



**OIOS**

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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## **Management of the United Nations Fund for International Partnerships (UNFIP)**

**UNFIP's role in partnerships needs to be determined within a comprehensive framework that should guide, monitor and oversee the partnerships undertaken by the United Nations**

**20 March 2009**

**Assignment No. AN2008/522/01**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE  
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

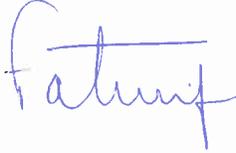
TO: Mr. Amir Dossal, Executive Director  
A: United Nations Office for Partnerships

DATE: 20 March 2009

Mr. Vijay Nambiar, Chef de Cabinet  
Executive Office of the Secretary-General

REFERENCE: IAD: 09-02313

FROM: Fatoumata Ndiaye, Acting Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AN2008/522/01 – Audit of the management of the United Nations Fund for  
OBJET: International Partnerships**

1. I am pleased to present the report on the above-mentioned audit.
2. In order for us to close the recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 6 and 7), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Asha-Rose Migiro, United Nations Deputy Secretary-General  
Mr. Swatantra Goolsarran, Executive Secretary, United Nations Board of Auditors  
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat  
Ms. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Programme Officer, OIOS  
Mr. William Petersen, Chief, New York Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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## **EXECUTIVE SUMMARY**

### **Audit of the management of the United Nations Fund for International Partnerships**

OIOS conducted an audit of the management of the United Nations Fund for International Partnerships (UNFIP). The overall objective of the audit was to review the adequacy of the internal control system, and to assess whether UNFIP is adequately structured with appropriate staffing to provide programme support. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

For the period from March 1998, when UNFIP was established, to 31 December 2007, grants totaling \$1.03 billion were programmed to fund 422 projects utilizing 43 implementing partners. UNFIP's activities have also included facilitating United Nations partnerships and alliances with the private sector, foundations and civil society. Subsequently, a United Nations Office for Partnerships (UNOP) was proposed in 2007 with a threefold purpose, as follows: (i) to serve as a gateway for partnership opportunities within the United Nations family, (ii) to promote new collaborations and alliances in furtherance of the Millennium Development Goals, and (iii) to provide support to new initiatives of the Secretary-General.

OIOS found that while UNFIP has exercised a leadership role in providing a gateway to partners, there is a need for the Secretary-General, in consultation with Chief Executives Board (CEB) and the General Assembly, to create a comprehensive framework which will guide, monitor and oversee the partnerships undertaken by the United Nations. This is necessary to guard against reputational risks to the United Nations. This framework should indicate the jurisdiction that is to be covered, whether it is the UN Secretariat, Funds and Programmes and Specialized Agencies. The office that will be in the lead for this activity needs to be determined, including an indication of the distribution of responsibilities between the UNFIP and Global Compact Office. Criteria for entering into partnerships, guidelines and other monitoring tools also need to be determined. The Secretary-General's Bulletin to establish UNOP should therefore be reviewed in the context of this broader comprehensive framework.

The current external members of the UNFIP Advisory Board, who were to be appointed for a period of two years, have not been rotated since the establishment of the Trust Fund in 1998.

Enhanced monitoring policies and procedures, as well as additional dedicated resources, had positively impacted the management of projects. However, there was no provision for reporting, utilization or disposition of interest income earned by the implementing partners in the project documents or standard agreements between UNFIP and the implementing partners. Further, there were no written agreements to cover the Executive Office of the Secretary-General as a grant recipient.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the United Nations Fund for International Partnerships (UNFIP). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The UNFIP trust fund (QGA) was established on 1 March 1998 by the then Secretary-General as an autonomous trust fund to interface with the United Nations Foundation, Inc. (the Foundation), a not-for-profit organization responsible for administering the Robert E. (Ted) Turner's gift of \$1 billion to the United Nations over a period of 10 years. The Relationship Agreement between the United Nations and the Foundation defines the role of UNFIP, the steps involved in identification of activities and projects to be funded, the reporting requirements in the monitoring and evaluation of projects and activities, and the methodology for the resolution of disputes. The Relationship Agreement was renewed on 18 April 2007 for a period of ten years.

3. As a central mechanism to coordinate, channel and monitor contributions from the Foundation, UNFIP is headed by an Executive Director who reports to the Secretary-General. The UNFIP trust fund which is the financing mechanism is subject to the United Nations regulations and rules. The administrative budget for the trust fund, together with appropriate information on substantive activities is submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for its prior concurrence on an annual basis.

