



**Convention on
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**REPORT ON THE AUDIT OF SECRETARIAT OF THE CONVENTION ON BIOLOGICAL
DIVERSITY BY THE OFFICE OF INTERNAL OVERSIGHT SERVICES**

1. In accordance with its mandate and as part of the audit of the United Nations Environment Programme (UNEP), the United Nations Office of Internal Oversight Services (OIOS) conducted an audit of the Secretariat of the Convention on Biological Diversity in March 2013.
2. The objective of the audit was to assess the adequacy and effectiveness of the Secretariat's governance, risk management and control processes in providing reasonable assurance regarding the efficient and effective administrative support provided to the Convention for Biological Diversity and the related Cartagena Protocol on Biosafety.
3. The audit report issued by the Office of Internal Oversight Services and detailing the observations of the auditors is being made available to the Conference of the Parties as an information document.



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/078

Audit of the United Nations Environment Programme's Secretariat of the Convention on Biological Diversity

Overall results relating to the provision of efficient and effective administrative support by the Secretariat of the Convention on Biological Diversity were initially assessed as partially satisfactory. Implementation of eight important recommendations remains in progress.

**FINAL OVERALL RATING: PARTIALLY
SATISFACTORY**

**27 September 2013
Assignment No. AA2013/220/01**

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AUDIT REPORT

Audit of the United Nations Environment Programme's Secretariat of the Convention on Biological Diversity

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Environment Programme's (UNEP) Secretariat of the Convention on Biological Diversity (SCBD or the Secretariat).

2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3. The Convention on Biological Diversity (CBD or the Convention) entered into force on 29 December 1993 with three main objectives: (a) the conservation of biological diversity; (b) the sustainable use of its components; and (c) the fair and equitable sharing of the benefits from the use of genetic resources. The Convention had the participation of 188 Parties and was governed by a Conference of the Parties (COP). SCBD was established to support the Convention and is located in Montreal, Canada.

4. The Cartagena Protocol on Biosafety, which was adopted on 29 January 2000, is an international agreement which aims to ensure the safe handling, transport and use of living modified organisms resulting from modern biotechnology that may have adverse effects on biological diversity, taking also into account risks to human health. After the Protocol entered into force in 2003, a new governing body for the parties to the Protocol was established, namely the Conference of the Parties serving as the meeting of the Parties to the Cartagena Protocol on Biosafety (COP-MOP).

5. COP and COP-MOP agreed in 2008 to share the cost of the Secretariat on a ratio of 85:15 for the biennium 2011-2012. Both governing bodies met every two years, back to back, to deliberate on substantive and administrative issues. Their decisions made up the work-plans for the following biennium. In the interim, to facilitate implementation, a Bureau for the Convention and another one for the Protocol were established.

6. The functions of SCBD were to:

- Arrange for and service meetings of the COP;
- Perform the functions assigned to it by any subsequent protocol;
- Prepare reports on the execution of its functions and present them to the COP;
- Coordinate with other relevant international bodies; and
- Perform any other functions as may be determined by the COP.

7. The Parties to the Convention established seven trust funds to meet the costs of administering the Convention, including the costs of the Secretariat. Two general trust funds were used to meet the expenditures related to core activities and five were used for non-core extra-budgetary expenditures for technical assistance and enabling developing countries and countries in transition to participate at meetings.

8. Voluntary and assessed contributions were approximately \$133 million for the period 2010-2012. As at 31 December 2012, working capital reserves for the two core funds were approximately \$1.2 million, and \$0.2 million respectively and carry over balances were \$1.9 million and \$0.7 million respectively.

9. The Secretariat is headed by an Executive Secretary at the Assistant Secretary-General (ASG) level. The COP, in consultation with the Executive Director of UNEP and the Secretary-General of the United Nations, appoints the Executive Secretary for a renewable term of three years. The Secretariat's staffing table for the years 2009 to 2012 remained almost unchanged, with minor variations as shown in Table 1 below.

Table 1: SCBD staffing tables

	ASG	D-1	P-5	P-4	P-3	P-2	Total (Professional & above category)	General Service Staff	Total
2009	1	3	4	15	7	1	31	26	57
2010	1	3	4	15	7	1	31	26	57
2011	1	4	4	14	8	1	32	27	59
2012	1	4	4	14	8	1	32	27	59

10. Comments provided by UNEP are incorporated in italics.

II. OBJECTIVE AND SCOPE

11. The audit was conducted to assess the adequacy and effectiveness of the Secretariat's governance, risk management and control processes in providing reasonable assurance regarding the **provision of efficient and effective administrative support by the SCBD**.

