Executive Board of Undp/unfpa/unops

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**UNDP management response to the:**

1. **Annual report of the Office of Audit and Investigations on internal audit and investigation activities in 2021 (DP/2022/15);**
2. **Activities of the UNDP Ethics Office in 2021 (DP/2022/16); and**
3. **2021 Annual Report of the Audit and Evaluation Advisory Committee (Appendix to DP/2022/15)**

**Introduction**

1. This report is UNDP’s management response to the main findings and matters in the 2021 Annual Reports of the Office of Audit and Investigations (OAI) DP/2022/15, Ethics Office – DP/2022/16, and the Audit and Evaluation Advisory Committee (AEAC) - Appendix to DP/2022/15.
2. UNDP Management places the highest priority on addressing audit findings and implementing recommendations of the independent oversight offices, which are closely monitored and regularly reported upon. Further details on UNDP’s approach to addressing the recommendations of the independent offices are as set out below.
3. **Annual report of the Office of Audit and Investigations (OAI) on internal audit and investigation activities in 2021 (DP/2022/15)**
4. **General comments on audit performance and OAI’s overall audit opinion**
5. Management acknowledges the annual report of the Office of Audit and Investigations (OAI) on UNDP internal audit and investigation activities in 2021 (DP/2022/15). Management also acknowledges that OAI’s overall opinion on the governance, risk management and internal control elements covered in the audit reports issued in 2021 was, in aggregate, ‘satisfactory/some improvement needed’. This means that the majority of business units or projects audited in 2021 were adequately established and functioning but needed some improvement.
6. Pursuant to Executive Board (EB) decision 2021/11, Management is pleased to comment on the general audit performance, as highlighted by OAI in DP/2022/15. Management would also like to highlight the actions taken to address key findings identified in the 2021 OAI Annual Report and the impact of such measures.
7. For a global, decentralized, country-based organization such as UNDP, 2021 continued to be affected by challenges from the COVID-19 pandemic. Efforts were made to enable programme delivery, particularly in the most high-risk, challenging and crisis-affected countries.
8. Due to the COVID-19 pandemic UNDP personnel continued to face challenges in delivering our programme, with OAI having to perform its audit work plan and most of the investigations remotely and with some scope limitations in the audits, which were reflected in the audit reports they issued. Nonetheless, OAI succeeded in concluding their programme of work.
9. In some cases, the implementation of audit recommendations has been impacted by the ongoing pandemic. Management has however ensured that operations continue, which has been reflected in our audit performance and continued results in closing audit recommendations as well as ongoing work to enhance key processes.
10. **Country Office and Directly Implemented (DIM) Project Audits**
11. Management acknowledges OAI’s reporting of one adverse opinion and six qualifications of opinion on the 63 projects audited in 2021.
12. The adverse and qualified opinions are primarily the result of financial management findings, such as expenses recorded in the wrong accounting periods; advances incorrectly recorded as expenses; expenses not adequately documented and duplication of expenses. 80 per cent of the total financial misstatements relate to one project managed in one Country Office.
13. UNDP continues its efforts to enhance and strengthen financial oversight and monitoring processes. For example, the implementation of the Integrated Finance Dashboard (IFD), and the expansion of the quarterly financial reports not only highlight areas of risk but also suggest means to address those risks.
14. Below is a detailed summary of actions taken to address key audit findings noted by OAI for Country Office audits.
15. **Programme/Project Management (PPM):** Management notes the recurring findings on programme and project management. UNDP continues to introduce gradual improvements in programme/project management and evaluation areas aimed at building more capacities in all programming areas and developing more integrated tools. Responding to the ambition of the 2022-2025 Strategic Plan, UNDP is introducing notable improvements to lift the quality of programmes and projects with an upgrade to the Theory of Change guidance, build capacity, and strengthen results-based management through an updated Integrated Results and Resources Framework.
16. The industry standard course, Managing Successful Programmes (MSP), continues to empower staff in the organization to acquire skills needed to effectively manage programmes. To date, 1400 staff[[1]](#footnote-2) have participated in the programme since its inception in 2019. As of the beginning of 2022, the course was made available to all UNDP staff through the Talent Development portal, which is aimed at providing self-paced learning to increase the organization’s programme capabilities and effectiveness. UNDP will also implement a change strategy to embed the core learning from the course into the functions, accountabilities, processes, procedures, and tools for programming.
