**Annex 3.**

**2015 UNDP BOARD RECOMMENDATIONS AND PRIOR YEAR RECOMMENDATIONS THAT ARE UNDER IMPLEMENATION**

* 1. UNDP Recommendations contained in the report of the Board of Auditors for 2015.

1. **In paragraph 20, UNDP agreed with the Board’s recommendation to: (a) ensure that Operating Units regularly review contribution contract agreements with pending milestones and proactively follow up with donors on milestones with expired due dates; and (b) ensure that at the year-end every Operating Unit reviews the reports for contracts with pending milestones and where issues are identified communicate to the GSSU through the DMS and update the status accordingly.**

Management comments: UNDP agrees with this recommendation. On (a) UNDP will ensure the procedures in place for the review and monitoring of pending milestones are complied with and timely action is taken; on (b), UNDP will request offices to promptly follow-up outstanding balances with donors and notify the Global Shared Services Unit (GSSU) of any changes to the schedule of payments that are required under existing procedures.

*Department responsible:* Regional Bureaus (RBX), Office of Financial Resources Management (OFRM) and Global Shared Services Unit (GSSU)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 24, UNDP agreed with the Board’s recommendation to: (a) review the list of contributions receivable on a quarterly basis so as to identify their recoverability, and the level of assurance that controls are in place as required by the Internal Control Framework, (b) keep documentary evidence at the country level of follow-ups made with donors on request of payments for long outstanding contributions prior to their recognition in Atlas at the year end, and (c) make allowance for long standing doubtful debts, based on objective evidence of their recoverability.**

Management comments: On (a) and (b), UNDP will review the list of contributions receivable on a quarterly basis and request offices to promptly follow-up outstanding balances with donors and notify GSSU of any changes to the schedule of payments. Documentary evidence of such follow up will be maintained and used for assessment of long outstanding receivables. On item (c), Impairment provisions will be established for specific contributions where the donor’s ability to pay is in doubt and there is a risk of financial loss to UNDP.

*Department responsible:* Regional Bureaus (RBX), Office of Financial Resources Management (OFRM) and Global Shared Services Unit (GSSU)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 29, UNDP agreed with the Board’s recommendation to ensure that: (a) purchase orders are reviewed on a timely basis, and cancelled or updated as necessary, (b) purchase orders are raised before receipts of the goods and services in accordance with the Internal Control Framework, and (c) post-facto purchase orders are tracked to ensure that they are justified.**

Management comments: On (a) UNDP will continue to follow-up with the respective offices to ensure the POs are either cancelled or expiry dates revised if the POs are still valid; on (b) and (c) UNDP will continue monitoring POs raised after receipt of goods and services to ensure the reasons are justified as is the case in emergency/disaster situations.

*Department responsible:* Office of Financial Resources Management (OFRM) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 31, UNDP agreed with the Board’s recommendation to follow-up with the respective offices to ensure full compliance with the Standard Operating Procedures by: (a) uploading links to all supporting documents to DMS on a timely basis after being satisfied with the receipt of goods or services, (b) regularly reviewing IPSAS dashboard on DMS link in Atlas and highlighting exceptions to the project managers or management for corrective actions.**

Management comments: UNDP will continue to follow-up with the respective offices to ensure (a) compliance with procedures for validating receipt of goods and services through DMS links; and (b) continue highlighting non-compliance with respective offices for corrective action.

*Department responsible:* Office of Financial Resources Management (OFRM) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 35, UNDP agreed with the Board’s recommendation to ensure that Operating Units: (a) prepare accounts payable vouchers before the deadline as stipulated in the year end closure instructions so as to liquidate corresponding aged prepayments; and (b) regularly monitor and perform prepayment spot checks so as to verify and clear aged prepayments in a timely manner.**

Management comments: UNDP will regularly monitor prepayments to ensure timely liquidation supported by required documentation and ensure that operating units prepare accounts payable vouchers in line with year-end closing instructions.

*Department responsible:* Office of Financial Resources Management (OFRM) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 41, UNDP agreed with the Board’s recommendation that: (a) in future, UNDP plan ahead on the changes needed in project settings such as the rates of General Management Support fee to minimize delays in signing quarterly CDRs; (b) it submit the combined delivery reports in a timely manner, duly signed by UNDP and implementing partners in compliance with the Programme and Operations Policies and Procedures, and (c) it liaise with implementing partners on their accountability regarding timely signing of CDRs when delays are encountered.**

Management comments: On (a) for 2016 and future changes in GMS rates, UNDP will continue to do its best to accelerate the system changes while ensuring quality resolution. On (b) and (c), a reminder will be sent out to Country Offices to ensure compliance with POPP requirements on signing of CDRs by implementing partners.