12. The audit was included in the 2013 internal audit work plan based on the risk assessment of UNEP, which highlighted high operational and compliance risks in the delivery of administrative services to the Convention.

13. The key controls tested for the audit were: (a) coordinated management mechanisms; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Coordinated management mechanisms** – controls that provide reasonable assurance that potential overlaps in the performance of a function or the delivery of administrative support are mitigated, and that issues affecting or involving other United Nations partners and actors are identified and resolved timely and appropriately.

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of SCBD; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

14. The key controls were assessed for the control objectives shown in Table 2. Certain control objectives (shown in Table 2 as "Not assessed") were not relevant to the scope defined for this audit.

15. OIOS conducted the audit from 21 February 2013 to 25 April 2013 in Montreal, Canada. The audit covered the period from 1 January 2010 to 31 December 2012.

16. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

17. The Secretariat’s governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding **the provision of efficient and effective administrative support by the SCBD**. OIOS made eight recommendations to address the issues identified in the audit. The coordinated management mechanisms between SCBD and UNEP were outlined in the revised administrative arrangements and were assessed as satisfactory. Budgeting and financial reporting were performed in accordance with the existing regulations, rules and procedures. The regulatory framework, however, was assessed as partially satisfactory because SCBD needed to comply with policies and procedures related to procuring goods and services, administering travel of staff and delegates, and contracting translators for conference services.

18. The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of 8 important recommendations remains in progress.

Table 2: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Provision of effective and efficient administrative support by SCBD	(a) Coordinated management mechanisms	Satisfactory	Satisfactory	Not assessed	Satisfactory
	(c) Regulatory framework	Partially satisfactory	Satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Coordinated management mechanisms

Administrative arrangements were formalized in a written agreement between UNEP and SCBD

19. According to the administrative arrangements adopted by the COP in October 2010, UNEP provided to SCBD directly, or through the United Nations Office at Nairobi (UNON), a number of services including administration of trust funds, accounting, payment approval, payroll, recording of obligations, disbursement of expenditures, facilitation of conference services, as well as financial reports in accordance with established procedures.

20. However, there was no service level agreement between SCBD and UNEP governing the provision of services by UNEP and UNON. A service level agreement (SLA) similar to the one between UNON and UNEP could be adopted to govern the provision of services and ensure clear understanding about the services, priorities, roles and responsibilities of the parties. *UNEP stated that in lieu of*

establishing separate SLAs for SCBD, UNEP proposed to: (a) involve the SCBD Secretariat in forthcoming discussions with UNON related to the updating of the UNEP-UNON SLA to ensure that SCBD's requirements are fully taken into account; and (b) further refine the implementation of the existing MOU between the CBD and UNEP secretariats by describing in further detail the distribution of programme support tasks. In view of the actions proposed to be taken by UNEP, no recommendation was made.

B. Regulatory framework

Working capital reserve needs to be adjusted to the level prescribed by ST/AI/284 on General Trust Funds

21. ST/AI/284 on General Trust Funds states that normally an operating cash reserve at a constant level of 15 per cent of estimated annual planned expenditures will be maintained during the implementation of trust fund activities to cover shortfalls and will be utilized to meet the financial expenditures under the trust fund, including any liquidating liabilities.

22. However, based on a COP and COP-MOP decision, SCBD maintained a working capital reserve of 10 per cent of the annual core funding. This was two-thirds of the 15 per cent prescribed by ST/AI/284. In addition to the working capital reserve, both the Convention and the Protocol core funding relied on a reserve, referred to as carry-over balance, which consisted of unspent allocations at the end of the biennium as a result of lower cost of activities, non-filling of posts, activities financed from other sources (savings), and contributions received during a given year for prior years' pledges (surplus). However, for each biennium the Parties decided to partially use the carry-over balance to reduce the assessed contributions for the following biennium.

23. At the time of audit, the working capital reserve and carry-over balances were considered adequate for the level of activities being undertaken. However, there could be a need for COP and the COP-MOP to increase the level of the reserve to the prescribed level of 15 per cent in view of: the practice by the Parties to use the carry-over balance to offset their own assessed contributions for the following budget period; and the imminent adoption of the International Public Sector Accounting Principles (IPSAS) which may require recognition of new long-term liabilities of the Convention.