17. A continued effort to strengthen UNDP capacities for risk management in programming now includes a focus on deepening skills on UNDP social and environmental standards and overall risk management in programmes and projects. In 2021, UNDP launched the updated policy on Social and Environmental Standards (SES) and Social and Environmental Screening Procedure (SESP) and conducted a series of webinars that reached over 800 UNDP staff in Regional Bureaux, as well as a more in-depth Training-of-Trainers program to deliver a cadre of 60 SES experts geographically distributed across regions. Additional crucial guidance was developed and launched, including the guidance note on SES 7: Labor and Working Conditions.
18. Following the introduction of the new Enterprise Resource Planning (ERP) system, Quantum and Quantum+ as the corporate IT architecture, UNDP repurposed the work on the collaborative digital workspace for programme, project, and portfolio management to develop a fully integrated risk platform for development results. Designed to respond to the ambitions of the 2022-2025 Strategic Plan for more risk-informed programming, the system will be interoperable with the Quantum and the Corporate Planning System, also developed on SalesForce, as well as provide critical features for risk aggregation across multiple risk assessment tools, and more effective procedures for risk escalation.
19. At the regional level, Bureaux have developed strategies to improve the quality of decentralized evaluations. The Bureaux also undertake periodic monitoring of key performance indicators in areas such as risk management and quality assurance activities (e.g., Harmonized Approach to Cash Transfers  (HACT) audits, spot checks, etc.).
20. These measures build on previous enhancements, including the end-to-end rewriting of programming policies and procedures, the introduction of new quality standards for programming, a new monitoring policy and improvements introduced through the new United Nations Sustainable Development Cooperation Framework, and are expected to yield further improvements in the programme/project management area in 2022 and beyond.
21. In 2021 UNDP enhanced its HACT policies and procedures to further improve oversight and control, including establishing:
    1. a Micro-assessment threshold;
    2. an assurance activities threshold (i.e., for audits and spot checks);
    3. a requirement to document significant findings & remedial action plans using standardized templates including Regional Bureaux review of the documentation for partners with budgets greater than $1 million; and
    4. the upload of HACT assurance plans twice yearly into HACT SharePoint for consolidation, review, and reporting purposes.

1. **Financial Management:** Management notes the recurring findings reported regarding financial management. UNDP continued to enhance clustering of key business processes in the Global Shared Service Centre (GSSC) despite the continued impact of COVID-19. This initiative is set to have a significant positive impact towards improving the quality and control over many activities that are the subject of repeat audit reports.
2. UNDP continues to strengthen financial management and oversight. UNDP has updated the internal control framework and supplemental operational guide to align the framework policy with the principles of the Committee of Sponsoring Organizations on the three lines of defense. As part of their oversight role in the second line of defense, Regional Bureaux undertook reviews of the quality and completeness of their country offices’ internal control frameworks. UNDP has implemented a real-time dashboard for Country Offices and Regional Bureaux that includes financial sustainability and effectiveness of project/programme delivery amongst other indicators. UNDP has expanded the content of quarterly financial briefs with Country Offices highlighting important financial management themes including risks and control with suggested solutions provided. Furthermore, quarterly Bureau dialogues are held with the Regional and Central Bureaux to discuss business unit performance around resource mobilisation, programme delivery, resource management as well as reflection of overall financial management risks and controls for their business units. In 2021, UNDP continued to have discussions with Country Offices on financial management improvements, specifically on expense recording and advances. UNDP has increased the sample size of the quarterly review of expense cut-off and receipt accrual. UNDP offices are notified when there are errors and solutions are provided to facilitate their resolution. The increased sample review will continue in future years. In view of the continued COVID-19 pandemic and its impact on Country Office delivery, UNDP continued to apply its robust internal review process and follow up on programme delivery and monitoring of project cash advances. This includes regular updates to review unspent balances and advice to Country Offices and Bureaux on the means to accelerate delivery. Management has also taken a series of steps to improve the recovery of full costs in project budgets through training and the issuance of further guidance. Further improvements in the area of cost recovery are expected with the transition to Quantum. Further, management continues to support UNDP’s financial certification programme, to enhance capacities in financial management across the organization.
