**Annex 2.**

**2016 UNDP BOARD RECOMMENDATIONS AND PRIOR YEAR RECOMMENDATIONS THAT ARE UNDER IMPLEMENATION**

* 1. UNDP Recommendations contained in the report of the Board of Auditors for 2016.
1. **In paragraph 20, UNDP agrees with the Board’s recommendation to review aged prepayments and indicators of IPSAS dashboard with a view to reconfigure the IPSAS dashboard in order to accommodate the prepayments from contracts whose delivery period exceed 180 days without “red rating” them. Thus, the IPSAS dashboard could only “red rate” the prepayments which exceeded the delivery due dates indicated in their contracts instead of using 180 days as “red rating” cut off for all types of prepayments.**

Management comments: UNDP is working on a revision of the prepayment indicator in the IPSAS dashboard to modify the reference point for ageing outstanding prepayments to take into account the delivery date specified in the purchase order. Business specifications for the modified indicator have been submitted to OIMT and the new indicator will be rolled-out once the configuration is completed.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 24, UNDP agreed with the Board’s recommendation to (a) enhance monitoring of trust funds and review their respective projects status in order to determine inactive trust funds, and (b) close in a timely manner all identified inactive trust funds.**

Management comments: UNDP will continue its effort through working with Regional and Central Bureaus to monitor and close inactive trust funds.

*Department responsible:* Regional Bureaus (RBX) and Central Bureaus (CBX)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 29, the Board recommends that UNDP, in consultation with the actuary, (a) determine the threshold for significant change in population of ASHI enrolment records which would require performance of full census of staff for valuation of ASHI liability at the year-end; and (b) include in the actuarial report the estimated change in population as part of key information.**

Management comments: UNDP will (a) propose to the UN system through the IPSAS task force to the Finance and Budget Network that a management decision regarding what would be considered a significant change, taking into account both quantitative and qualitative components, be collectively documented; and will (b) request that the actuary include in the actuarial report the estimated change in population as part of the key information.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 30, the Board also recommends that in the future UNDP obtain confirmation from UN on ASHI retiree enrolment records as part of year end certifications and reconcile the differences (if noted) with records in Atlas, the actuarial valuation report and respective ASHI liability in the financial statements.**

Management comments: UNDP will validate the ASHI retiree enrolment numbers during the years in which the figures are provided to the Actuaries.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 34, UNDP agreed with the Board’s recommendation to (a) verify and transfer the noted liabilities of MAIP premiums and medical insurance premiums to proper accounts codes, and (b) clear these long outstanding liabilities on time.**

Management comments: UNDP has started the process of verifying and clearing these balances.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 39, the Board recommends that UNDP ensure Honduras and Bangladesh Country Offices (a) continue to liaise with the implementing partners counterparts so that they fully own the UNDAF process in order to facilitate timely UNDAF implementation, annual reviews and progress reviews, and (b) consider having strategies such that the annual reviews and progress reports of UNDAF in the next programme cycle are done on time.**

Management comments: UNDP Bangladesh and Honduras Country Offices will (a) continue liaising with government counterparts to ensure full engagement and ownership of the UNDAF processes; and (b) follow up with UNCT and the RCs office to enable timely UNDAF annual reviews in the next programme cycle.

*Department responsible:* Regional Bureau for Asia Pacific (RBAP) and Regional Bureau for Latin America and the Caribbean (RBLAC)

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 44, the Board recommends that UNDP (a) introduce a clause in the co-operation agreements for communication obligations of all parties involved in program implementation including measures to motivate implementation of those obligations, and (b) increase follow-ups with counterparts to ensure appropriate measures are taken to address the recurring deficiency of delayed certification of CDRs by both UNDP and implementing partners.**

Management comments: UNDP has (a) updated the policy and guidance on CDRs, and (b) Regional and Central Bureaus will increase follow-ups with counterparts to ensure appropriate measures are taken to address delayed certifications.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 51, the Board recommends that UNDP ensure (a) timely review and updating of the projects risks, issues and monitoring logs and document the same in Atlas as the primary source of projects information, and (b) project boards conduct regular meetings to continuously monitor projects implementation.**

Management comments: UNDP will update POPP to provide clarity on which platform should be officially used to record project monitoring activities by both UNDP and project boards.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 56, the Board recommends that (a) the Moldova Country Office update information in the Evaluation Resource Centre in a timely manner, and (b) Headquarters consider establishing the timeframe for Country Offices to update key actions in the Evaluation Resource Centre.**

Management comments: The Moldova Country Office will (a) take action to ensure that information is updated timely in the Evaluation Resource Centre; and (b) ensure all evaluations have management responses that include time bound key actions and that the status of implementation will be regularly updated into the Evaluation Resource Center.