4. The programme support office of UNFIP works with the Foundation to identify and select projects and activities to be funded. For the period from March 1998, when UNFIP was established, to 31 December 2007, an amount of \$1.03 billion was approved and allocated by the Foundation and other funding partners to fund 422 projects utilizing 43 project implementing partners within the United Nations system. The cumulative amount of co-financing from other funding partners was \$597.4 million.

5. For the biennium ended 31 December 2007, the Foundation approved grants totalling \$271.6 million for 51 projects in four thematic areas, as follows: (a) Children's health - \$227.2 million; (b) Population and Women- \$5.4 million; (c) Environment - \$1.7 million; and (d) Peace, Security and Human Rights - \$0.2 million. An additional \$37.1 million was advanced for projects outside the four thematic areas. Since 2000, projects were implemented within the overall framework of the Millennium Development Goals. During 2008, the Foundation approved grants in respect of eight projects totalling \$11.9 million.

6. The administrative costs associated with programme support to UNFIP activities are covered by the Special Account for Programme Support Costs of UNFIP (QAA) and funded from grants from the Foundations. The staffing of UNFIP consists of five professional and five general service staff, in addition to the Executive Director. The special account balance as of 31 December 2007 was \$0.9 million. The administrative budget follows an annual cycle and amounted to \$1.9 million for 2007.

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7. Since 2006, UNFIP's activities have included facilitating United Nations partnerships and alliances with the private sector, foundations and civil society organizations. The partnership-related activities undertaken by UNFIP are consistent with the Foundation's strategy to leverage an additional \$1 billion over the coming years, from partners in support of the United Nations' global challenges. A proposal for establishing the United Nations Office for Partnerships (UNOP) for managing UNFIP, the United Nations Democracy Fund (UNDEF) and providing partnership advisory services to the United Nations system and State and non-State actors is under review by the Department of Management.

8. Comments made by UNFIP are shown in *italics*.

## **II. AUDIT OBJECTIVES**

9. The main objectives of the audit were to:

(a) Determine whether adequate internal controls are in place to ensure (i) UNFIP's compliance with UN regulations, rules and policies, and (ii) effective monitoring and evaluation of its projects and activities; and

(b) Assess whether UNFIP is adequately structured with appropriate staffing to provide programme support.

## **III. AUDIT SCOPE AND METHODOLOGY**

10. The audit covered both the QGA trust fund and QAA special account for the biennium 2006-2007. The audit also covered UNFIP's activities for 2008.

11. The methodology of the audit included interviews with key officials and review of relevant United Nations documents as well as project documentation with a focus on UNFIP's monitoring and evaluation of its projects and its implementing partners. The audit reviewed UNFIP's structure and allocation of responsibilities to evaluate the adequacy of internal controls, and tested the accuracy of selected accounting transactions.

## **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

### **A. Operational activities of UNFIP**

#### Improved financial progress monitoring and reporting

12. As the interface between the Foundation and the United Nations system, UNFIP provides a central mechanism to facilitate the organization, execution, monitoring and reporting for projects and activities funded by the Foundation. UNFIP is therefore responsible for administering these projects and activities.

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13. The Relationship Agreement between the United Nations and the Foundation defines the reporting requirements for the monitoring and evaluation of projects and activities, as well as the role of UNFIP in ensuring compliance with reporting requirements containing financial and substantive performance data for each project approved for funding. This information enables the United Nations and the Foundation to monitor progress on outputs and outcomes in order to determine the efficiency and effectiveness of the projects.

14. The monitoring and evaluation strategy to track the progress of UNFIP-funded projects generally consists of two mechanisms, as follows: (a) financial and budget monitoring and reporting, in the form of semi-annual and annual financial utilization reports, and certified and/or audited financial reports, and (b) annual programme progress reporting, in the form of annual narrative and final narrative reports for the completed projects. As a monitoring tool, UNFIP relies on a tracking and monitoring database containing project-related financial details, including financial information submitted by the implementing partners. Additionally, UNFIP maintains a programme database that monitors the project extensions, project end date, date of receipt of annual progress/final reports, as well as status of final reporting (not due, due or overdue).

15. The Board of Auditors has continually reported on the delayed submission of financial utilization reports and final audited statements that resulted in weak monitoring and delayed closure of projects. A project is considered closed upon receiving all financial and substantive reports from the implementing partner and confirming the project balances with the Accounts Division, as well as the return or re-programming of any unutilized balances.