3. Management established government contributions to local office costs (GLOC) targets earlier in the year to facilitate GLOC inclusion in national legislative budgets and is encouraging multi-year planning. UNDP recognizes that local economic conditions deteriorated due to the impact of the COVID-19 pandemic, which may affect the ability of some low and middle-income programme countries to meet their obligation to cover local office costs. Nevertheless, the overall GLOC cash payments received by UNDP in 2021 have significantly increased, in part due to the settlement of arrears payments and receipts of advance payment of future year’s target from some countries. UNDP will continue monitoring of GLOC collections on a quarterly basis and will utilize various channels of communication to inform host governments of annual GLOC targets and to facilitate payments of outstanding arrears.
4. It is noted that many of the Country Office related financial management audit findings stem from audits of the DIM projects. DIM audits are primarily financial audits and, therefore, the majority of findings relate to financial management matters and mainly include areas of improvement related to their responsible parties. These matters are addressed by the respective Country Offices.
5. **Procurement:** Management notes the recurring findings on procurement and continues to undertake several important steps to improve performance by putting in place more robust requirements for continuous due diligence and vendor eligibility screening by business units.
6. UNDP has clustered the creation and management of vendors for the five Regional Bureaux under GSSC, which is set to increase professionalization, transparency and enhanced controls. UNDP continues to ensure compliance with the procedures for vendor management which include requirements for quarterly clean-up and maintenance of vendor records; verification of vendor sanctions lists for payments and purchase orders; and how to identify fraudulent vendor profile changes. UNDP continues to issue timely communications to all business units to inform them about new suspensions of entities and individuals sanctioned at the recommendation of the UNDP vendor review committee.
7. Transition to Quantum and utilization of the UNall applications will allow UNDP to roll out an end-to-end integrated platform that will provide enhanced visibility, efficiency gains, improved risk management, planning and procurement strategy capabilities, increased transparency, and enhanced reporting and monitoring capabilities, which will strengthen procurement in UNDP. All procurement steps will be managed in the system and are interlinked, thus enhancing compliance and monitoring. The controls are embedded in the system, i.e., planning is linked to requisitions followed by the procurement strategy, including assigning complex procurement cases to specialized teams, where required. The system also introduces a single vendor database, so that a global repository of vendors can be used across the organization, thus reducing the risk of duplication, and improving due diligence and controls in vendor management.
8. In addition, a review of the procurement function was undertaken in 2020 to ensure a more streamlined and efficient function and the implementation of the recommendations is in progress. To improve country-level capacity, the regional procurement specialists in the regional hubs continue to support procurement at the field level, providing technical and advisory services on complex procurement cases and successfully coordinating regional-level procurement activities, including planning work closely with the procurement oversight colleagues in the hubs (or the Regional Advisory Committee on Procurement).
9. **Human Resources Management:** Management notes the recurring findings in human resources management that OAI has cited. UNDP continues to monitor compliance with completing mandatory trainings and reminders are sent frequently. In 2021, UNDP’s mandatory courses went through technical and content upgrades and four courses were not available for a period of three months. As a result, completion rates are currently lower than normal with 69 per cent of staff having completed all nine mandatory courses.
10. More broadly, regarding mandatory training, the People Development Governance Group is currently examining and defining applicability of the individual mandatory courses for personnel on different contractual modalities and the appropriate timeframes for completion. UNDP is implementing a new Enterprise Resource Planning system and automated notifications for completion of mandatory training are part of the proposed configuration for the Learning Management system, which is planned to go live in July 2022. UNDP is also strengthening its compliance monitoring for mandatory courses through its new talent development team in the GSSC. A dashboard has been created with training completion status for managers to help ensure their direct reports have undertaken the required training.