*Department responsible:* Office of Financial Resources Management (OFRM) and Executive Office (EXO)

*Status*: In progress

*Priority*: High

*Target date*: 2nd quarter, 2017

1. **In paragraph 46, UNDP agreed with the Board’s recommendation to institute measures such as the hiring of Monitoring and Evaluation Officers or designate a responsible program staff to ensure timely review and updating of the projects risk logs, issues and monitoring logs and document the same in Atlas as the primary source of projects information.**

Management comments: UNDP’s new monitoring policy provides offices with clear guidance on updating monitoring data in the agreed corporate platform for capturing such data. This policy became effective 1 March 2016 and contains provisions on various options to provide monitoring and evaluation functions to country offices. A global message was sent out to COs on the need to comply with this policy and compliance will be monitored.

*Department responsible:* Bureau for Policy and Programme Support (BPPS) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: High

*Target date*: 1st quarter, 2017

1. **In paragraph 50, UNDP agreed with the Board’s recommendation that UNDP Nepal and Sri Lanka country offices: (a) ensure that quarterly progress reports are prepared, harmonized and capture all key items related to projects; (b) ensure timely meeting of projects boards are conducted as required by POPP; (c) develop an action plan such that projects mid-term review and annual reviews scheduled for 2015 are performed without further delays; and (d) institute control measures to ensure that monitoring for future projects reviews take place on time.**

Management comments: Noting that in Nepal the mid-term review was delayed due to the earthquake, Nepal and Sri Lanka COs will institute monitoring mechanisms to ensure project reviews and progress monitoring are carried out in line with UNDP Program and Operational Policies and Procedures. The new corporate Monitoring Policy approved in March 2016 will help these offices to coordinate and guide monitoring actions.

*Department responsible:* RegionalBureau for Asia Pacific (RBAP)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd quarter, 2017

1. **In paragraph 52, UNDP agreed with the Board’s recommendation that Liberia and Uganda Country Offices: (a) ensure projects’ completion checklists are completed and final CDRs for financially closed projects are certified by responsible parties; and (b) make efforts to refund amounts due to donors in line with POPP and donor agreements.**

Management comments: Liberia has implemented the recommendation. Uganda country office will continue to follow established monitoring mechanisms and tracking tools to ensure that a) checklists are completed and final CDRS are agreed to by partners; and b) based on ongoing discussions with donors and in line with standard donor agreement stipulations, outstanding balances are remitted to donors or re-programmed as the case might be.

*Department responsible:* RegionalBureau for Africa (RBA)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 56, UNDP agreed with the Board’s recommendation that it: (a) obtain in a timely manner, donors’ approvals on refunds or reprogramming of unspent amount to minimize delays in closing projects, and (b) ensure that all projects in operational closure status are financially closed within 12 months.**

Management comments: UNDP agrees with the Board recommendation to a) obtain donor approvals in line with standard donor agreement stipulations on refunds and reprogramming of unspent balances and (b) monitor timely financial closure of projects in line with POPP.

*Department responsible:* Office of Financial Resources Management (OFRM) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: High

*Target date*: 2nd quarter, 2017

1. **In paragraph 61, UNDP agreed with the Board’s recommendation to ensure country offices: (a) set realistic and attainable project activities and budgets at key planning stages in line with POPP so as to expedite projects budget implementation; and (b) monitor progress of projects implementation on a timely basis, and implement corporate action plans to minimize project delays.**

Management comments: On (a), in line with the POPP an annual review is to be conducted in the fourth quarter by the project board to assess performance and appraise the annual work plan for the following year, UNDP country offices will be requested to ensure compliance with this requirement.  On (b), UNDP will continue to review delivery against budget at the corporate level and monitor implementation of corporate action plans for accelerated delivery.

*Department responsible:* Bureau for Policy and Programme Support (BPPS) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 66, UNDP agreed with the Board’s recommendation to consider improving its accelerated and unprogrammed resources reports through additional guidance in year-end closure instructions for the reports to have similar understanding and meaning by management and other stakeholders.**

Management comments: UNDP agrees to prepare improved guidance for the correct interpretation of the report by users as part of year-end instructions in order to avoid mis-interpretation of the tables in the reports.

*Department responsible:* Office of Financial Resources Management (OFRM)

*Status*: Implemented

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 72, UNDP agreed with the Board’s recommendations (a) to enhance and document the follow-up mechanisms including feedback from all delayed participating organizations for future improvements, (b) to introduce measures to accelerate operational and financial closure of all overdue projects, and (c) as the largest UN fund administration service provider, to propose the idea of common policies and procedures around inter-agency pooled funding mechanisms to harmonize practices so as to enhance accuracy in reporting and timing of issuing reports.**

Management comments: On (a) and (b), UNDP agrees to enhance monitoring and feedback mechanisms where there are delays in reporting from participating organizations and enhance existing measures in place to accelerate closure of overdue projects; and, on (c), MPTFO will propose the idea of common policies and procedures around inter agency pooled funding.

