



**Executive Board of the
United Nations Development
Programme, the United Nations
Population Fund and the United
Nations Office for Project Services**

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Recommendations of the Board of Auditors

**UNCDF: Report on the implementation of the
recommendations of the United Nations Board of
Auditors, 2019**

Summary

In July 2020, the United Nations Board of Auditors formally issued its audit report for the United Nations Capital Development Fund (UNCDF) (A/75/5/Add.2) and awarded UNCDF an unqualified (clean) audit opinion for the year ended 31 December 2019. This is the eighth full year of reporting under the International Public Sector Accounting Standards (IPSAS) and the opinion reiterates the continuing commitment of UNCDF to comply with IPSAS.

The Managing Director, UNCDF, wishes to emphasize that transparency and accountability for results and impact continue to be top priorities for UNCDF. The governance mechanisms and the accountability framework ensure that funds are administered with appropriate fiduciary accountability, reinforced by a commitment to ongoing improvement and innovation. UNCDF continuously learns from and implements the recommendations of its independent oversight bodies to help drive efficiency and effectiveness.

This document reports on the implementation status of the recommendations of the United Nations Board of Auditors for the year ended December 2019 and earlier. Pursuant to Executive Board decision 2010/9, details of the implementation status of the individual audit recommendations and the full audit report of the Board of Auditors are available on the UNDP Executive Board website.

Elements of a decision

The Executive Board may wish to: (a) note the unqualified audit opinion issued by the United Nations Board of Auditors for 2019; (b) support the ongoing efforts of UNCDF management in implementing the recommendations of the United Nations Board of Auditors for the year ended 31 December 2019.



I. Introduction

1. UNCDF has received an unqualified (clean) audit opinion from the United Nations Board of Auditors on its financial statements for the year ended 31 December 2019. For UNCDF, this marks eight consecutive years of unqualified audit opinions since UNCDF presented its own separate financial statements in 2012. This achievement confirms the Fund's commitment to continuous improvement in financial management, transparency and accountability. UNCDF will continue to strive for greater operational excellence. The tone set at the top, by the Managing Director and the Executive Secretary, has been instrumental in enabling UNCDF to receive unqualified audit opinions from its external auditors.

2. UNCDF has put in place close oversight mechanisms to ensure full implementation of all audit recommendations, including adequate mitigating strategies and controls. In the following sections, UNCDF provides an update on progress made in implementing audit recommendations.

II. Status of audit recommendations of the Board of Auditors for the year ended 31 December 2019

3. For the year ended 31 December 2019, the United Nations Board of Auditors, in its audit report of UNCDF (A/75/5/Add.2), issued nine audit recommendations (2018: seven recommendations). Of those, three were classified as 'high priority', while the remaining six were assigned a 'medium priority' rating. Management agreed with all recommendations issued. The recommendations have target completion dates in the first and second quarters of 2021.

4. Of the nine recommendations issued, three relate to risk management (enhance risk management platform and escalation), and six relate to individual contract management (policy and compliance monitoring). Implementation of the recommendations will require particular efforts by UNCDF management to further improve policy and business processes related to risk and individual contract management.

5. Consistent with practices adopted in previous years, and as agreed with the United Nations Board of Auditors, UNCDF has adopted a phased approach for implementing the audit recommendations, with clear accountabilities for the implementation of each recommendation and target completion dates. The phased approach is based on the complexity and time required to resolve and discuss each issue with the United Nations Board of Auditors. It is important to note that implementation of the 2019 recommendations could start only after issuance of the final report of the United Nations Board of Auditors in July 2020.

6. As of end October 2020, three months after the formal release of the report of the United Nations Board of Auditors and despite the 2021 due dates, UNCDF management was pleased to report that two of the recommendations were already implemented, pending review by the United Nations Board of Auditors. Actions had already commenced on all seven of the remaining audit recommendations to ensure full implementation by the target completion dates. Pursuant to Executive Board decision 2010/9, a tabular listing of the status of audit recommendations' implementation is available on the Executive Board web page.

Table1. Implementation status by target completion dates – UNCDF

Target completion date	Number	Implemented or closure requested	In progress	To be started	Total
2021, 1st quarter	5	2	3	0	5
2021, 2nd quarter	4	0	4	0	4
Grand total	9	2	7	0	9
Percentage	100%	22%	78%	0	100%

Table 2. Implementation status by priority – UNCDF

Priority	Implemented or closure requested	In progress	To be started	Total
High	0	3	0	3
Medium	2	4	0	6
Total	2	7	0	9
Percentage of total	22%	78%	0	100%

III. Status of audit recommendations of the United Nations Board of Auditors for the year ended 31 December 2018 and prior years

7. As of November 2020, of the 22 audit recommendations issued to UNCDF for the 2018, 2017 and 2016 financial years, all were assessed as fully implemented by the United Nations Board of Auditors.

IV. Conclusion

8. UNCDF is pleased to receive an unqualified audit opinion from the United Nations Board of Auditors. This is a testament to the hard work of all staff throughout UNCDF offices globally. UNCDF does not currently have any recurring audit issues. UNCDF management will continue to closely monitor the implementation of all audit recommendations in order to ensure that UNCDF continues to enhance productivity, accountability, transparency and performance for results and impact, while making every effort to close the recommendations of the United Nations Board of Auditors in a timely manner.