11. Pursuant to our People for 2030 strategy, UNDP has undertaken a comprehensive transformation of the talent acquisition and recruitment function, including a new delivery model, business process changes, new assessment and selection methods, and leveraging new technology solutions to increase efficiency. A dedicated action plan on transforming talent acquisition and recruitment in UNDP with concrete indicators continues to be implemented.
12. Further, our People for 2030 strategy aimed to streamline and improve the Performance Management Development (PMD) process while ensuring that both high and under performance were recognised and acted upon. To complement policy changes, training in effective and supportive performance management was provided to UNDP supervisors, aiming, inter alia, to improve their conversations with personnel around performance. During 2021, Annual Performance Review completion for the whole organisation remained stable at 77 per cent. The PMD Module is being fully integrated in Quantum, making it more efficient and user friendlier. UNDP is also finalizing a dashboard which will make available real-time compliance rates for PMD processes across the organisation moving forward.
13. The new Personnel Service Agreement (PSA) launched in 2021 introduces benefits to both the individuals and to the organisation through its improved and streamlined set of benefits for the individuals, and much lighter administration process for the organisation.
    1. In February 2021, UNDP launched the International PSA (IPSA), which opened up opportunities to hire international personnel regardless of location. As of 31 December 2021, 504 Regular and 225 Short-term IPSAs had been issued.
    2. In June 2021, UNDP launched the National PSA (NPSA) modality which can be used in any duty station where a national UN salary scale exists. The NPSA replaces the existing Service Contract modality and will enable UNDP to access a greater pool of talent and work in a more flexible and agile way in order to deliver our mandate. As of 31 December 2021, 6,253 Regular and 321 Short-term NPSAs were issued.
14. **Governance:** Management notes findings identified by OAI related to weaknesses in organizational structure including the financial sustainability and Country Programme objectives not adequately monitored. As reported in DP/2022/3, despite the difficult funding environment and cuts from key donors, UNDP’s Core contributions reached $647.5M in 2021. UNDP proactively engaged with partners to make the case for Core, mitigating further potential cuts. In 2021, UNDP continued to pursue strategic and innovative partnerships and resource mobilization strategies to garner support from key partners and stakeholders. Given the unprecedented circumstances of COVID-19, UNDP has showcased efficiency, transparency, and integrity in providing development support to countries affected by the pandemic, and UNDP’s resilient and dynamic response to the COVID-19 pandemic has been widely acknowledged in external assessments such as the MOPAN. However, Core contributions to UNDP continued to represent a smaller share of total resources, a funding pattern also observed in the UN development system. In 2021, Core funding accounted for 12 per cent of total resources. It is therefore critical that Member States fulfill the Secretary General’s Funding Compact commitment to bring Core funding to the 30 per cent target level. Being the most flexible funding source, Core funding allows UNDP and the UN development system to be strategic, respond to country needs better and faster, address underfunded areas, and leverage additional financing.
15. **Administration:** Regarding the weaknesses noted in asset management, to improve erroneous recognition of assets (Property Plant and Equipment (PPE)) and double recognition of partial invoices, the following actions have been undertaken:
    1. Management put in place controls to prevent recurrence of errors such as double recognition of partial invoices, including the establishment of a two-level review of PPE capitalization, leasehold improvement and building construction.
    2. Development of a template to record all the invoice information related to PPE, on the shared drive. Each member reviews the Microsoft Excel document to see the actions already taken by another member of the team to avoid duplication.
    3. Management is continuing to explore automated controls in Quantum that would enhance the preventative controls in the PPE process.
16. Unsatisfactory CO Audit: Management notes that of the 32 Country Office audits undertaken, one audit report had an unsatisfactory rating in 2021. Management is taking appropriate actions. The Country Office senior management is leading the implementation plan designed to address the recommendations issued with the support of the Regional Bureau.
17. **Global Fund Audits**
18. UNDP is an important partner of the Global Fund in its efforts to work in highly challenging operating environments. UNDP is the Principal Recipient in 22 countries and implements two regional programmes that cover another 14 countries, of which eight are under the Global Fund’s Additional Safeguards Policy (ASP).[[2]](#footnote-3)
19. Management continues to make substantial investments to continuously and systematically refine risk mitigation and prevention measures that address the operational realities that arise from working in capacity-constrained environments. These interventions specifically respond to OAI’s audit findings and recommendations and are reviewed periodically by UNDP’s senior management.