*Department responsible:* Multi-Partner Trust Fund Office (MPTFO)

*Status*: In progress

*Priority*: High

*Target date*: 1st quarter, 2017

1. **In paragraph 81, UNDP agreed with the Board recommendation that the Resident Coordinator ensure that Sri Lanka and Liberia Country Offices (a) communicate the summary of macro assessment of 2015 when conducting annual UNDAF review; and (b) perform future macro assessments at least once during the programming cycle in line with the HACT framework.**

Management comments: On Sri Lanka and Liberia the Resident Coordinator (a) will incorporate the macro assessments into the UNDAF review if available as recommended by POPP; (b) will manage collaboration with all stakeholders to ensure future macro assessments are conducted at least once during the programming cycle.

*Department responsible:* Regional Bureau for Africa (RBA) and Regional Bureau for Asia Pacific (RBAP)

*Status*: In progress

*Priority*: High

*Target date*: 1st quarter, 2017

1. **In paragraph 82, UNDP also agreed with the Board recommendation that the Resident Coordinator ensure that (a) Uganda Country Office liaise with other UN Agencies and initiate the process of conducting macro assessments at least once during the country office programme cycle, and (b) Uganda and Sierra Leone country offices incorporate the macro assessment where available in the UNDAF reviews.**

Management comments: On Uganda and Sierra Leone, (a) Uganda Country Office is in the process of finalizing the programme design for 2016-2020 and efforts will be undertaken by the Resident Coordinator to conduct the macro assessment for the new country programme in line with POPP; Sierra Leone Country Office already carried out the macro assessment in November 2015, and is awaiting the final report; and on (b) the Resident Coordinator will incorporate the macro assessments, when available, into the future UNDAF reviews as recommended by POPP.

*Department responsible:* Regional Bureau for Africa (RBA)

*Status*: In progress

*Priority*: High

*Target date*: 2nd quarter, 2017

1. **In paragraph 91, UNDP agreed with the Board recommendation to (a) strengthen controls in reviewing the HACT micro assessment plan for completeness and accuracy; (b) prioritize the micro assessment activities to Implementing Partners based on assessment plan; and (c) monitor implementation and conduct annual update of the assessment plan.**

Management comments: On (a), reviews of Micro Assessment plans for accuracy and completeness will be carried out on a sample basis and HACT training rolled out in 2016; on (b) and (c), prioritization and monitoring by the regional bureaus of the assessment plan preparation is ongoing.

*Department responsible:* Office of Financial Resources Management (OFRM) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: High

*Target date*: 1st quarter, 2017

1. **In paragraph 98, UNDP agreed with the Board recommendation to ensure country offices (a) prepare the complete set of HACT assurance activities plan in line with the HACT template and include all the required information; (b) conduct all assurance activities as planned; and (c) monitor and improve annual assurance plans from the lessons learned from HACT transitional assurance activity plans of 30 April 2015.**

Management comments: UNDP will monitor the accurate preparation and implementation of HACT assurance activity plans by offices, taking on board lessons learnt from 2015 transitional year.

*Department responsible:* Office of Financial Resources Management (OFRM) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: High

*Target date*: 1st quarter, 2017

1. **In paragraph 102, UNDP agreed with the Board’s recommendation that the Resident Coordinators office for Uganda and Liberia ensure that the country offices continue to liaise with the HACT inter agency coordinators for preparation and endorsement of the Joint HACT assurance activities plan without further delays.**

Management comments: The Resident Coordinators offices for Uganda and Liberia will monitor the preparation and endorsements of joint HACT assurance activities.

*Department responsible:* Regional Bureau for Africa (RBA)

*Status*: Implemented

*Priority*: High

*Target date*: 1st quarter, 2017

1. **In paragraph 108, UNDP agreed with the Board recommendation to ( a) speed up the process of engaging third party service provider for micro assessments and ensure the assessments are done without further delays; (b) institute controls mechanisms such that future micro assessments are done on time before funds are provided to implementing partners; and (c) continue consultations with implementing partners to get the micro assessments done before starting future programs since the National Implementation Modality (NIM) audits do not replace the micro assessments.**

Management comments: On (a), the engagement of a third party provider at the corporate level is at the final stages; on (b) and (c), in line with policies and procedures, UNDP will adopt alternative cash transfer modalities and increase the regularity of spot checks for IPS that have not been assessed.

*Department responsible:* Office of Financial Resources Management (OFRM) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: High

*Target date*: 2nd quarter, 2017

1. **In paragraph 112, UNDP agreed with the Board recommendation that Uganda country office prepare and include in its resources mobilization strategy the mapping of partners and resources mobilization opportunities.**

Management comments: Uganda Country Office has commenced the preparation of donor profiles. These profiles will be included in the country’s resource mobilization strategy.

*Department responsible:* Regional Bureau for Africa (RBA)

*Status*: Implemented

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 117, UNDP agreed with the Board’s recommendation that Uganda Country Office: (a) improve its resources implementing plan by including the resources targets over years, indicate clearly the timeframe for meeting outputs and actions; (b) establish a clear process and monitoring tool to track resources mobilization by improving donor reporting through robust reporting; and (c) review and enhance its donor reporting system for quality and timely resources tracking and ensure monitoring of the resources mobilization.**

Management comments: The Uganda Country Office will (a) finalize the resources mobilization strategy and implementation framework including resources targets over the years with timeframes for meeting outputs and actions; (b) put in place a clear business process and the monitoring tool for tracking resources mobilization by improving donor reporting through robust reporting and donor data base; and (c) put in place a donor reporting system for timely resources tracking and accountability.