16. To address the backlog of completed projects pending closure, UNFIP developed a related strategy that was agreed to by the Foundation and the Accounts Division in 2008. Elements of the strategy included modification of the existing policies and guidelines, enhanced project monitoring and evaluation, as well as enhanced communication with the implementing partners.

17. For example, a policy proposal on residual balances was prepared by UNFIP and approved by the Director of the Accounts Division in January 2008, wherein the implementing partner is not required to return or refund unutilized balances of less than \$1,000. An additional policy requires that all unutilized balances over \$1,000 must be returned to UNFIP before any request is made to re-programme the balance. Prior to this policy, the implementing partners retained these amounts until a new project had been approved and these funds could be re-programmed. A revised Handbook on Budget and Finance, as well as New Standard Operating Procedures (SOPs) on the closing of projects and reporting requirements were developed in March 2008, and provide details on the roles and responsibilities, as well as the closing procedures and various deadlines to ensure that completed projects are efficiently closed.

18. UNFIP also instituted quarterly reporting and reconciliation of outstanding project balances with relevant follow-up action through the closing of completed projects. Furthermore, the Director of the Accounts Division sent a memorandum to

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the Heads of Finance/Controllers of the implementing partners reminding them of their responsibility to submit timely semi-annual and year-end reports.

19. The audit confirmed that the enhanced monitoring policies and procedures, as well as additional dedicated resources had positively impacted the rate of submission of reports and closing of completed projects. For example, the 2007 submission of semi-annual reports improved from 22 per cent (39 reports) to 51 per cent (62 reports). Submission of 2007 annual reports due by 15 February 2008 has also improved, 95 per cent (179 reports) being received in respect of the 2006-2007 biennium accounts closing. According to the UNFIP tracking database, 500 projects with an aggregate budget of approximately \$662 million were reported as completed as of 1 January 2008. From 1998 through March 2008, 178 projects representing 35 per cent have been closed. UNFIP estimated that approximately 60 per cent of the remaining projects will be closed by the year-end 2008.

Project balances need to be cleared

20. As part of the audit procedures, OIOS analyzed a sample of 30 on-going and completed projects with an aggregate value of \$117 million. For four completed projects, unutilized balances with an aggregate value of \$315,620 have not been returned to UNFIP. According to the revised UNFIP Handbook, completed projects are only considered closed upon receipt of the unutilized balance that should be returned. However, the Handbook did not specify the time frames within which the unspent balances on projects should be refunded to UNFIP. *UNFIP stated that the issue was discussed with the Foundation in 2008, though no agreement was reached.* Table 1 presents a summary of the above-mentioned projects:

**Table 1: Unutilized project balances not returned by the implementing partners**

<b>Project</b>	<b>Unutilized balance USD</b>
UDP-GLO-99-078	15,751
UDP-GLO-99-103	231,396
SCO-GLO-00-142	50,694
ELA-RLA-99-044	17,779
<b>TOTAL</b>	<b>315,620</b>

21. *UNFIP stated that for Project SCO-GLO-00-142 the end date of the project was 31 December 2007, and that UNFIP has not yet received the final financial report upon which the refund of unutilized balances is based. Project ELA-RLA-99 is an allotment funded project, and the unutilized balance resides in the UNFIP account.*

22. From a review of a sample of projects approved in 2008, OIOS noted that there was no provision for reporting, utilization or disposition of interest income earned by the implementing partners in the project documents or standard agreements between UNFIP and the implementing partners. Therefore, only some projects reported interest income earned by implementing partners. Furthermore, projects involving third party financing do not report any interest income on the cash portion advanced by the Foundation.

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### **Recommendation 1**

**(1) The UNFIP Administration should recover the unspent project balances for the completed projects.**

23. *The UNFIP Administration accepted recommendation 1 and stated that it is taking all necessary actions to recover the unspent balance for the completed projects. Recommendation 1 remains open pending receipt of documentation indicating that the unspent balances were returned to UNFIP.*

### **Recommendation 2**

**(2) The UNFIP Administration should formalize instructions on the utilization, reporting and disposition of interest income in the standard agreement with implementing partners. The same provisions should also cover interest income earned by the implementing partners on cash advances to the projects.**

