

Key points to the presentation on the results of the external audit of
UNIDO

1st slide (presentation cover)

- Dear participants of the 49th session of the Industrial Development Board of UNIDO. Your excellencies. This is a great honor to present External Auditor's Report for the financial year twenty twenty.
- My name is Aleksei Kudrin, I am the Chairman of the Accounts Chamber of the Russian Federation and the engagement leader of the External Audit audit team.
- New auditor's transition is always a challenging for organization, as an auditor needs to gain deep understanding of the organization's processes and specifics basically from scratch. We, as auditors, call it "to understand the business".
- We would like to extend our gratitude to UNIDO's management and employees, who ensured the coordination of the external audit with the Accounts Chamber was conducted at the highest level and provided comprehensive explanations on any question raised.
- We made our best efforts to build the audit process efficiently, despite the pandemic and limited ability to work face to face during the whole audit cycle.
- During the audit we focused on critical areas and always supported the Organization to find proper solution. We promoted transparency

and presented our audit plans to all Member States, UNIDO's management and independent committees.

- We considered the stakeholders' suggestions and stayed in a close contact with UNIDO's management. Based on the critical observations, we held workshops where we discussed together with UNIDO available options how to close identified gaps.
- Such approach helped us to continue our work in the spirit of partnership with UNIDO.

2nd slide (Agenda)

- Please let me kick-off my short presentation, looking into agenda. We would like to cover audit results, as well as touch on the next steps of the audit performance in the future.

3rd slide (Audit Results)

- This was the 1st year of UNIDO audit for the Russian team, so it took a lot of efforts to facilitate the whole process taking into account the remote work due to COVID-19 pandemic.
- During the audit we conducted around 60 interviews, followed up by more than 25 hundred questions. This helped us to gain deep understanding of the organization.
- We performed audit in 3 directions - financial, performance and IT audit. As a result, clean, unqualified audit opinion was issued.

- We presented 34 observations in the report and assigned each observation a certain priority level, where critical issues required immediate action by UNIDO's management.
- It is important to note, that IT issues require additional attention today, taking into account increasing number of tools and technologies used. In addition, remote work contributed to increased cybersecurity risks.
- On the right part of the slide UNIDO's position is represented by the blue line, compared to an average public organization. We can see here that UNIDO is much better protected. At the same time, we identified some security vulnerabilities.
- In this regards, addressing IT high and critical issues is vital for the organization today.

4th slide (Next steps)

- First year of audit allowed us to get more familiar with UNIDO's operations, as well as draft some areas for the next years of audit.
- We presented some potential future topics, but the list is open. In upcoming period we plan to focus on project deliver, HR topics and technologies used by the organization.

- We will continue our work, at the same time we will be grateful for the opportunity to extend our mandate as the External Auditor of the UNIDO and finalize our audit strategy during next mandate term.

5th slide (Strategic approach)

- We actively cooperate with the international community and exchange audit experience with UN external auditors and foreign supreme audit institutions within INTOSAI, of which Russia is currently a Chair, as well as within EUROSAI and ASOSAI.
- We are confident that our understanding of UNIDO's business will help us efficiently realize the 4-year audit plan developed by us.
- This plan covers key audit areas and is based on the specifics of UNIDO's operations, main processes and projects, risks and considerations of the management and Member States.
- Also, our audit plan is focused on strategic areas that are linked to Sustainable Development Goals, which is crucial for United Nations.
- Thank you very much for your attention! We wish for the 49th session of the Industrial Development Board to be fruitful for all the participants.