*Department responsible:* Regional Bureau for Africa (RBA)

*Status*: Implemented

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 123, UNDP agreed with the Board’s recommendation to enforce the compliance at Country Offices with Performance Management Development (PMD) timelines in completion, review, documentation and approval of mid-year and final reviews by managers.**

Management comments: In accordance with the principles of UNDP’s accountability framework, UNDP will continue efforts under existing oversight mechanisms for timely completion of PMDs at corporate, bureau and country office levels.

*Department responsible:* Office of Human Resources (OHR), Central Bureaus (CBX) and Regional Bureaus (RBX)

*Status*: Implemented

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 128, UNDP agreed with the Board’s recommendation to institute control mechanisms such as a timely evaluation is done, so that in future service contract evaluations are completed two months prior to contract expiration as per guidance to allow for timely valuable decision during renewal of contracts.**

Management comments: UNDP will send out a reminder message to all offices to comply with this requirement to complete evaluations on a timely basis. The service contract guidance will also be updated to provide better clarity.

*Department responsible:* Office of Human Resources (OHR) and Regional Bureaus (RBX)

*Status*: Implemented

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 133, UNDP agreed with the Board’s recommendation to (a) perform regular vendor data checks to maintain accurate and up to date data including removing duplicate active vendors, (b) ensure regular review and correction of vendors’ bank information to avoid duplicates and (c) review transactions processed in bank accounts shared by multiple vendors to correct inappropriate transactions.**

Management comments: Special queries exist to assist country offices monitor and correct vendor data including tools to inactivate vendors with no activities for 90 days or more. UNDP will instruct the country offices to use the necessary reports and tools in Atlas (UNDPs ERP) to (a) review vendor’s data on regular basis.; and on (b) and (c) Take the necessary corrections and due diligence to ensure integrity of vendor data against whom transactions are carried out and review and correct any inappropriate transactions.

*Department responsible:* Procurement Services Unit (PSU) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: High

*Target date*: 1st quarter, 2017

1. **In paragraph 138, UNDP agreed with the Board’s recommendation that it: (a) provide regular updates on the non-Atlas procurement indicators for more accuracy, completeness and reliability of its information, (b) ensure requestors at country offices input reasonable delivery due dates in the e-requisition in a way to reduce the workload of data clean-up of delivery dates for POs with red in IPSAS dashboard; and (c) enhance follow-up with vendors such that goods or services are delivered within scheduled period.**

Management comments: UNDP will (a) explore the feasibility of integrating Advisory Committee on Procurement (ACP) online data with the procurement dashboard and manually update the buyer certification data on a quarterly basis; (b) send a reminders to COs on the need for requestors to input reasonable delivery times; and (c) continue requesting offices to liaise with vendors to address delays and comply with contractual terms.

*Department responsible:* Procurement Services Unit (PSU) and Regional Bureaus (RBX)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 147, UNDP agreed with the Board’s recommendation to (a) liaise with the consultant and sign an addendum to the initial SOW to include actual tasks performed in line with the LTA and approved SOW, (b) periodically review financial reports from HFM and correct the differences in a timely manner which will ensure the accuracy of financial statements at the year end, (c) institute compensating controls to check the aging and balances generated by HFM which need to be corrected before preparing financial statements, and (d) ensure that evaluation checklist for vendor performance is completed on time for other future contracts.**

Management comments: UNDP agrees (a) to sign an addendum to the initial SOW to highlight actual tasks performed/achieved and accepted by UNDP; (b) to continue periodically checking the HFM data against Atlas data on a regular basis for added comfort and resolve any differences promptly should they arise; (c) to institute compensating controls to check the ageing of balances; and (d) carry out vendor evaluation on time for future contracts.

*Department responsible:* Office of Financial Resources Management (OFRM)

*Status*: Implemented

*Priority*: High

*Target date*: 4th quarter, 2016

1. **In paragraph 157, UNDP agreed with the Board’s recommendation that it: (a) clearly document procedures for managing changes to account mapping and metadata to ensure all changes are recorded and authorized, (b) enable data audit to track and manage changes to account mapping and metadata for auditing and accountability purposes, (c) strengthen controls to ensure frequent review activities of administrators in the system (d) clearly document procedures for granting and authorization of access to the system based on role matrix and ensure periodic review of access list to both application and backend database is conducted, and (e) strengthen controls to ensure strong password policy for default database system accounts.**

Management comments: UNDP agrees to implement Hyperion IT controls through (a) documented procedures for managing changes to account mappings and metadata; (b) enabling data audit for tracking and managing such changes; (c) regularly reviewing activities of administrators in the system; (d) documenting procedures for granting and authorizing access and regularly reviewing the access list; and (e) strengthening controls to ensure string password policy for default database system accounts.

