

The ultimate test of success facing all these entities is to further develop and sustain strong financial functions to prepare quality financial statements, underpinned by more accurate data from financial systems. The Board will continue to stress the need for clear benefit realisation plans and benefits arising from financial management within each entity.

Governance accountability and risk management

Managing globally dispersed operations

The Board noted varied achievements as entities try to strike the right balance between sufficient flexibility and delegated authority in the field versus the right level of monitoring, intervention and oversight by headquarters. In this case, UNDP, UNRWA, and UN Women reported clear accountability of resources and delegation of authority at their respective HQ. For example UNDP undertakes restructuring which involves delegation of less strategic functions so that such function can be monitored centrally. Also, UNODC has improved its field based financial system over time, but still faces limitation in collating timely information from field operations in an efficient and effective manner.

Enterprise risk management

The Board continue to note variable progress in 2014 in implementing approaches to enterprise risk management in UN organisations. In UN (Volume 1) progress was noted particularly in **some** areas particularly the identification and management of the six critical risks identified by senior management. However, the UN (Volume 1) has not made sufficient progress in embedding ERM throughout the organisation as a whole. Implementation is not

some (13) do not have adequate strategies for implementation, and placed a greater focus on internal employee fraud, and were paying limited attention to proactively managing risks arising from external factors such as frauds committed by suppliers or implementing partners. United Nations entities operate in inherently high risk environments; most of which work with third parties and exposed to the high risk of fraud. The Board consider that such entities with global presence including, for example, UNDP, UNFPA, UN Women, UNHCR, UNICEF, UNOPS, need to consider their risk appetite and develop a fraud response plans.

In 2013, there was varying levels of fraud and presumptive fraud disclosure among the entities; there was no correlation between the magnitude of the reported fraud against factor such as volume or value of transactions. In 2014 the Board worked with UN entities to develop a consistent approach to reporting fraud, and it is the working with UN organisations to ensure that this goal is achieved.

Cost-effective management of core business services

The Board continues to highlight numerous and various deficiencies across entities on cost-effective management of core business services. For example in human resources management databases were not established or systems not integrated for managing consultants or contracts staff (ITC, UNFPA and UN Women), performance appraisals were not properly done or the results used for intended purpose (UNDP, UNCDF), workforce planning remained in infancy despite the resolution on the need for the Administration to develop work force planning system. Other issues were noted on assets management, procurement and contract management, management of information and communication technology and travel management. These are all important business functions that are vital to the cost effective delivery of the core services.

Budgets implementation

The Board notes issues such as: the need for the administration to be cognizant of the potential delays which might occur during the approval process, key offices not being involved in the budget process; also variations between budgetary appropriations and final expenditures, as well as redeployments of expenses among and within different classes being carried out as matter of routine, in peacekeeping operations. In view of the deficiencies, the entities were advised to review the identified weaknesses in budget formulation and develop improved principle methodologies to assist them in formulating realistic, consistent and reliable budgets as well as developing the required skill, techniques and tools necessary for implementation, management, monitoring and controlling their budget more effectively.

Business transformation in the United Nations

The Board continue to note progress in a number of business transformation activities undertaken by the United Nations organisations, and in TJE71.TQ EMC Span MCID 7Lang (en-GB):BDC d

The IT enabled business change project to improve administrative process while differ in scale, complexity, and the stage in the project life cycle had some commonalities including delays and budget overruns (example: UNOPS and Umoja), and problems putting in place post implementation support such as help-desks (example: UNRWA and Umoja).

United Nations (Vol 1) is implementing a number of major business transformation concurrently such as IPSAS, HR Mobility, and the capital master plan, the strategic capital review, flexible workspace and long term accommodation. The Board considers that more needs to be do and fully understands