20. The seven audit reports related to grants managed by UNDP as Principal Recipient (PR) contained 15 recommendations (2 ‘high’ and 13 ‘medium’), seven (47 per cent) of which were within procurement and supply chain management. Of the seven reports issued, three were rated “fully satisfactory” and four were rated “satisfactory/some improvement needed”. From 2018 to 2021 while the number of audits per year has been maintained, there has been a significant downward trend in the number of recommendations from 32 in 2018 to 15 in 2021. Of the 15 recommendations raised in 2021, 100 per cent were implemented as of 1 March 2022.
21. Management notes that findings in procurement and supply chain management, and programme management are recurring risks under Global Fund projects. These risks are managed through developing tailored tools and guidance available through a web-based Implementation Manual, trainings, global monitoring, deployment of vetted experts for targeted support, and a centralized advisory team. In 2021, the advisory team undertook a systematic review of all OAI audits and Sub-recipient audits over a five year-period (2015-2020). Based on this systematic review, the advisory team jointly developed a Risk Review and Action Plan (RRAP), together with Regional Bureaux and Central Bureaux. The RRAP was endorsed by the Organizational Performance Group on 30 June 2021 and includes targeted measures - to address the root causes of recurring compliance topics and risks and enhance performance monitoring and accountability mechanisms. Noting the weak capacity of Sub-recipients, the operational realities, and the fact UNDP does not create parallel systems and processes in line with its mandate to build resilient and sustainable health systems, there will, however, be some residual risk. The Global Fund continues to acknowledge that UNDP delivers above average results relative to other PRs despite the highly challenging operating environments where UNDP implements Global Fund grants.
22. **Headquarters Audits**
23. Management welcomes the recommendations made in the ten HQ audits issued in 2021, of which five were performance-based, focusing on efficiency and effectiveness of systems and procedures. Management is pleased with the ‘satisfactory’ ratings of the performance audit of the Regional Bureau for Europe and the Commonwealth of Independent States, and the audits of UNDP Seoul Global Policy Centre and Decentralized Digital Initiatives. Management also notes the ‘partially satisfactory/ some improvement required’ ratings received for the audit of UNDP Global Procurement, UNDP Enterprise Risk Management, Gender Equality and Empowerment of Women in UNDP, UNDP Accelerator Labs, as well as the audit of MS-Azure. While no ‘unsatisfactory’ reports were issued for HQ in 2021, the ‘partially satisfactory/ major improvement required’ rating was noted in the audit of the Write-Off Processes.
24. On GEF-related recommendations, significant progress has been made in closing the agreed actions; with 83 per cent of the recommendations having been closed to date with the rest expected to be closed before the end of year.
25. **Audit Recommendations**
26. **Implementation rate:** Management acknowledges the overall implementation rate of internal audit recommendation at 95 per cent as of 31 December 2021 and reaffirms the organization’s goal to continue work towards closing the audit recommendations raised in line with agreed timelines. Senior management is monitoring implementation of recommendations regularly and all offices and HQ units with outstanding recommendations are working hard to close the recommendations
27. **Long-outstanding audit recommendations:** There were six long-outstanding recommendations (unresolved for 18 months or more) as of 31 December 2021, compared to none in 2020. As of 31 March 2022, four of these six recommendations have been closed by OAI. Management will continue to provide focused attention to the long outstanding recommendations with a view to bringing them to zero as soon as possible.
28. UNDP Management has been closely following up on the implementation of audit recommendations and is certain that further improvements in this area are possible, particularly given the continued attention given by senior management.