*Department responsible:* Regional Bureau for Europe and CIS (RBEC)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 62, UNDP agreed with the Board’s recommendation to ensure that UNDP review the project documents for the two projects to accommodate the delayed period and ensure that the projects are completed within the scheduled time.**

Management comments: UNDP’s Bangladesh Country Office has taken measures to accommodate the delayed period within the project cycles of the two projects and Technical Project Proposals (TPPs) have already been approved for both projects.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 69, UNDP agreed with the Board’s recommendation to (a) take proactive measures to ensure that all operationally closed projects are financially closed within 12 months in accordance with POPP by obtaining in a timely manner the donors’ approvals on refunds or reprogramming of unspent amounts; thoroughly review and effect all transactions related to projects before they are financially closed; and (b) ensure that all asset balances are cleared before projects are financially closed.**

Management comments: UNDP will (a) obtain donor approvals in line with standard donor agreement stipulations on refunds and reprogramming of unspent balances; and will (b) continue ensure that asset balances are cleared before projects are financially closed.

*Department responsible:* Regional Bureau for Asia Pacific (RBAP) and Regional Bureau for Latin America and the Caribbean (RBLAC)

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 74, the Board recommends UNDP (a) ensure inactive projects in Bangladesh and all Country Offices are closed in-line with the Programme and Operations Policies and Procedures, and (b) obtain, in a timely manner, donors’ endorsement on final reports; approvals on refunds or receipt of the last tranche or reprogramming of unspent amounts in order to ensure that all projects are closed on time.**

Management comments: UNDP’s Bangladesh CO will (a) monitor the timely closure of inactive projects in line with POPP and (b) ensure adequate follow up on donor approvals on refunds or reprogramming of unspent amounts.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 77, UNDP agrees with the Board’s recommendation to, (a) review the basis/criteria and guidelines used for determining the percent of administrative agent fees apportioned to central services; and (b) review the MPTFO policy (on administrative agent fee income) and justification and basis/criteria for apportioning the administrative agent fees between MPTFO and UNDP Country Offices that have received delegation of authority from the MPTFO Executive Coordinator.**

Management comments: UNDP will (a) review the AA fee guidelines and (b) MPTFO policy.

*Department responsible:* Executive Office (EXO)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 82, the Board recommends that the Bangladesh, Honduras and Uruguay Country Offices (a) liaise with other UN Agencies using HACT to resolve the noted challenges and prepare the Joint HACT Assurance Plans for shared IPs; and (b) ensure the Joint HACT Assurance Plans are endorsed by the Country Representatives and are implemented.**

Management comments: The three Country Offices, through the Joint HACT Committee meeting, will (a) accelerate preparation of 2017 joint HACT assurance plans in line with POPP, and these will (b) be endorsed by the country representatives of relevant agencies.

*Department responsible:* Regional Bureau for Asia Pacific (RBAP) and Regional Bureau for Latin America and the Caribbean (RBLAC)

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 87, the Board recommends UNDP ensure that for the next programmatic cycle, the HACT assurance plan for the Honduras Country Office is (a) prepared at the beginning of the programme cycle, approved by Country Director or Resident Representative and updated annually, and (b) includes all required details such as IP risk ratings, and cash transfer modalities.**

Management comments: The Country Office will (a) prepare the HACT assurance plan, ensure it is approved and update it annually for the next cycle 2017-2021 (b) in compliance with the HACT requirements.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 92, the Board recommends that UNDP (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 existence of vendors with same bank account numbers, and (c) review transactions processed through accounts shared by multiple vendors to ensure that no inappropriate transactions are included.**

Management comments: UNDP will send a communication to Country Offices and HQ Units through the Regional and Central Bureaus to (a) and (b) monitor and address the inconsistencies in vendor data and vendor bank information by using existing queries, and (c) ensure due diligence review is carried out on accounts shared by multiple vendors.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 97, the Board recommends that UNDP (a) review on time anomalies in the procurement dashboard and update for more accuracy, completeness and reliability of its information, (b) input reasonable delivery due dates during requisition; and (c) enhance follow-up with vendors to ensure that goods or services are delivered within scheduled period and appropriate measures are taken against non performing vendors including enforcing penalties under the contracts.**