23. *The UNFIP Administration accepted recommendation 2 and stated that is working with the Foundation on developing a policy concerning interest income earned by implementing partners. Once agreement is reached, UNFIP will formalize instructions on the utilization, reporting and disposing of interest income, including those related to cash advances. Recommendation 2 remains open pending receipt of documentation indicating that the instructions were developed and disseminated.*

### **Improved programme progress monitoring and reporting**

24. Implementing partners submit an annual progress report that summarizes the results of project activities during the previous year and provides a work plan for the forthcoming year. UNFIP created a new streamlined guideline for the annual progress reports that provides for a consolidated annual report in 2007. The guideline limits the length of the report to an executive summary of four pages. The 2007 submission of the annual progress reports improved from 45 per cent (56 reports) to 91 per cent (447 reports).

25. Upon project completion, a final narrative report is required to be submitted that should include a detailed assessment or evaluation of project accomplishments as set out in the applicable project document. According to the UNFIP tracking database, as of the review date, 19 final narrative reports are pending submission for the completed projects.

26. During 2007, UNFIP analyzed the final narrative reports for lessons learned and best practices, and rated the projects' performance in the areas of relevance, effectiveness, efficiency, sustainability and impact for future use by UNFIP and the Foundation. UNFIP's Programme Section compiles the information in the form of a global assessment report for each completed project. During 2007, UNFIP completed 55 per cent (265 reports) of the outstanding global assessment reports for the completed projects. According to the UNFIP tracking database, as of review date, the number of outstanding global assessment reports is 145.

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### **Recommendation 3**

**(3) The UNFIP Administration should clear the backlog of global assessment reports for the completed projects in order to develop lessons learned and best practices.**

27. *The UNFIP Administration accepted recommendation 3 and stated that it was taking all necessary actions to clear the backlog of global assessment reports. Recommendation 3 remains open pending receipt of documentation evidencing that the backlog of global assessment reports has been cleared.*

#### No written agreements with the Executive Office of the Secretary-General

28. The working arrangements of UNFIP with each of its United Nations implementing partners are governed by the provisions of basic implementation agreements or a memorandum of understanding signed by the parties. These legal agreements provide UNFIP with the assurance that the established modalities will be used to support the resource flows from the private sector to the United Nations system.

29. During the period 2000-2007, UNFIP provided funding for nine projects proposed by the Executive Office of the Secretary-General (EOSG). The aggregate value of the nine projects covering various initiatives was around \$9 million. OIOS noted that there is no written agreement with the EOSG. As a result, each project had different reporting requirements in terms of financial and substantive reports to be provided to UNFIP. Furthermore, there was no reporting on the utilization of interest income earned by any of the projects. *UNFIP stated that the projects undertaken by the EOSG are through an allotment, and consequently the interest income earned is accrued in the UNFIP account and there is no need for separate reporting.* Notwithstanding the reporting relationship of UNFIP and the Secretary-General, in OIOS' view, a written agreement should have been entered into, between UNFIP and the grant recipient, in accordance with the established procedures and as applicable to other grant recipients. *UNFIP stated that of the nine projects proposed by the EOSG for funding, five are executed by UN Departments and/or Agencies with whom UNFIP has signed agreements, while the remaining four projects were being executed by the EOSG.*

### **Recommendation 4**

**(4) The UNFIP Administration should enter into a written agreement for grants disbursed to the Executive Office of the Secretary-General.**

30. *The UNFIP Administration accepted recommendation 4 and stated that it will finalize the standard Memorandum of Understanding (MOU) agreement with the EOSG. Recommendation 4 remains open pending receipt of the MOU with the EOSG.*

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No rotation of the Advisory Board external members

31. In accordance with the Relationship Agreement, the Secretary-General has established an Advisory Board to assist him in reviewing proposals received by UNFIP for funding by the Foundation. UNFIP's Advisory Board is chaired by the Deputy Secretary-General and comprises ten members, who are appointed by the Secretary-General to provide broad policy guidance, and to assist in the identification and review of UNFIP projects. OIOS found that while the UNFIP's Advisory Board members are to be appointed for a period of two years, the external members had not changed since the establishment of the Trust Fund in 1998. *UNFIP stated that the non-rotation of the external members was implemented to ensure continuity of institutional memory as the other members are subject to rotation. Accordingly, it was specified that retention of the external members up to 2009 would be helpful, while the review is undertaken to expand the role of the UNFIP Advisory Board to reflect the broader partnership work being done by UNOP.*

**Recommendation 5**

**(5) The UNFIP Administration should request the Secretary-General to ensure the rotation of external members of the UNFIP Advisory Board in accordance with the Board's terms of reference.**

32. *The UNFIP Administration accepted recommendation 5 and stated that it intends to modify the terms and composition of the UNFIP Advisory Board and to rename it as the UNOP Advisory Board and will address the issue of the rotation of external members in this broader context.* Recommendation 5 remains open pending receipt of documentation indicating that the terms and composition of the UNOP Advisory Board addresses the issue of rotation of external members.

