

ANNEX I

SUMMARY OF RECOMMENDATIONS

Audit of financial performance of UNEP/MAP

Para. no.	Recommendation	Accepted? (Yes/No)	Implementation date	Client comments
17	The Executive Director of UNEP should ensure that MAP budget proposals are corrected to reflect income projections accurately.	Yes	Completed	<p>The proposed 2012-2013 budget is based on the MTF assessed contributions for 2012-2013, the yearly contribution by the Government of Greece (US \$ 400,000) and the annual voluntary contribution from the European Union. No prior year unpaid pledges have been included, nor any interest income.</p> <p>With regards to the current COP-approved 2010-2011 budget, UNEP has already revised income projections and has taken a number of immediate measures to limit expenditures within the revised income projections.</p> <p>These included MTF budget reductions for the RAC's and the Secretariat by 14%, a budget reduction on the CAL account of US \$ 200,000 and a strict monitoring of administrative and post expenditures. In addition, UNEP has provided a one-time contribution of US \$ 1,013,191 from its Special Account for Programme Support Costs to reduce the MTF deficit.</p> <p>Furthermore, UNEP, in close cooperation with the Contracting Parties, has undertaken dedicated efforts to follow up on unpaid prior year pledges, which have been reduced to US \$ 491,438 as at 30 June 2011 and pertain in essence to one country.</p>
20	The Executive Director of UNEP should involve UNEP Headquarters in reviewing and clearing draft budget proposals for UNEP/MAP prior to their submission to the Contracting Parties for approval.	Yes	November 2011	<p>The Executive Director has extended the standing instructions, that all budget proposals for MEA's have to be reviewed and endorsed by UNEP Headquarters prior to submission to the COP, to the Regional Seas Programmes including MAP. To further strengthen this process, UNEP has established the position of Senior Trust Fund Manager within the Corporate</p>

				Services Section, while more detailed budget and allotment approval procedures are being finalized.
21	The Executive Director of UNEP should determine accountability of UNEP/MAP Administrative and Fund Management Officers for the preparation of the inappropriate budget proposals and the UNEP/MAP Coordinators for inability to detect the inappropriateness of budget proposals that were presented to Contracting Parties for the budget period 1994 to 2011.	Yes	March 2012	A panel of qualified UN staff will be established by the Executive Director to review the budget proposals and provide findings and recommendations on possible negligence by any of the actors involved. The Executive Director will advise the COP and OIOS of the outcome of the review and further corrective action to be taken.
25	The Executive Director of UNEP should request the Contracting Parties to reimburse funds spent on project activities approved by the Parties but not funded because of over-estimation of income in the budget proposals.	Yes	January 2012	The adoption of a budget based on an over-estimation of income has led to the implementation of more programme activities than actual funding allowed. This has resulted in a financial deficit. UNEP has already presented initial scenarios for deficit recovery to the Bureau of the Barcelona Convention in November 2010, and is in the process of developing more elaborate scenarios for deficit recovery for review by the Extraordinary Meeting of the Bureau later this year and approval by the COP at its next session.
26	The Executive Director of UNEP should establish adequate controls for the creation of allotments to ensure commitments do not exceed available resources.	Yes	November 2011	See item 20. All allotments will be cleared with the Corporate Services Section prior to entering into the IMIS system.
27	The Executive Director of UNEP should determine accountability of UNEP staff for the creation of inappropriate allotments to fund MAP activities and for their inability to detect the inappropriateness of allotments by those responsible for oversight.	Yes	March 2012	A panel of qualified UN staff will be established by the Executive Director to review the allotments issued and provide findings and recommendations on possible negligence by any of the actors involved. The Executive Director will advise the COP and OIOS of the outcome of the review and further corrective action to be taken.
32	The Executive Director of UNEP should set up inter-fund borrowing limits to prompt management intervention against excessive borrowing by funds administered by UNEP.	No		This recommendation falls outside of the prerogative of the ED, UNEP. Inter-fund transfers are a financial accounting mechanism to deal with temporary cash flow deficiencies on certain accounts/trust funds, and as such are regulated by the Department of Management, or within the Nairobi context, UNON. In recommendations 17, 20, 26 UNEP has already committed itself to the development of adequate income projections, budget proposals and realistic

				allotments, which should reduce or eliminate the necessity of inter-fund transfers. In addition, UNEP, in close collaboration with UNON, will closely monitor on a regular basis its fund balances on all trust funds.
33	The Executive Director of UNEP should clearly define and agree with the Director-General of UNON what services, and related responsibility, UNON should be providing to UNEP Offices Away from Headquarters (OAH), such as UNEP/MAP in this case, in order to enhance accountability.	Yes	March 2012	UNEP will engage in high level consultations with UNON and the Department of Management to delineate the exact definitions of delegation of authority and responsibility between UNEP and UNON on financial and all other administrative matters, including HR.
40	The Executive Director of UNEP should review the existing mechanism for monitoring and management of advances to ensure that no new advances are made until the previous ones have been fully justified and recorded in the accounting system.	Yes	completed	UNEP has issued instructions on 26 July 2011 to the RAC's that no new cash advances will be paid until the previous ones have been reported and approved. In addition, the obligation of cash advances and recording of expenditures in IMIS has been decentralized to the UNEP/MAP in order to speed up the process of obligating and recording of expenditures, whilst at the same time assuring a higher level of accuracy by having a single entry point of recording data.
41	The Executive Director of UNEP should ensure that UNEP undertakes a full review of its actual outstanding advances for each Regional Activity Centre and take corrective actions on inaccuracies.	Yes	February 2012	As recognized by OIOS (paragraph 36), UNEP has already made substantial progress in the reduction of outstanding advances. UNEP, in cooperation with the RAC's and UNON will undertake a further detailed review of outstanding advances and take corrective actions with regards to inaccuracies relating to currencies, programme support costs and exchange rate differences.
45	The Executive Director of UNEP should develop a strategy to deal with the challenges of recording and reporting UNEP/MAP transactions denominated in Euros.	No		This recommendation falls outside of the prerogative of the ED of UNEP and rests with UNON. As indicated in the report, the decision to use the Euro as currency was taken by the Bureau of the Barcelona Convention and UNON was requested by the UN Controller to facilitate this decision "without compromising the Financial Regulations that the US dollar must be the currency in which the United Nations accounts are maintained". As per Financial Regulations 2.2 and 6.3 the UN secretariat accounting system is based on a single

				<p>currency (US \$), and is not geared towards multi-currency accounting. It is the understanding of UNEP that UNON, within the limits outlined above, is already using standard UN-Secretariat accounting practices to report on expenditures in Euros, based on its US\$ accounts. Nevertheless, UNEP will request UNON to review its accounting practices for recording and reporting in Euros, and in particular the IMIS Euro reporting tool which was developed by UNON for MAP.</p>
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