**Annex**

**2020 UNCDF BOARD RECOMMENDATIONS AND PRIOR YEAR**

**RECOMMENDATIONS THAT ARE UNDER IMPLEMENTATION**

1. **UNCDF Recommendations contained in the report of the Board of Auditors for 2020.**
2. **In paragraph 30, the Board recommended that UNCDF initiate a review of its internal control framework to ensure that it is updated and meets the organization’s needs.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of reviewing and updating the internal control framework.

1. **In paragraph 35, the Board recommended that UNCDF analyse the current rights and authorities within its internal control framework in order to enhance the safeguards of internal controls.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of reviewing and updating the internal control framework.

1. **In paragraph 40, the Board recommended that UNCDF further refine its internal control framework to strengthen its implementation and implement an appropriate monitoring system to establish that its internal control system is functioning.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of reviewing and updating the internal control framework.

1. **In paragraph 49, the Board recommended that UNCDF further enhance managing delegations of authority in accordance with applicable guiding principles that govern the policies and procedures for the delegation of authority.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of reviewing and updating the delegation of authority.

1. **In paragraph 51, the Board recommended that UNCDF monitor delegations of authority on a regular basis to enhance compliance with the applicable policies and procedures.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of reviewing and updating the delegation of authority.

1. **In paragraph 65, the Board recommended that UNCDF enhance current guidance on conducting fraud risk assessments and on identifying potential inherent fraud risks covering processes particularly vulnerable to the risk of fraudulent acts.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of engaging external experts to update the guidance on fraud risk assessment.

1. **In paragraph 67, the Board recommended that UNCDF enhance compliance with the provisions related to fraud risk assessment as set out in UNDP’s anti-fraud policy and remind managers of their respective responsibilities.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of engaging external experts to update the guidance on fraud risk assessment.

1. **In paragraph 76, the Board recommended that UNCDF implement specific anti-fraud controls such as rotation and practical measures like mandatory vacation to reduce risk of fraudulent acts.**

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| *Department(s) responsible:* | Directorate and Office of Finance and Management Services (FMS) |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of implementing controls such as mandatory vacation etc.

1. **In paragraph 84, the Board recommended that UNCDF implement continuous due diligence procedures to regularly review its vendor master file for the inclusion of ineligible vendors or detection of fraud risk red flags.**

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| *Department(s) responsible:* | Office of Finance and Management Services (FMS) |
| *Status:* | Implemented  |
| *Priority:* | High |
| *Target date:* | First quarter of 2022 |

UNCDF agrees with the recommendation and is in the process of implementing continuous due diligence procedures.

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

In the annex to its report for the year ended 31 December 2020 (A/76/5/add.2, Chapter. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. UNCDF has implemented all recommendations from prior period, the implementations were also confirmed and assessed by the Board.