**B. Governance mechanism for the United Nations Office for Partnerships**

The UNOP mandate, organizational structure and programme of work need to be formalized

33. In his report (A/57/387) on "Strengthening the United Nations: An agenda for further change" the then Secretary-General indicated his intention to create a Partnership Office with a view to having a single focal point for the Organization's engagement with the private sector and philanthropic organizations. A Partnership Office was to be created accordingly, to regroup the Global Compact Office (GCO) and UNFIP under one common umbrella.

34. Since 2006, UNFIP's activities expanded from an exclusive focus on the projects and activities funded by the Foundation, to include acting as a facilitator for new United Nations partnerships and alliances with the private sector, foundations and civil society organizations. By leveraging activities such as providing expertise for the United Nations system in developing partnerships, and assisting a broad range of civil society and business actors in related partnership arrangements, UNFIP secured recognition in the system, as attested by successive General Assembly resolutions and related reports.

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35. The partnership-building activities undertaken by UNFIP are consistent with the mandate of the 2005 World Summit Outcome which promotes collaboration and alliances in furtherance of the Millennium Development Goals (MDGs). They are aimed at educating the public about the work of the Organization and engaging new partners for the United Nations. The increasing demand for partnership advisory services by the Organization, State and non-State actors led to the evolution of UNOP. As initially acknowledged in 2007, UNOP seeks to serve as a gateway between the United Nations system and the private sector, foundations and civil society, in accordance with the partnership-related initiative highlighted in the document "Strengthening the United Nations: An agenda for further change".

36. However, there is no formal United Nations mandate assigned to UNOP. The draft Secretary-General's Bulletin (ST/SGB) spelling out UNOP's core functions and organization structure is pending promulgation by the Department of Management. It should be noted that at present there is no United Nations body/office specifically tasked with a global mandate for engaging new, outside partners.

37. OIOS noted that the proposed Secretary-General's Bulletin does not contain details on the governance framework to be applied to the partnership initiative. Further, its jurisdiction would cover the United Nations Secretariat, Funds and Programmes and Specialized Agencies. Not only was it to service the partnerships arising through the Foundation, but was also to serve as a gateway for enquiries from governments, the private sector, foundations and civil society, with a view to facilitating innovative partnerships and alliances with the United Nations system. In addition, UNOP was to provide technical advice to potential private sector, Foundation and civil society partners on partnership opportunities with the UN and help manage global and regional networks. *UNFIP stated that the ST/SGB should spell out UNOP's global mandate for engaging new external partners.*

37. The 2007 report of the Secretary-General on "Enhanced cooperation between the UN and all relevant partners, in particular the private sector" (A/62/341) noted that partner selection processes are critical to the success of United Nations programmes, and the risk of not having a proper process could affect the reputation and integrity of the Organization. GCO is currently tasked with preparing the guidelines for identifying and fostering partnerships after updating the inventory of guidelines for the entire United Nations system. General Assembly resolution 62/211 encourages the UN system to continue to develop, for those partnerships in which it participates, a common and systemic approach with emphasis on impact, transparency, accountability and sustainability.

38. While OIOS believes that UNOP has exercised a leadership role in providing a gateway to partners, the Secretary-General, in consultation with Chief Executives Board and the General Assembly, should create a comprehensive framework to guide, monitor and oversee the partnerships undertaken by the United Nations. This framework should indicate the jurisdiction that is to be covered, i.e., the United Nations Secretariat, Funds and Programmes and Specialized Agencies and the office that will lead for this activity, including the distribution of responsibilities to be assigned to UNOP and GCO. Criteria for entering into partnerships, guidelines and other monitoring tools also need to be determined. The Secretary-General's Bulletin

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establishing UNOP should therefore be reviewed in the context of this broader comprehensive framework. *UNFIP stated that it agrees on the need for wider inter-agency coordination, to be conducted in consultation with the Chief Executives Board and the General Assembly, to create a comprehensive framework for partnerships undertaken by the United Nations.*