*Department responsible:* Office of Financial Resources Management (OFRM)

*Status*: In progress

*Priority*: High

*Target date*: 4th quarter, 2016

1. **In paragraph 162, UNDP agreed with the Board recommendation to (a) consider making the training on information security awareness mandatory for staff, and (b) establish enforcement mechanism such as including the completion of information security awareness training in employee’s performance review for staff members to complete information security awareness training sessions.**

Management comments: UNDP agrees with the recommendation. On (a) UNDP had already taken steps to make its information security training mandatory by having it translated into English, French and Spanish and are in the process of drafting the UNDP-wide announcement making it mandatory for all UNDP staff; on (b) The enforcement mechanism for staff to complete this course once it is mandatory will be the same as that for all UNDP mandatory courses; and on (c)  The cyber security team will have access to the completion reports via the existing reporting provided by OHR and will track this metric as part of their quarterly information security management meetings.

*Department responsible:* Office of Information Management & Technology (OIMT)

*Status*: Overtaken by Events (N/A)

*Priority*: Medium

*Target date*: 4th quarter, 2016

1. **In paragraph 166, UNDP agreed with the Board’s recommendation to: (a) strengthen controls when granting access to the Atlas database to ensure segregation of duties is adhered to such that programmer and security administrator have only minimum necessary access to the Atlas database which is reviewed regularly, (b) review access rights of Atlas database and remove active accounts without roles, (c) conduct quarterly review of access rights, do corrections and submit the report to the quarterly meetings of Information Security Management, and (d) introduce guidance requiring the use of a separate environment as a replica of production for programmers and security administrator when they need to perform troubleshoot instead of accessing the production database.**

Management comments: UNDP agrees to enhance access controls to the Atlas database by (a) ensuring appropriate segregation of duties; (b) monitoring timely removal of active accounts with no roles; (c) reviewing on a quarterly basis access rights; and (d) having a separate environment for use by programmers and security administrators for troubleshooting.

*Department responsible:* Office of Information Management & Technology (OIMT)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 169, UNDP agreed with the Board’s recommendation that it (a) strengthen controls over information security risk management by conducting continuous monitoring of high risks in addition to the annual risk assessment and quarterly reviews, and (b) consider reviewing the current workload, roles and responsibilities of staff assigned to information security to facilitate the continuous monitoring of information security risk management.**

Management comments: UNDP agrees to (a) regularly monitor high security risks; and (b) review the current workload roles and responsibilities of staff assigned to information security.

*Department responsible:* Office of Information Management & Technology (OIMT)

*Status*: Implemented

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 173, UNDP agreed with the Board’s recommendation that it: (a) implement backup plan for internet access for its three offices using the service of the data centre, (b) clear unused items in the data centre, label and keep cables in order, (c) use dry pipe fire suppression system in the data centre, and (d) review physical access rights to the data centre in each quarter and report to the Information Security Management Meetings.**

Management comments: UNDP agrees to (a) implement back up plan for internet access for its three office locations; (b) organize the data center; (c) use dry pipe fire suppression system in the data center if relocation of all servers does not take place; and (d) coordinate with the unit that manages the CCTV system to explore the possibility of regularly reviewing security footages.

*Department responsible:* Office of Information Management & Technology (OIMT)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 177, UNDP agreed with the Board’s recommendation that it: (a) analyse all assets disposed in error and consider impact in the prior year’s financial statements, (b) ensure Operating Units regularly perform reviews to identify errors, and send requests to GSSU in a timely manner for reversing the capitalization made in Atlas, (c) ensure approving managers verify that all items are appropriately selected in the procurement catalogue, (d) consider improving assets data in Atlas such that actual assets retired in error could be easily differentiated from assets under constructions converted into lease hold improvements.**

Management comments: UNDP agrees to (a) continue to annually review the impact of material disposals in error that impact previous year’s financial statements; (b) remind operating units to perform regular reviews of the in service report in order to identify errors and send requests to GSSU for corrections; (c) remind approving managers to verify accuracy of items selected from catalogue; and (d) consider improvements in data from Atlas in order to differentiate retirements in error.

*Department responsible:* Office of Sourcing and Operations (OSO) and Global Shared Services Unit (GSSU)

*Status*: In progress

*Priority*: Medium

*Target date*: 1st quarter, 2017

1. **In paragraph 181, UNDP agreed with the Board’s recommendation to: (a) re-classify intangibles asset in use (Resource Planning and Human Performance) and correct the financial statements by calculating the amortization of intangible assets in use in 2015; and (b) approve and formalize the percentage computation basis of development phases of intangible assets under construction.**

Management comments: UNDP agrees to (a) reclassify the intangible asset and correct financial statements accordingly; and (b) approve and formalize computation basis for development phases of intangible assets under construction.

*Department responsible:* Office of Sourcing and Operations (OSO) and Office of Information Management & Technology (OIMT)

*Status*: Implemented

*Priority*: Medium

*Target date*: 1st quarter, 2017

* 1. UNDP Recommendations contained in the report of the Board of Auditors for prior financial periods that are under implementation.