(1) The Executive Secretary of SCBD should propose to COP and COP-MOP an alignment of the working capital reserves to the level of 15 per cent of the estimated annual budget expenditure as prescribed by ST/AI 284.

UNEP accepted recommendation 1 and stated that the Executive Secretary will propose at the next Conference of the Parties in 2014 to adjust the working capital reserve in line with the ST/AI/284. Recommendation 1 remains open pending receipt of evidence that the level of working capital reserve has been aligned with the level prescribed in ST/AI/284.

Budgeting and reporting controls were functioning satisfactorily

24. COP and COP-MOP approved the budgets of the Convention and the Protocol during their biennial meetings. Budgets were prepared providing three scenarios and implications: at required growth; at 7.5 per cent growth; and at no growth. The approved budgets for each biennium were funded using contributions from the host country and the savings and surpluses from previous biennia, plus fresh assessed contributions from the Parties. Allotments were issued at the beginning of each year for the full amount of the approved annual core budget. Any shortfall in funding during the year was covered by use of the working capital reserve and surplus. The Executive Secretary of SCBD committed resources only if

such commitments were within the approved budgets and within available resources, including unspent balances (savings), contributions from previous years (surplus), and miscellaneous income.

25. In addition to the core funding, COP and COP-MOP also approved work plans and related budgets for additional activities to be funded by voluntary contributions and to be implemented to the extent the actual funding allowed. Biennial reports on administration were presented to COP and COP-MOP during its meetings. The expenditures reviewed during the audit were duly certified and authorized and in line with the activities mandated by the Parties through the approved work plan and related budgets.

Need to establish a local vendor roster and record the rationale for vendor selection

26. Section 9.15 of the Procurement Manual (2010) did not require formal solicitation for the procurement of services and goods valued less than \$4,000. If goods under a system contract or standardized purchase with a specific vendor were not available, the procurement officer was to obtain informal quotes via telephone, electronic mail and facsimile, in person or via quotations available on the internet. To ensure economy, efficiency and fair market prices, the Procurement Officer was required to assess the quotation with the best value for money offer and record the assessment in a written note to the procurement case file. Accordingly, SCBD solicited procurement transactions with a value below \$4,000 through informal quotations. However, there was inadequate documentation on file to show the rationale for the selection. Sometimes, SCBD directly contacted vendors that were used previously. No local vendor roster was established to facilitate the identification of vendors and ensure adequate competition for the sourcing of goods and services in the local market.

(2) The Executive Secretary of SCBD should establish a local vendor roster to facilitate competitive solicitation of local procurement and ensure that the rationale for selection of vendors is recorded in case files.

UNEP accepted recommendation 2 and stated that the Executive Secretary will formally establish a local vendor roster as per procurement rules. Recommendation 2 remains open pending receipt of evidence that a local vendor roster has been established, and that the rationale for selection of vendors is recorded in the case files.

Need to comply with bid solicitation procedures

27. For individual acquisitions with a value between \$40,000 and \$150,000, Section 9.3 of the Procurement Manual required that all registered vendors for the particular goods, services or works be invited to participate through the issuance of a request for an expression of interest (REOI) and publication of a synopsis of the REOI on the UN/Procurement Division website. Procurement of goods with standard and clear specifications and a total estimated value in excess of \$40,000 required an invitation to bid (ITB) to a minimum of ten vendors. For procurement of goods, services or works with standard and clear specifications valued between \$4,000 and \$40,000, a request for quotation (RFQ) was to be issued to a minimum of five vendors.

28. In a review of 39 procurement transactions for the period from January 2010 to December 2012, the following were noted:

- In 12 cases with values between \$40,000 and \$150,000 and amounting to \$829,230 (or 18 per cent of all procurements undertaken in the period), the minimum requirement to invite ten vendors to bid was not met. Nine out of these 12 cases amounting to \$620,813 were single

sourced while in three cases amounting to \$208,417, between three and six vendors were invited to bid, which was less than the minimum requirement of ten bidders. Moreover, no REOI was published on the UN/Procurement Division website;

- In 27 cases with values between \$4,000 and \$40,000 amounting to \$512,305 (or 11 per cent of all procurements undertaken in the period), the minimum requirement to invite 5 vendors to bid was not met. Eighteen out of these 27 cases amounting to \$299,372 were single sourced while in nine cases amounting to \$212,933, between two and four vendors were invited to bid.

(3) The Executive Secretary of SCBD should ensure that the bid solicitation procedures prescribed in the Procurement Manual are fully complied with.