39. UNFIP, together with its newly established Partnership Advisory Services and Outreach Unit became part of the proposed UNOP. UNFIP's current governance structure and process do not extend to UNOP. The Relationship Agreement renewed in 2007 between the United Nations and the Foundation outlines the functional details of the governance framework applicable to UNFIP, but it does not entirely reflect UNOP's current functions. Therefore, the Relationship Agreement, and possibly also UNFIP's current Advisory Board, should be reviewed in the context of creating the comprehensive framework of the United Nations and its partnerships, including the role of UNOP in this framework. *UNFIP stated that while the Relationship Agreement between the UNFIP and the Foundation provides a sound and sufficient legal framework for the partnerships, it intends to review this once the ST/SGB is completed. UNFIP further stated that it intends to replace the UNFIP Advisory Board with the UNOP Advisory Board, which would be responsible for overseeing all partnership building initiatives for UNOP.*

#### **Recommendation 6**

**(6) The Secretary-General, in consultation with Chief Executives Board and the General Assembly, should create a comprehensive framework to guide, monitor and oversee the partnerships undertaken by the United Nations.**

#### **Recommendation 7**

**(7) The Secretary-General should review the existing Relationship Agreement between the United Nations and the Foundation and the composition of the Advisory Board, in light of the roles attributed to UNFIP and/or UNOP, as part of the creation of the comprehensive framework on United Nations partnerships.**

38. *The EOSG accepted recommendations 6 and 7 and agreed that there is a need to streamline the partnership development process. A full review of the governance and membership structure is planned for 2009 with a view to handling broader partnerships (i.e. going beyond the UNFIP mandate) taking into account the substantial growth of new partnership projects and initiatives in recent years. Recommendation 6 remains open pending receipt of documentation indicating that a comprehensive framework on partnerships undertaken by the United Nations has been created. Recommendation 7 remains open pending receipt of documentation indicating the completion of the United Nations partnerships review of the governance and membership structure.*

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## **V. ACKNOWLEDGEMENT**

39. We wish to express our appreciation to the Management and staff of UNFIP for the assistance and cooperation extended to the auditors during this assignment.

## ANNEX 1

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1.	The UNFIP Administration should recover the unspent project balances for the completed projects.	Financial	Medium	0	Documentation indicating the recovery of the unspent balances.	31/12/2009
2.	The UNFIP Administration should formalize instructions on the utilization, reporting and disposition of interest income in the standard agreement with implementing partners. The same provisions should also cover interest income earned by the implementing partners on cash advances to the projects.	Financial	Medium	0	Documentation indicating that the instructions on the utilization, reporting and disposition of interest income were developed and disseminated.	31/12/2009
3.	The UNFIP Administration should clear the backlog of global assessment reports, for the completed projects in order to develop lessons learned and best practices.	Operational	Low	0	Documentation evidencing the backlog of global assessment reports has been cleared.	31/12/2009
4.	The UNFIP Administration should enter into a written agreement for grants disbursed to the Executive Office of the Secretary-General.	Governance	Medium	0	Documentation indicating that the standard Memorandum of Understanding (MOU) agreement with the EOSG was concluded.	30/06/2009
5.	The UNFIP Administration should request the Secretary-General to ensure the rotation of external members of the UNFIP Advisory Board in accordance with the Board's terms of reference.	Governance	Medium	0	Documentation indicating that the terms and composition of the UNOP Advisory Board address the issue of rotation of external members.	31/12/2010
6.	The Secretary-General, in consultation with Chief Executives Board and the General Assembly, should create a comprehensive framework to guide, monitor and oversee the partnerships undertaken by the United Nations.	Governance	High	0	Documentation indicating that a comprehensive framework on partnerships undertaken by the United Nations has been created.	31/12/2010
7.	The Secretary-General should review the existing Relationship Agreement between the	Governance	High	0	Documentation indicating the completion of the United Nations partnerships reviews of	31/12/2010

Recom. no.	Recommendation	Risk category	Risk rating	C/ O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
	United Nations and the Foundation and the composition of the Advisory Board, in light of the roles attributed to UNFIP and/or UNOP, as part of the creation of the comprehensive framework on United Nations partnerships.				the governance and membership structure.	

1. C = closed, O = open

2. Date provided by UNFIP in response to recommendations.