Management comments: UNDP will (a) review the feasibility of addressing the anomalies which arise from the dashboard by only selecting one out of several lines through a system solution; UNDP is (b) exploring the feasibility of a system solution to have the delivery data updated to more realistic contractual terms at the point of preparing the purchase order; and UNDP will (c) request Regional Bureaus to follow up with offices that reflect significant delays in delivery to take appropriate measures with vendors in line with contractual terms.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 101, the Board recommends UNDP to strengthen reviews and monitoring of the POs and APs to ensure that, (a) expenses recorded in the general ledger, commitment control and projects are accurate, complete and recorded in the correct accounting period; and (b) pending transactions (i.e. POs, Vouchers and GLJEs with an accounting date on or before the last day of the month being closed) are cleared in accordance with year-end closure instructions.**

Management comments: UNDP will (a) and (b) continue to strengthen its review and monitoring of exceptions via dashboard and other corporate tools.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 107, the Board recommends UNDP ensure that future service contract evaluations are completed on time, ideally one month prior to contracts’ expiration as per policy, so as to give reasonable time for the office to make timely decisions.**

Management comments: UNDP will remind offices to complete the service evaluation one month prior to the expiry of the contract.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 111, the Board recommends that UNDP consider updating and enforcing the Human Resource policy to restrict the number of years which a person can serve under service contracts, after which a function should be established and filled by a person on fixed term appointment.**

Management comments: UNDP will look into the matter of restricting service under service contracts and the effects it will have on delivery and make a decision on restricting service if warranted.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 116, the Board recommends UNDP ensure that all staff members complete mandatory training courses on time.**

Management comments: UNDP will develop an automatic quarterly reporting tool to allow HQ and Regional Bureaus to monitor mandatory courses completion.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 120, UNDP agreed with the Board’s recommendation to introduce a schedule that will ensure easy reconciliation of individual asset additions between the financial statements note for property plant and equipment and the In Service Report (ISR).**

Management comments: UNDP will introduce a schedule to tie individual lines in the Property Plant and Equipment note to the in service report in the next preparation of the note.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 133, the Board recommends that Bangladesh Country Office (a) use the existing head of unit group as an ICT governance group to approve the ICT plan and budget, monitor budget implementation and vendor performance, as well as ensure compliance with information security policy; and (b) establish formal documented procedures for access control, change control, media handling and monitoring of information systems as per UNDP information security policy.**

Management comments: The Senior Management of UNDP’s Bangladesh Country Office will (a) prioritize and approve the ICT plan and budget and monitor implementation and performance; and (b) document access control, change control, media handling and monitoring, etc.in the form of an elaborate standard operating procedure.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 137, the Board recommends that the Bangladesh and Montenegro Country Offices improve the ICT monitoring mechanism to ensure that third-party service providers of ICT related services maintain security plans.**

Management comments: UNDP’s Bangladesh and Montenegro Country Offices have signed agreements with ICT service providers where the existence of security plans and implementation/testing is mandatory.

*Department responsible:* Regional Bureau for Asia Pacific (RBAP) and Regional Bureau for Europe and CIS (RBEC)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 140, the Board recommends the [Moldova] Country Office consider conducting periodic maintenance of ICT equipment in use even if they are aged.**

Management comments: The Moldova CO will continue periodic maintenance on the aged ICT equipment and document such maintenance.

*Department responsible:* Regional Bureau for Europe and CIS (RBEC)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 143, the Board recommends Bangladesh Country Office (a) conduct a full DRP test which involves all contact persons, communication procedures and document test results; (b) consider identifying a recovery site in a location which is not subjected to the same natural disaster as the data centre; and (c) install a fire suppression system and smoke detectors in the recovery site.**

Management comments: On (a) a full DRP test will be conducted by the 3rd quarter of 2017 involving all relevant persons and procedures and the result be well documented. The Country Office will (b) make an effort to find out if an offshore backup solution is feasible; and (c) installation of fire suppression and smoke detection system is under way. Security persons remain on duty at the site all seven days of the week, night and day.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 158, UNDP agrees with the Board’s recommendation to conduct orientation training for business continuity plan focal points.**

Management comments: UNDP plans to hold trainings in September 2017 for the BCP Focal Points on Business Continuity Planning and Business Impact analysis.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

* 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 2015**

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: MPTFO has on (a) and (b) invested a substantial amount of resources in improving project and fund closure rates with a large degree of success. MPTFO was able to close 279 projects in 2016 and an additional 37 through the first Quarter of 2017. MPTFO has (c) provided a detailed presentation on financial closure issues, including proposing the idea of addressing common reporting issues to the FMOG in December 2016.