UNEP accepted recommendation 3 and stated that in May 2013 detailed procurement training was delivered to CBD staff to ensure compliance. Based on the action taken by UNEP, recommendation 3 has been closed.

Need to conduct vendor performance evaluations

29. According to Chapter 15 of the Procurement Manual, contract management included vendor performance evaluations and ratings on timely delivery, quality and assistance to the requisitioner. The Procurement Office, in cooperation with the requisitioner and/or end-user, was to ensure that adequate vendor performance evaluations were conducted and reported in a timely manner. Extensions of existing contracts were to be done after the evaluation of past performance, and provided that the maximum duration of five years was not exceeded, after which a new solicitation process was required to derive best value for money. A total of 17 out of 39 sampled procurement cases reviewed during the audit were recurring service contracts valued at \$583,714, representing 12 per cent of all procurement transactions undertaken between January 2010 and December 2012. These contracts, however, were tacitly renewed without vendor performance evaluations. Further, two contracts exceeded the maximum duration of five years and should have been subjected to a new competitive process.

(4) The Executive Secretary of SCBD should introduce measures for evaluating the performance of the vendors, conduct performance evaluations of contractors prior to extending or renewing service contracts, and re-bid each contract after a maximum of five years to derive best value for money and comply with the Procurement Manual.

UNEP accepted recommendation 4 and stated that the Executive Secretary will ensure that vendors are effectively evaluated before renewing service contracts and contracts will be regularly rebid. Recommendation 4 remains open pending receipt of evidence that it has been implemented.

The Procurement Review Group needed to be established

30. In a memorandum dated 15 October 2003, the Director of Administration of UNON required SCBD to constitute a Procurement Review Group to review procurement cases with values between \$70,000 and \$150,000. Terms of reference for the Procurement Review Group were included in the memorandum.

31. However, the Procurement Review Group was never established as a permanent entity but met on ad hoc basis for two contracts valued at \$95,000 and \$40,000 respectively. In the period under review, 12 procurement cases, representing 18 per cent of all procurements undertaken in the period, qualified for review by the Procurement Review Group. Therefore, there was no assurance of adequate oversight over procurement cases due to non-compliance with the UNON directive.

(5) The Executive Secretary of SCBD should formally establish a Procurement Review Group for procurements between \$70,000 and \$150,000 to ensure adequate oversight over procurement activities.

UNEP accepted recommendation 5 and stated that a Procurement Review Group will be re-established, in consultation with UNEP and UNON. Recommendation 5 remains open pending receipt of evidence that a Procurement Review Group has been established.

Non-compliance with ST/AI/2006/4 on Official Travel in cases of combined official and personal travel

32. According to ST/AI/2006/4 on Official Travel, staff members were responsible for provision of personal funds to meet increased costs of official travel when combining official travel with personal travel. Three of the 35 sampled travel authorizations reviewed, amounting to \$57,697, involved a combination of official travel and personal travel stop-overs for annual leave. In these three cases, the travel agent should have provided quotations with and without the personal travel stop-overs and the staff member should have paid the difference, if any. However there was no evidence on file that this was done. As such, there was no assurance that the combination of official and personal travel was at no additional costs to the organization.

(6) The Executive Secretary of SCBD should ensure that additional travel costs resulting from personal travel combined with official travel do not result in higher costs to the organization and that any cost difference is paid for by the traveler in accordance with ST/AI/2006/4.

UNEP accepted recommendation 6 and stated that measures to recover travel cost for personal trips have already been put in place but there was a need to document such recoveries on file. Recommendation 6 remains open pending receipt of evidence that cost differentials originating from combining personal travel with official travel are documented and paid for by the traveler.

Need to use the roster to hire consultants for translation work

33. During the period from January 2010 to December 2012, SCBD hired consultants (involving an expenditure of \$4.8 million) to provide translation services during conferences and meetings. Two consultants for translations to/from Chinese and Russian languages were paid a total of \$407,561 and \$398,080 respectively during the audit period. The combined expenditures represented 16.6 per cent of the total value of the contracts in the period under review. SCBD continued to utilize the same translators for high volumes of work often to be delivered within very short timeframes prior to COP and COP-MOP meetings. This situation was attributed to lack of in-house translation capacity for the two languages. Although SCBD created a roster of translators in 2012, which included 19 translators for Chinese and eight for Russian, the roster was not utilized to source other translators to mitigate the risk of relying solely on these individuals, including during peak periods. For example, SCBD hired the same consultants for the latest COP and COP-MOP meetings held in October 2012.

