that would generate employment history and related reports that would enable the organization to assess the use of the special service agreement modality. If deemed adequate, UNFPA will further test the application and make modifications, if necessary, before launching it.

20. During the period prior to 2013, the Board of Auditors reiterated its earlier recommendation that UNFPA enhance control over the use of special service agreements and only allow special service agreements that are consistent with its policy.

21. In response to this recommendation, UNFPA plans to develop and promulgate a review of the policy on special service agreement holders by the end of 2014. The organization intends to harmonize the policy with the structure of a new consultant roster that has been created as a tool for managing, evaluating and retaining high-quality consultants. The new consultant roster will allow managers to have access to comprehensive information on consultants and enhance control over the use of special service agreements. UNFPA has prepared a draft version of the new guidelines, which is currently under internal review.

22. During the period prior to 2013, the Board of Auditors recommended that UNFPA adhere to the service contract policy by conducting evaluations of service contracts two months prior to their expiration dates and by providing justification for renewals.

23. This recommendation is addressed in the revised UNFPA policy on service contracts, mentioned earlier, which provides country offices access to the new UNDP service contract handbook and addresses other issues noted by the Board of Auditors regarding the use of service contracts, including performance evaluation.

E. Procurement and contract management

24. During the period prior to 2013, the Board of Auditors noted deficiencies in supplier assessments at country offices and recommended that UNFPA comply with its policies and procedures regarding the evaluation of supplier performance.

25. In response to this recommendation, UNFPA launched a new web-based vendor performance evaluation tool in April 2011, but after several months of use, the tool required technical modifications. Therefore, the Board of Auditors recommended that UNFPA expedite the correction of the tool's system errors. Since then, UNFPA has redesigned the tool on a more stable information technology platform and launched it again. As part of its routine activities, the Procurement Service Branch has been using the tool's reporting facility to monitor country offices and headquarters branches to ensure they comply with the mandatory requirements of vendor performance evaluation. The Procurement Service Branch is also developing a procurement accountability checklist and dashboard, which will display the adherence of country offices to key procurement activities, including the status of vendor performance evaluations.

26. The Board of Auditors recommended that UNFPA ensure that country offices evaluate the performance of suppliers of goods and services with contracts below \$50,000, to identify deficiencies for improvement.

27. UNFPA procurement procedures stipulate mandatory evaluation requirements for all contracts issued to suppliers with long-term agreements (LTAs) for core

reproductive health commodities, regardless of the value, as well as for all other contracts that are equal to or exceed \$50,000. The Procurement Services Branch has performed an analysis of what a realistic threshold could be for country offices and what existing tools could be utilized for the monitoring and evaluation of procurements lower than the threshold. Based on the outcome of that analysis, which is \$5,000 for country offices and \$10,000 for business units at headquarters, the Procurement Services Branch has included performance evaluation requirements against these recommended thresholds in the revised procurement procedures submitted for approval by senior management. Once the revised procurement procedures are approved, the corresponding changes will be made in the vendor performance evaluation system.

28. The Board of Auditors recommended that UNFPA collaborate with other United Nations agencies to establish LTAs with suppliers for services utilized by field offices on a regular basis.

29. With regard to this recommendation, the UNFPA procurement procedures contain clear guidelines on cooperation with other entities, especially on the use of contracts. Guidelines on common United Nations procurement that were published in 2012 by the Procurement Network of the High-Level Committee on Management may be used by all United Nations country teams to strengthen their collaboration in procurement, either by establishing joint LTAs, sharing existing LTAs or using another United Nations agency's procurement services. UNFPA is currently leading a harmonization project that will organize capacity-building workshops on harmonized procurement for procurement practitioners from all United Nations agencies in all duty stations. A number of tools have been developed, including a best practices document on sharing and using LTAs as well as a collaborative procurement implementation matrix; these have been endorsed by the Procurement Network to facilitate field implementation.

30. During the period prior to 2013, the Board of Auditors recommended that UNFPA strengthen the mechanisms for monitoring and reviewing procurement, taking into consideration risk and cost factors, by increasing regular reviews of the performance of the requisition units.

31. In response to this recommendation, the UNFPA Procurement Services Branch is developing a procurement accountability checklist and dashboard, which will display the adherence of country offices to key procurement requirements, such as posting of contract awards on the United Nations Global Marketplace website, status of vendor performance evaluation, Chartered Institute of Procurement and Supply certifications, number of post-facto submissions and confirmation of physical receipt of goods. UNFPA country representatives will be required to certify compliance with the checklist at regular time intervals (mid-year and year-end); the oversight role for compliance by country offices will rest with regional directors. In addition, the UNFPA Procurement Services Branch will conduct various quality assurance checks. For example, if the procurement value is higher than \$100,000, any solicitation from the country office is reviewed and pre-cleared by the Procurement Services Branch before it can be issued. Furthermore, the Procurement Services Branch will use the UNDP online contract review committee system, known as the contract, asset and procurement (CAP) tool, for review of bidding processes and approval of agreements at the local level (similar to the contract review committee system at headquarters level). The CAP tool includes a report function that will allow the Procurement Services Branch to review all country office submissions. The system has been successfully tested by the Procurement Services Branch in five

pilot countries. With the pilot now complete, UNFPA is in process of signing a service level agreement with UNDP.