29. **Investigations and complaints received and response to Executive Board decision 2014/21, 2015/13 and 2017/17 (requesting disclosure of financial loss recovery)**
30. Management notes that in 2021 the overall investigation case load was 556, compared to 558 in 2020 and 626 in 2019 respectively. Management takes note of the increase in sexual misconduct-related opened cases in 2021 (25 cases) compared to 2020 (13 cases). Management reaffirms its commitment to zero tolerance to harassment, abuse of authority, retaliation, and all other types of wrongdoing, including fraudulent and other proscribed practices. In support of the priority given by the Secretary-General as a system-wide issue, Management has facilitated reporting on sexual harassment, exploitation and abuse since 2018. In 2021, the UNDP Task Force on the Prevention of Sexual Harassment and Sexual Exploitation and Abuse (SH/SEA) continued to lead the implementation of the UNDP SH/SEA Strategy and Action Plan. A comprehensive report on this work was presented to the Executive Board, highlighting the increase in the number of SH and SEA reports following a drop in 2020 as a result of COVID-19, refocused efforts on raising awareness with 1,200 personnel participating in training and presentations; an expansion of our Respectful Workplace Facilitators programme which provides a confidential resource for anyone experiencing harassment; training additional Prevention of Sexual Exploitation and Abuse (PSEA) Focal Points in our Country Offices; developing training and guidelines for our Country Offices on working with implementing partners on SEA issues and launching a new programme to encourage men to be positive instruments of change in this area. The Executive Board took note of the report and issued a formal decision on this matter, which UNDP is now implementing. The next report to the Executive Board is scheduled to take place as part of the 2022 Annual Session.
31. Management notes that procurement fraud[[3]](#footnote-4) remains the highest category of newly reported cases in 2021 (24.6 per cent) and substantiated cases in 2021 (36.2 per cent). To provide context, Management would like to highlight that a large proportion of the procurement fraud cases pertain to vendors reported by Country Offices which indicate that UNDP compliance and other oversight measures are effective at the process level to identify instances of fraud when it occurs. In addition, a surge in the number of cases in the past few years is concentrated in countries coming out of conflict with weaker commercial and government structures and where UNDP has large recovery programmes. Many of the fraud cases involving vendors in these areas involve misrepresentation and fake documents, often presented to implementing partners, and not necessarily financial fraud against UNDP; however, these weaknesses were identified by UNDP. Management’s action plan continues to be one of ensuring increased ethical awareness through the mandatory fraud training course, special training courses to procurement staff, sharing of lessons learned, the Anti-Fraud Strategy and Anti-Fraud Action Plan; timely response and adaptation when fraud is substantiated.
32. Anti-fraud clauses continue to be included in all agreements with implementing partners and responsible parties. Many of the current and planned initiatives, as mentioned above under the procurement section, have the potential to mitigate the risk of fraud. These will yield results over a period of time.
33. As shared with EB Members in January 2022, the following sets out a comprehensive analysis of losses and recoveries in line with Executive Board decision 2017/17:

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1. As seen from the above table, UNDP recovered approximately 42.43 per cent of the estimated losses and 48.78 per cent of the recoverable amounts between 2013 and 2021.
2. Management would like to re-emphasize that while it remains a challenge, UNDP pursues full recovery of funds lost to fraud based on the actions proposed by an inter-bureau standing board established to provide transparency on the collection process, ensuring rigorous follow up on the substantiated losses.
3. UNDP primarily relies upon the national judicial systems to pursue recovery of funds for cases of substantiated fraud within the country. Effective partnership and collaboration with the national authorities and Member States is critical to the success of management actions. Most of the fraud recoveries take place in future years, as opposed to the year in which the case was closed, as recovery efforts can only commence after the fraud is substantiated and the case is finalized. As such, recoveries continue to be made in 2021 for losses that occurred in prior years.
4. **Conclusion**
5. Management is committed to the ongoing, excellent working relationship with OAI and will continue to implement audit recommendations to improve UNDP’s governance, risk management and control processes. All offices and HQ units with long outstanding recommendations are working to close the recommendations and senior management is monitoring implementation on a regular basis.
6. **Activities of the UNDP Ethics Office in 2021 (DP/2022/16)**
7. **Management response to matters highlighted in the 2021 Annual Report of the Ethics Office**
8. UNDP Management notes the 2021 achievements of the Ethics Office despite the challenges of the COVID-19 pandemic. Management also notes the two recommendations to review both theIPSA and NPSA modalities, with a view to incorporating provisions for personnel recruited from government service and the conflict of interest declaration questions into the online application forms for all contractual modalities to the greatest extent possible.