(7) The Executive Secretary of SCBD should ensure that the roster is used to source additional translators especially for the Chinese and Russian languages to mitigate the risk of relying solely on one individual to deliver within the required timeframes.

UNEP accepted recommendation 7 and stated that it will increase the use of the roster in order to reduce the overreliance on a few translators. Recommendation 7 remains open pending receipt of

evidence that SCBD has sourced additional translators particularly for Chinese and Russian languages.

Hand carried cash increased the risk of loss

34. To support the goals of the Convention and to prepare for, and service meetings of COP and other subsidiary bodies of the Convention, SCBD was managing the payment of daily subsistence allowances (DSA) to meeting participants, delegates and consultants. Due to the number of participants and the need to ensure that the payments were made only to actual participants, payments were normally made in cash to individuals at the workshop or meeting locations. Whenever possible, SCBD used the services of resident agencies, such as the United Nations Development Programme (UNDP), to make the payments. This facility, however, was often not available at locations where meetings were held and SCBD had some of its staff hand carry cash, ranging between a few thousands of dollars to sometimes in an amount as high as \$250,000, which increased the risk of loss besides concern for staff members' security.

35. Amounts handed over to staff members for payment to meeting participants were secured by the creation of a receivable and the subsequent automated recovery from the staff members' salary. However, there was inadequate segregation of duties and reconciliation of amounts handed over to staff in cases where back-to-back meetings were held. Balances instead of being deposited, were rolled over to complement cash needs for subsequent meetings. This situation created opportunities for staff members handling cash to 'borrow' some cash without detection until subsequent automated recovery was effected.

36. At the time of audit, management had identified a number of instances of 'borrowing' and was investigating possible similar instances in previous years. Additional controls such as segregation of the functions of handling cash and recording cash transactions, and a procedure for reconciliation of funds after each travel were put in place. However, the risks to which staff members entrusted with cash were exposed remained unmitigated and should be addressed.

(8) The Executive Secretary of SCBD should explore opportunities to minimize the need for hand carrying cash in order to mitigate security risks to staff members.

UNEP accepted recommendation 8 and stated that the Executive Secretary will continue to explore new opportunities to reduce risks to staff members. Recommendation 8 remains open pending receipt of evidence that mitigation measures for hand carried cash have been implemented.

Banking arrangements were satisfactory

37. OIOS reviewed the delegation of bank signatories and segregation of duties between approving and certifying officers and noted that they were in accordance with Financial Rules 105.5 and 105.6. SCBD performed monthly bank reconciliations from January 2010 to December 2012, which were verified and approved by the Fund Management Officer. There were no long outstanding or unusual items in the reconciliation.

IV. ACKNOWLEDGEMENT

38. OIOS wishes to express its appreciation to the Management and staff of SCBD and UNEP for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Environment Programme's Secretariat for the Convention on Biological Diversity

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The Executive Secretary of SCBD should propose to COP and COP-MOP an alignment of the working capital reserves to the level of 15 per cent of the estimated annual budget expenditure as prescribed by ST/AI/284.	Important	O	Receipt of evidence that the level of working capital reserve has been aligned with the level prescribed in ST/AI/284.	January 2015
2	The Executive Secretary of SCBD should establish a local vendor roster to facilitate competitive solicitation of local procurement and ensure that the rationale for selection of vendors is recorded in case files.	Important	O	Receipt of evidence that a local vendor roster has been established, and that the rationale for selection of vendors is recorded in the case files.	June 2014
3	The Executive Secretary of SCBD should ensure that the bid solicitation procedures prescribed in the Procurement Manual are fully complied with.	Important	C	Action completed.	Implemented
4	The Executive Secretary of SCBD should introduce measures for evaluating the performance of the vendors, conduct performance evaluations of contractors prior to extending or renewing service contracts, and re-bid each contract after a maximum of five years to derive best value for money and comply with the Procurement Manual.	Important	O	Receipt of evidence showing that the recommendation has been implemented.	October 2014
5	The Executive Secretary of SCBD should formally establish a Procurement Review Group for procurements between \$70,000 and \$150,000 to ensure adequate oversight over procurement activities.	Important	O	Receipt of evidence that a Procurement Review Group has been established.	December 2014

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNEP in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Environment Programme's Secretariat for the Convention on Biological Diversity