32. Once the procurement procedures are revised, the Procurement Services Branch will take over the role of contract review committee secretary. Procurement Services will work with the Management Information Services Branch to ensure that the online application of the contract review committee includes reporting facilities that allow it to use the contract review committee data as management information, as this will strengthen the mechanisms for monitoring and reviewing procurement actions undertaken by the country offices.

F. Inventory management

33. During the period prior to 2013, the Board of Auditors recommended that UNFPA strengthen the appropriate use of the inventory management system in field offices and to increase reliability of inventory balances presented in the financial statements. The Board of Auditors complemented UNFPA for the significant progress made in determining inventory held in the field offices through the introduction of a new inventory management system (CHANNEL). However, the Board of Auditors also noted that the inventory focal points lacked skills to produce system reports showing the value of inventory held by the country office at any point in time, resulting in an underutilization of the inventory management system, diminishing the value of investment in the system.

34. The Board of Auditors recommended that UNFPA identify the training needs of the users of the inventory management system and improve their skills for better management of inventory and reporting.

35. In response to this recommendation, all country office representatives were requested to review and update the list of inventory focal points. All inventory focal points were engaged in a mandatory online training in the second quarter of 2014, specifically targeted to address the issues identified during the 2013 year-end closing and other pending issues with CHANNEL. The Finance Branch delivered further training during the third quarter of 2014. Support to inventory focal points on recurrent issues encountered in utilizing the system and in other operational aspects of inventory management is still ongoing.

G. Funding of employment benefits liabilities

36. The Board of Auditors noted that in response to its previous recommendation, that UNFPA minimize the unfunded employee benefit liabilities, the organization has begun implementing a five-year plan that identifies three sources of funding: (a) interest earned from investments of existing funding; (b) percentage-based surcharges applied to payroll cost; and (c) discretionary transfers from fund balances available for programming. The Board of Auditors noted that for the year ended 31 December 2013, the unfunded employment benefits liability decreased by \$35.8 million to \$102.1 million – mainly due to \$21.8 million of additional funding through the established funding plan and an actuarial gain from the increase in the discount rate (rising from 4.0 per cent in 2012 to 5.01 per cent in 2013).

37. The Board of Auditors recommended that UNFPA continue to enhance its efforts in bridging the funding gap of the outstanding employees' benefits liabilities within the proposed time schedule. UNFPA continues to have one of the best-funded

plans within the United Nations system, and is continually looking for innovative measures to eliminate the funding gap.

38. In response to the above, the Board of Auditors has acknowledged that UNFPA has already implemented a five-year funding plan to close the current employee liability funding gap. UNFPA management will continue to monitor this innovative plan, based upon the three funding sources described above. In future, the investment of these funds will be managed by an external investment fund manager, who was identified through a joint initiative with UNDP, UNICEF and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). Effective 1 July 2014, UNFPA has also revised its financial regulations and rules to facilitate investments in a wider range of financial instruments anticipated to provide higher returns.

H. Internal Audit and Oversight

39. The Board of Auditors recommended that UNFPA ascertain the reasons for the slow rate of implementation of internal audit recommendations and more effectively track and report on progress to senior management.

40. In response to this recommendation, UNFPA thoroughly reviewed the implementation of internal audit recommendations and underlying causes of slow implementation. As of 31 December 2013, there were 41 internal audit recommendations that were more than 18 months old; however, by October 2014, 34 (83 per cent) were under implementation and 7 (17 per cent) were fully implemented. There has been a substantial improvement in the implementation rate and UNFPA committed to keeping this momentum.

41. UNFPA has continued to build on good practices in a number of areas, including the use of an internal audit monitoring committee to ensure urgent implementation of the recommendations of the Board of Auditors and those of the Office of Audit and Investigation Services (the internal audit function had previously been part of the Division of Oversight Services). UNFPA senior management places great emphasis on accountability, which includes regular follow-up with country offices on all pending external and internal audit recommendations.

42. The Board of Auditors acknowledged the improved internal audit coverage plan in 2014 but stated that 5-year and 10-year audit cycles were still too low, compared to other United Nations agencies with similar global operations. It therefore recommended that UNFPA determine the levels of assurance appropriate for business units in high and medium-risk ranking, and empower its internal audit with resources, as might be considered appropriate, to adapt its audit cycles to the chosen assurance level.

43. In response to this recommendation, UNFPA is undertaking a study (based on its risk appetite as well as the programmatic and operational challenges it faces in comparison to other United Nations agencies with similar global operations) to determine the levels of assurance appropriate for its business units. In consultation with the Executive Board, UNFPA will use the outcome of the study to adapt its audit cycles and empower the internal audit resources accordingly.

I. Asset management

44. During the period prior to 2013, the Board of Auditors recommended updating the asset management module in Atlas with the correct location information for each asset, in compliance with the asset management policy.