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

*Status*: In progress
*Priority*: Medium
*Target date:* 4th Quarter, 2017

1. **In paragraph 82, UNDP also agreed with the Board’s 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: (a) Macro assessments have been carried out for Uganda and Sierra Leone Country Offices; and (b) the current UNDAF reports have incorporated elements of the macro assessments. Management is requesting closure on this recommendation and is awaiting UNBOA’s assessment.

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

*Status*: Closure requested
*Priority*: Medium
*Target date:* 4th Quarter, 2017

1. **In paragraph 173, UNDP agreed with the Board’s recommendation that it: (a) implement a 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 has (a) achieved fully redundant communication with the UNDP offices in the Daily News Building via a cooperative agreement with UN Women to provide redundant network connectivity in that location. Plans for the other buildings (DC1 and FF) are in progress. OIMT has submitted technical requirements to the Central Procurement Unit to issue ITB for Internet access in FF and DC1 buildings. (b) The Data Center Footprint Reduction project was successfully completed. OIMT is (c) aggressively reducing HQ dependency on the FF data center by migrating more critical applications from the data center to external hosting facilities. OIMT (d) produces a quarterly physical access list and shared in quarterly Information Security Management Meetings. In addition, OIMT has purchased and installed 4 Nestcam video surveillance cameras and is performing quarterly access audits.

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

*Status*: In progress
*Priority*: Medium
*Target date:* 4th Quarter, 2017

**Annex 3.**

**2016 UNCDF BOARD RECOMMENDATIONS AND PRIOR YEAR RECOMMENDATIONS THAT ARE UNDER IMPLEMENTATION**

1. **UNCDF Recommendations contained in the report of the Board of Auditors for 2016.**
2. **In paragraph 24, UNCDF agreed with Board’s recommendation to ensure that an annual work plan is prepared and approved in a timely manner to Support the Development and Implementation of Value Chains Programme in Rwanda.**

Management comments: UNCDF notes the recommendation for the Rwanda Support to the Development and Implementation of Value Chains Programme and will ensure annual work plans are prepared and approved in a timely manner.

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

*Status*: In progress

*Priority*: High

*Target date*: 1st Quarter, 2018

1. **In paragraph 28, the Board recommends UNCDF ensure that Rwanda Country Office expedite the finalization of Rwanda Financial Inclusion Programme (R-FIP) document and put it to use so that more resources are mobilized and projects implemented as expected.**

Management comments: UNCDF Rwanda is working to finalize the Rwanda Financial Inclusion Programme (R-FIP) document which will reflect a realistic resource mobilization target based on the best judgement of resource mobilization prospects at the current time

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 33, UNCDF agreed with the Board recommendation to ensure that the risk, issues and monitoring logs for all projects in the Rwanda and Bangladesh Country Offices are activated in Atlas in a timely manner as the primary source of project information.**

Management comments: UNCDF will ensure compliance in updating the referenced information in Atlas.

*Department responsible:* Local Development Practice Area (LDPA)/ Financial Inclusion Practice Area (FIPA) / Programme Management Support Unit (PMSU)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 43, the Board recommends that UNCDF (a) update the loan policy to remove reference to Pamira Banker as the entity’s loan management system, and (b) document a system requirement specification with consideration of integration with Atlas to be used as a baseline for acquiring the new loan management system.**

Management comments:

a) UNCDF will update the loan management system to reflect the changes.

b) UNCDF management is now working towards management of loan and guarantee instruments through the establishment of a dedicated lending facility. UNCDF believes that documentation of a system requirement specification at this stage is premature; however, the audit recommendation will be fully followed once UNCDF is ready with the development of a new loans management system in 2018.

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

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **In paragraph 48, the Board recommends that UNCDF develop the leave plans and amend them periodically to reflect changes; as well as identify and address reasons for increasing number of untaken leave days to ensure proper management of staff in line with POPP requirements on staff leave.**

Management comments: UNCDF management will continue to encourage staff to exercise their leaves within the period in which it is earned and that leave plans at the unit level are in place.

*Department responsible:* Management Support Unit (MSU)

*Status*: In progress

*Priority*: Medium

*Target date*: 2nd Quarter, 2018

1. **UNCDF 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 2015**

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 comments: 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, 2017