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
6	The Executive Secretary of SCBD should ensure that additional travel costs resulting from personal travel combined with official travel do not result in higher costs to the organization and that any cost difference is paid for by the traveler in accordance with ST/AI/2006/4.	Important	O	Receipt of evidence that cost differentials originating from combining personal travel with official travel are documented and paid for by the traveler.	
7	The Executive Secretary of SCBD should ensure that the roster is used to source additional translators especially for the Chinese and Russian languages to mitigate the risk of relying solely on one individual to deliver within the required timeframes.	Important	O	Receipt of evidence that SCBD has sourced additional translators particularly for Chinese and Russian languages.	October 2014
8	The Executive Secretary of SCBD should explore opportunities to minimize the need for hand carrying cash in order to mitigate security risks to staff members.	Important	O	Receipt of evidence that a mechanism has been put in place to minimize security risks related to hand carried cash.	

APPENDIX I

Management Response

MANAGEMENT RESPONSE

Audit of the United Nations Environment Programme's Secretariat of the Convention on Biological Diversity

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Executive Secretary of SCBD should propose to COP and COP-MOP an alignment of the working capital reserves to the level of 15 per cent of the estimated annual budget expenditure as prescribed by ST/AI/284.	Important	Yes	Mr. Braulio Dias	January 2015 if the proposal is adopted by the COP 12 and MOP 7	The Executive Secretary will propose at the next Conference of the Parties in 2014 (COP 12 and COP MOP 7) to increase and adjust the level of the working capital reserve in line with the ST/AI/284/1982.
2	The Executive Secretary of SCBD should establish a local vendor roster to facilitate competitive solicitation of local procurement and ensure that the rationale for selection of vendors is recorded in case files.	Important	Yes	Michele Rattray-Huish	June 2014	The Executive Secretary concurs with the recommendation and will formally establish a local vendor roster as per the procurement rules.
3	The Executive Secretary of SCBD should ensure that the bid solicitation procedures prescribed in the Procurement Manual are fully complied with.	Important	Yes	Michele Rattray-Huish	implemented	Following detailed Procurement Training received by CBD in May 2013, the bid solicitation procedures have been and continue to be fully complied with.
4	The Executive Secretary of SCBD should introduce measures for evaluating the performance of the vendors, conduct performance evaluations of contractors prior to extending or renewing service contracts, and re-bid each contract after a maximum of five years to derive best value for money and comply with the Procurement Manual.	Important	Yes	Michele Rattray-Huish	October 2014	The Executive Secretary concurs with the recommendation and will ensure that vendors are effectively evaluated before renewing service contracts and will regularly issue new bidding.

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

MANAGEMENT RESPONSE

Audit of the United Nations Environment Programme's Secretariat of the Convention on Biological Diversity

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	The Executive Secretary of SCBD should formally establish a Procurement Review Group for procurements between \$70,000 and \$150,000 to ensure adequate oversight over procurement activities.	Important	Yes	Mr. Braulio Dias	December 2014	The Executive Secretary agrees to re-establish the Procurement Review Group, in consultation with UNEP Headquarters, as well as UNON as appropriate.
6	The Executive Secretary of SCBD should ensure that additional travel costs resulting from personal travel combined with official travel do not result in higher costs to the organization and that any cost difference is paid for by the traveler in accordance with ST/AI/2006/4.	Important	Yes	Michele Rattray-Huish	Measures already in place	Travel costs for personal trip are always recovered from staff members. The Executive Secretary however agrees to ensure that recoveries made from staff members are properly documented in file.
7	The Executive Secretary of SCBD should ensure that the roster is used to source additional translators especially for the Chinese and Russian languages to mitigate the risk of relying solely on one individual to deliver within the required timeframes.	Important	Yes	Michele Rattray-Huish	October 2014	The Executive Secretary concurs with the recommendation and agrees to make more use of the roster, especially for Chinese and Russian languages, in order to reduce the over reliance on a few translators.
8	The Executive Secretary of SCBD should explore opportunities to minimize the need for hand carrying cash in order to mitigate security risks to staff members.	Important	Yes	Michele Rattray-Huish	On-going	The Executive Secretary concurs with the recommendation and will continue exploring new opportunities to reduce risks to staff members.

MANAGEMENT RESPONSE

Audit of the United Nations Environment Programme's Secretariat of the Convention on Biological Diversity

General comments

SCBD wishes to bring the following clarifications:

Para.3: The current number of CBD Parties is 193.

Para. 4: It is worth mentioning the number of the Parties to the Cartagena Protocol, which are currently 166.

Para. 47: The several instances of allegations of fraud are against one staff member and the case is currently reviewed by UNEP.