**Report of the Board for the financial period ended 31 December 2014**

1. **In paragraph 30. UNDP agreed with Board recommendations that (a) Papua New Guinea country office in collaboration with the UN country team should complete missing information on national indicators, source of data, baselines and assumptions; and (b) an annual review of UNDAF[[1]](#footnote-1) at Brazil be carried out in 2015 and the country office pursue timely signing of the CPAP[[2]](#footnote-2) is approved by the Government.**

**Management comments**:

(a) The UNDAF review was completed in August 2014 (copy of final report attached). However, the data for national indicators was still not available. Development of the new UNDAF is anticipated by Q4 2016. Lack of National Statistics will continue to be a challenge and this is beyond UNDPs influence as it is related to absence of national structures to enable collection of national statistics.

(b) The programme cycle for Brazil was extended to end 2016. The decision to extend the current UNDAF cycle for Brazil, initially from 2012 to 2015 and now from 2012 to 2016, was closely coordinated with the national government and the UNDG LAC (see attachment Brazil roadmap for UNDAF). TORs for the evaluation have been developed (also attached)

(c) The CPAP has been signed.

*Department responsible*: Regional Bureaus (RBX - RBLAC and RBAP)

*Status*: In progress  
*Priority*: Medium  
*Target date*: 1st quarter, 2016

1. **In paragraph 47, UNDP agreed with the Board’s recommendation that Country Offices prepare a resource mobilization implementation plan in compliance with the guidelines established in the resource mobilization toolkit.**

**Management comments**: Regional Bureaus will work with Country Offices to ensure that they comply with the guidelines of the resource mobilization toolkit and prepare resource mobilization implementation plans.

*Department responsible*: Regional Bureaus (RBX) and Bureau for External Relations & Advocacy (BERA)

*Status*: Implemented   
*Priority*: Medium  
*Target date: 3rd* quarter, 2016

1. **In paragraph 78, UNDP agreed with the Board’s recommendation to (a) adhere to the service contract user guide on the proper use of the service contracts by ensuring that service contracts staff are recruited for only those functions and duties as stipulated in service contract user guide; and (b) amend the terms of contracts for service contracts to clearly define the support functions and duties of the service contracts.**

**Management comments**: On (a) UNDP has sent out emails to COs to monitor compliance with the SC guideline requirements on the use of SCs. Sample emails and monitoring statistics have been attached for ease of reference. On (b) Messages were sent out by the director OHR on compliance with ICF requirements, FAQs on renewal and termination of SCs, and automation to amend SCs in ATLAS. These clarifications memos have also been provided. Concurrently the SC guidelines have been updated to provide better clarify (a copy of changes attached). The updating of generic TORs (which was to have been done comprehensively for all Job Descriptions) was not possible due to funding constraints and the enhanced monitoring and visibility of having SCs in Atlas has been used as alternate control measures to ensure that COs use SCs in line with the guidelines.

*Department responsible*: Office of Human Resources (OHR)

*Status*: Implemented   
*Priority*: Medium  
*Target date:* 2ndquarter, 2016

1. **In paragraph 105, the Board recommends that UNDP: (a) investigate the errors in the process of reinstatement of POs balances; (b) institute quality assurance mechanisms for Atlas External Access when reinstating the POs (c) ensure a mandatory reference field is completed for reinstated purchase orders carried over from prior periods; and (d) ensure compliance with POPP requirements on raising separate POs for goods and services expected to be received in the respective financial periods.**

**Management comments**: On (a) UNDP is only aware of errors identified in Brazil country office and is not aware of any errors from other Country Offices, errors from Brazil CO have been investigated; on (b), UNDP will support country offices in ensuring quality assurance mechanisms are in place to mitigate against the risk of errors during the process of reinstating POs with balances with respect to external access partners; on (c) UNDP will explore the feasibility of making the PO reference field mandatory; and on (d) UNDP will remind offices to follow POPP requirements.

*Department responsible*: Regional Bureaus (RBX), Procurement Support Office (PSO)

*Status*: In progress   
*Priority*: Medium  
*Target date: 4th* quarter, 2016

1. **In paragraph 108, UNDP agreed with the Board’s recommendation to: (a) liaise with UN entities and conclude term of references to the Office of the Ombudsman services and reach final agreement; and (b) work with UN entities and arrive at the agreed milestones for clearing long outstanding unresolved balances.**

**Management comments**: UNDP has reconciled all balances with other UN entities for financial year-end 2015. There is one item with the UN and UNDP has raised the rejected medical case with a target to bring the matter to conclusion by August 31 2016 in line with the recommendation to set milestones and targets for resolution of outstanding matters. Given the consultations between management of the UN Secretariat and the Funds and Programmes UNDP was able to release the accrual set aside for the United Nations Ombudsman.