9. Regarding UNDP recruitment of government personnel on IPSA and NPSA contracts who wish to maintain their governmental employment status for government pension purposes, UNDP considers this a complex topic which needs to be carefully thought through in consultation with other UN agencies.
10. Regarding UNDP incorporating the conflict-of-interest declaration questions into the online application forms for all contractual modalities, UNDP is transitioning to Quantum for all Temporary Assignment, International Professional staff as well as IPSAs and long-term NPSAs. The online application includes a question around the candidate’s employment as a civil servant with his/her government.
11. Management would like to thank the Ethics Office for its continued advocacy of a strong organizational culture of ethics and accountability. As stated in the Ethics Report, the continuously increasing number of matters addressed to, and by the Ethics Office serve as evidence that the services from the Ethics Office are more important than ever and that staff members actively seek the advice from the Ethics Office when faced with potentially ethically questionable decisions. Management is pleased to note that despite the continued pandemic, the increased caseload of the Ethics Office in 2021 was addressed diligently and efficiently.
12. Of all the important work carried out by the Ethics Office, Management would like to particularly note the work of the Ethics Office in the following areas:
    1. the pivotal role the Ethics Office continued to play in the Racism and Discrimination team put together by the Administrator to lead a consultation process on the issue of racism in the workplace. This process culminated in a report issued in December 2020 with recommendations that were adopted in large part in 2021. This is an important area given the global movement against racism and all forms of discrimination;
    2. the Office’s continued advocacy related to the prevention of sexual harassment, exploitation, and abuse, which continues to be a topic of concern throughout the United Nations System;
    3. the Office’s continued contribution to the development of UNDP's Economic Dividends for Gender Equality (EDGE) Action Plan. UNDP was subsequently awarded the EDGE MOVE certificate for gender equality in the workplace. UNDP is only one of two United Nations agencies to have received this certification level award, which remains valid for two (2) years, and
    4. the Office’s valuable work at raising ethics awareness in all aspects of UNDP’s operations, and most notably in the area of protection of whistleblowers.
13. Management would like to thank Mr. Peter Liria, who left the Ethics Office in December 2021, for his sterling service to the organization since 2012, and commits to continue strengthening the already excellent working relationship with the Ethics Office.

1. **2021 Annual Report of the Audit and Evaluation Advisory Committee (Appendix to DP/2021/15)**
2. **Management response to matters highlighted in the 2021 Annual report of the Audit and Evaluations Advisory Committee (AEAC).**
3. UNDP Management notes the overall positive report from the AEAC, particularly the appreciation of the support and cooperation it received from UNDP Executive management during the past year.
4. UNDP Management takes note of AEAC’s recommendations and its request to address matters holistically.
5. Management wishes to express its gratitude to the AEAC for its strategic advice on administrative, audit, evaluations, ethics, and management matters. The implementation of the AEAC’s advice and recommendations are monitored and tracked by UNDP’s senior management for implementation.
6. Management is committed to continue cooperating with the AEAC at the senior management level and will continue to embrace the AEAC’s advice and recommendations.
7. Management would like to welcome Dr. Ong Hock Chye and Mr. Chris Hemus who joined the AEAC Committee in 2021 and looks forward to working with them in their oversight role over UNDP.
8. Management would also like to thank Mr. Antoine Antoun, who left the AEAC in November 2021, for his dedication and invaluable advice as a member of the AEAC.

1. The 1,400 staff were from UNDP and also from the United Nations Capital Development Fund, the United

   Nations Volunteers programme and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) [↑](#footnote-ref-2)
2. ASP countries are those where the existing systems to ensure accountable use of Global Fund monies are not strong and require additional measures to mitigate risk. [↑](#footnote-ref-3)
3. Procurement fraud- procurement fraud encompasses fraud committed at any time during the process of acquiring goods, civil works, and services. Procurement fraud can consist of colluding with contractors and vendors, accepting or requesting bribes, gifts or favors, not disclosing a conflict of interest, and any intentional false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her detriment. [↑](#footnote-ref-4)