45. As of April 2014, there were 56 items out of roughly 10,000 assets with no location information in the file; this constituted 0.5 per cent of all UNFPA assets – the organization views this to be an acceptable margin. At any given time, it is possible that there will be some assets that have yet to be assigned a location; accordingly, UNFPA management will conduct an analysis of the lead-time required between physical delivery of the asset to the business unit and recording of the same asset in the asset management module. UNFPA will present the outcomes of this analysis to the Board of Auditors in order to close this recommendation.

46. During the period prior to 2013, the Board of Auditors recommended that UNFPA (a) review and update the fixed asset management policy and procedures, to provide a clear policy on the actions to be taken when property plants and equipment are fully depreciated; and (b) review the useful life of property, plant and equipment.

47. In response to this recommendation, UNFPA conducted, in 2013, an extensive analysis and review of the useful lives attributed to its classes of property, plant and equipment using data that encompassed both in-service and retired assets. Based on this work and other input received from operational management, the useful life estimates were revised; analysis and proposals were shared in advance with the Board of Auditors. The new useful lives have been implemented progressively since 1 January 2014; they were incorporated in the revised fixed asset management policy, issued in September 2014.

J. Other recommendations from financial periods prior to 2013

48. During the period prior to 2013, the Board of Auditors recommended that UNFPA country office in Nigeria comply with rule 114.4 (c) of the UNFPA Financial Regulations and Rules with regard to payments made with no supporting documents.

49. In response to this recommendation, UNFPA headquarters has been coordinating closely with the Nigeria country office to address this issue. Payments are made based on a certification indicating that the goods were satisfactorily delivered according to specifications. The preliminary results of a recent internal audit of the Nigeria country office revealed substantial progress in this aspect. UNFPA will provide evidence to the auditors to demonstrate that all payments made were based on valid supporting documentation.

50. During the period prior to 2013, the Board of Auditors recommended that UNFPA (a) provide clarity on the extent of oversight that regional offices should provide to country offices; (b) equip regional offices with staff and tools to enable them to carry out oversight functions; and (c) design and implement a performance measure system to measure the effectiveness and performance of regional offices. The Board of Auditors further recommended that UNFPA address the weaknesses in its regional office architecture, as recommended by the Office of Audit and Investigation Services.

51. In response to these recommendations, beside other measures already reported in the past year's report, UNFPA is currently revising its organizational handbook; a

draft version has been presented to senior management for approval. The revised organization manual will address weaknesses in oversight of country offices by the regional offices. All regional offices have been strengthened with the recruitment of resource mobilization and communication officers. UNFPA has recruited and trained human resources strategic partners, who will be deployed to the regional offices by the end of 2014. This will help to accelerate crucial vacancies in the respective regions. Performance and results monitoring of all business units (including regional offices and country offices) will be undertaken using a new results planning, monitoring and reporting system, which is expected to provide a standardized system for all UNFPA units to plan, monitor and report on results. In line with the UNFPA strategic plan approach of having an integrated results framework, this system will combine and replace several existing result reporting systems.

52. The Board of Auditors noted an improvement in the implementation of the recommendations that were not resolved during the biennium that ended on 31 December 2012. In annex 1 of its report for the financial period that ended on 31 December 2013, the Board of Auditors provided a summary of the status of implementation of recommendations for previous financial periods. The Board of Auditors noted that, of 45 recommendations made during the previous financial periods, 34 (76 per cent) were fully implemented and 11 (24 per cent) were under implementation.

53. The status of implementation, as of October 2014, of the 11 recommendations that were in progress is summarized in table 3 below.

Table 3

Status of implementation of recommendations from previous periods considered not fully implemented in annex 1 to the report of the Board of Auditors for the financial period that ended on 31 December 2013

<i>Department responsible</i>	<i>Number of recommendations</i>	<i>Not accepted</i>	<i>Implemented or closure requested</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Division for Management Services	2	–	2	–	–	–
Division for Human Resources	3	–	1	2	2	–
Office of the Executive Director	3	–	–	3	3	–
Procurement Services Branch	2	–	–	2	2	–
Nigeria country office	1	–	1	–	–	–
Total	11	–	4	7	7	–

III. Conclusion

54. UNFPA welcomes the unqualified audit opinion contained in the report of the Board of Auditors for the UNFPA financial statements for the year that ended on 31 December 2013. The organization continues to accord the highest priority to achieving a record of unqualified audit opinions and to resolving the concerns of the Board of Auditors. As noted by the Board of Auditors, there is scope for improvement in some areas, specifically the need to (a) improve management and monitoring of implementing partners; (b) enhance its inventory management;

(c) improve its oversight and performance evaluation of the restructured subregional and field sub-offices; (d) improve the assessment of vendor performance in the field; and (e) address recommendations that have been recurring for some years, such as the inappropriate use of service contracts and special service agreements.

IV. Recommendation

55. The Executive Board may wish to take note of the present report (DP/FPA/2015/3) on the actions taken by UNFPA and the further actions planned by the organization to implement the recommendations of the Board of Auditors for the financial period that ended on 31 December 2013.