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*Department responsible*: Office of Financial Resources Management (OFRM)

*Status*: In progress   
*Priority*: Medium  
*Target date:* 1s*t quarter*, 2016

1. **In paragraph 129, UNDP agreed with the Board’s recommendations to:** **(a) monitor and address staff complaints, claims or concerns over structural change from all channels including those from the staff council and facilitate their timely clearance to avoid reputational damage to UNDP; (b) strengthen opportunities for open, constructive dialogues and communications with staff and staff council in the ongoing structural changes; and (c) establish plans for team building and staff motivation for confidence rebuilding; and embed a culture that motivates and sustains the structural change.**

**Management comments**: (a) throughout 2014, UNDP continued to monitor and address staff issues related to the structural change implementation. One important forum for discussions with the Staff Council was the establishment of the Staff Council Liaison Committee, which included key members of the Staff Council and UNDP Management. Given the complex and cross-Bureau nature of the structural changes, this Committee included the Director BMS and/or Director OHR, UNDP Chief of Staff, and the Special Adviser to the Administrator

(b) As noted in (a), regular meetings of the Staff Council Liaison Committee were held from December 2013 to the completion of the structural change people realignment processes in September 2015.

(c) The culture change envisaged as part of the structural changes has been continuously discussed, in parallel with UNDP’s annual Global Staff Survey (GSS) exercise, the results from which were available in early 2015. In December 2014, the Organizational Performance Group (OPG) specifically discussed culture change and the role of senior managers, with another discussion in February 2015, with Bureau Deputy Directors. Specific components of the discussion included the three themes of empowerment, collaboration, and innovation. In parallel, the Global Staff Survey results were analyzed and results have been provided to each Bureau’s leadership- inclusive of Country Offices within each region.

*Department responsible*: Executive Office (ExO)

*Status*: Implemented   
*Priority*: High  
*Target date: 4th* quarter, 2015

**Report of the Board for the financial period ended 31 December 2013**

1. **In paragraph 91, UNDP agreed with the recommendation of the Board to: (a) assess risks surrounding executing the national implementation modality to find out why assurance procedures other than an audit could not detect the suspected irregular procurement procedures and improve controls; and (b) continue engaging with the partner Government to ascertain more facts about the matter in order to establish the actual loss the projects suffered and possibilities of recovery from the individuals involved.**

**Management comments**: UNDP has ascertained that there was no loss to us or the donor and have a letter from the government (which has previously been shared with UNBOA directorate) confirming that should this be determined then they will absorb the loss. The case is part of a judicial process of a sovereign nation which process UNDP has no control on. In line with agreed practice, UNDP will continue to enquire regularly through the official channels about the status of the judicial process and will report to update UNBOA as soon as any new developments are known. From UNDPs part all aspects of the recommendation have been implemented.

*Department responsible*: Regional Bureau for Latin America and Caribbean (RBLAC)

*Status*: Implemented   
*Priority*: High  
*Target date:* 2nd quarter, 2015

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**Annex 4.**

**2015 UNCDF BOARD RECOMMENDATIONS AND PRIOR YEAR RECOMMENDATIONS THAT ARE UNDER IMPLEMENTATION**

1. UNCDF Recommendations contained in the report of the Board of Auditors for 2015.
2. **In paragraph 18, UNCDF agreed with the Board’s recommendations to (a) conduct assessment of all implementing partners before commencing the project implementation phase; and (b) ensure that capacity assessment is done whenever there is a change in implementation modality.**

**Management comments:** UNCDF will ensure that capacity assessments of new implementing partners are conducted in line with POPP

*Department responsible: Financial Inclusion Practice Area (FIPA)*

*Status*: In Progress

*Priority*: High

*Target date*: 4th Quarter, 2016

1. **In paragraph 23, UNCDF agreed with the Board’s recommendations to (a) speed up the transfer of projects assets, certify final CDRs; and (b) complete refunds to donors in a timely manner so that projects are financially closed within 12 months after being operationally closed.**

**Management comments:** UNCDF will expedite the transfer of the project assets and finalize all the required activities to close the projects in line with POPP.

*Department responsible: Financial Inclusion Practice Area (FIPA)*

*Status*: In Progress

*Priority*: High

*Target date*: 1st Quarter, 2017

1. **In paragraph 29, UNCDF agreed with the Board’s recommendation to expedite CDR certifications to ensure that quarterly CDRs are prepared on time and certified by implementing partners and UNCDF in compliance with POPP.**

**Management comments:** UNCDF noted the recommendation and will follow up with implementing partners to ensure all CDRs are signed in a timely manner in compliance with POPP.

*Department responsible: Local Development Practice Area (LDPA)*

*Status*: In Progress

*Priority*: Medium

*Target date*: 4th Quarter, 2016

1. **In paragraph 34, UNCDF agreed with the Board’s recommendation to (a) ensure timely revision and correlation of outcomes in the Project Document and AWPs with the outcomes in the UNDAF; and (b) enforce the quality assurance mechanism by reviewing information in the UNDAF, the Project Document and the AWP to ensure consistency.**

**Management comments:** UNCDF will enforce quality assurance functions to ensure regular review of programme/project documents on relevance and alignment to UNCDF strategic framework 2014-2017 and UNDAF (in case of country specific programmes).

*Department responsible: Financial Inclusion and Local Development Practice Areas*

*Status*: In progress

*Priority*: Medium

*Target date*: 1st Quarter 2017

1. **In paragraph 38, UNCDF agreed with the Board’s recommendation to (a) comply with POPP in conducting final projects reviews and prepare lessons learned in a timely manner in future, and (b) incorporate lessons learned into future programme documents.**

**Management comments:** UNCDF takes note of the recommendation and will ensure (a) final project review and lessons learnt are prepared on a timely basis in line with POPP and (b) incorporate the lessons learnt into future programme documents.

*Department responsible: Financial Inclusion Practice Area (FIPA) / Directorate PMSU*

*Status*: In Progress

*Priority*: Medium

*Target date*: 1st Quarter 2017

1. **In paragraph 43, the Board recommends that UNCDF: (a) specify and document all loan management system requirements based on the loan policy, (b) revisit and update details in the project plan based on specified requirements including timelines, and (c) monitor the implementation of project activities to avoid further delays.**

**Management comments** : UNCDF noted the recommendation and will ensure that (a) all loan management system requirements based on the loan policy are documented (b) project plan is updated based on specified requirements including timelines, and (c) implementation of project activities are closely monitored.

*Department responsible: Financial Inclusion Practice Area (FIPA)*

*Status*: In Progress

*Priority*: Medium

*Target date*: 1st Quarter, 2017

1. **In paragraph 49, UNCDF agreed with the Board’s recommendation to (a) conduct due diligence of long-outstanding loans and maintain proper evidence to support action taken on the loans including the write off of the loans whose recoverability is uncertain; and (b) ensure that impairment allowance for the loans is reviewed every year to ascertain its relevance and is supported by proper evidence of the approach used.**

**Management comment**s : UNCDF will (a) carry out and document a review of loan recoverability and provide for impairment where necessary and (b) carry out a due diligence and a write off process should there be adequate evidence that the possibility of recovery is remote.

*Department responsible: Financial Inclusion Practice Area (FIPA)*

*Status*: In Progress

*Priority*: High

*Target date*: 4th Quarter, 2016

* + 1. UNDP Recommendations contained in the report of the Board of Auditors for prior financial periods that are under implementation.

**Report of the Board for the financial period ended 31 December 2014**

1. **In paragraph 31, UNCDF agreed with the recommendation to (a) expedite the process of operational closure for all projects based on their projects ending dates and review the project status in Atlas in a timely manner to comply with POPP[[3]](#footnote-3), (b) the Investment Committee and UNDP/UNCDF speed up the process of approving the budgets at inception to allow MPTF’s[[4]](#footnote-4) approval of their budget to facilitate implementations of activities under Phase II projects.**

**Management comments**: UNCDF managed to financially close 80% of the projects, few are closed operationally and waiting donor confirmation and the remaining are ongoing and require extension of the project end date. Further progress is expected till the end of the target date.

*Department responsible*: Directorate

*Status*: Implemented  
*Priority*: Medium   
*Target date:* 3rd Quarter, 2016

1. **In paragraph 36, UNCDF agreed with the Board’s recommendation to (a) liaise with donors to agree a mechanisms in future trust fund agreements to dispose of any remaining balances; (b) establish timelines and take all necessary measures to refund or re-programme $1.3 million from 22 inactive trust funds; and (c) expedite the process of financial closure of all long outstanding operationally closed projects and review in a timely manner the project status in Atlas to comply with policies and procedures in operational and financial closure of projects.**

**Management comments**: UNCDF has implemented part (a) of the recommendation. On part (b & c) UNCDF is expediting the closure and refund of unused funds to donors. As a result, more than 80% of the old projects are closed financially and managed to refund the unused funds to donors. Further progress to fully implement the recommendation is expected by the target date.

*Department responsible*: Directorate

*Status*: Implemented

Priority: Medium  
Target date: 3rd Quarter, 2016

1. **In paragraph 50, UNCDF agreed with the recommendation to perform analysis to: (a) substantiate the reserve amount in terms of percentage, to establish its reserve in line with the Risk Mitigation Strategy or Framework component; and (b) establish the method for calculation of reserves to mitigate risks associated with cost sharing and trust funds with respect to expenditure-related risks, structural risks and liability risks for further Executive Board approval**

**Management comments:** The recommendation has been implemented and consultant’s report has been received on a new proposed calculation method for reserves taking into account associated risks. An Executive Board document will be prepared for requesting approval of the proposed changes to the operational reserve formula.

*Department responsible*: Directorate

*Status*: In progress   
*Priority*: High  
*Target date:* 4th Quarter, 2016

1. United Nations Development Assistance Framework (UNDAF) [↑](#footnote-ref-1)
2. Country Programme Action Plan (CPAP) [↑](#footnote-ref-2)
3. Programme and Operations Policies and Procedures [↑](#footnote-ref-3)
4. Multi Partner Trust Fund [↑](#footnote-ref-4)