



**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, 2023**

Summary

In July 2024, the United Nations Board of Auditors formally issued its audit report for the United Nations Capital Development Fund (UNCDF) (A/79/5/Add.2) and awarded UNCDF an unqualified (clean) audit opinion for the year ended 31 December 2023. This is the twelfth 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 31 December 2023 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 2023; (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 2023.

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I. Introduction

1. The United Nations Capital Development Fund (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 2023. For UNCDF, this marks 12 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 management efficiency, and is responding to an internal audit designed to improve management of the Fund. The Managing Director, UNCDF emphasizes that transparency and accountability for results and impact continue to be top priorities for UNCDF.

2. UNCDF has put in place 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 2023

3. For the year ended 31 December 2023, the United Nations Board of Auditors, in its audit report of UNCDF (A/79/5/Add.2), issued nine audit recommendations (2022: eight recommendations). Out of the nine recommendations, seven were classified as 'high priority' and two as 'medium priority.' Management agreed with all recommendations issued. The recommendations have target completion dates in the second and third quarters of 2025.

4. Of the nine recommendations issued, two relate to finance and seven relate to the management of budget processes. Implementation of the recommendations will require focused efforts by UNCDF management to further improve the budget planning processes and ensure effective budget implementation that aligns with strategic objectives.

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 2023 recommendations started after the issuance of the final report of the United Nations Board of Auditors in July 2024.

6. As of October 2024, three months after the formal release of the report of the United Nations Board of Auditors and despite the due dates in the second and third quarters of 2025, UNCDF management was pleased to report that actions had already commenced on all nine audit recommendations to ensure full implementation by the target completion dates. Pursuant to decision 2010/9 of the Executive Board, a tabular listing of the status of audit recommendations' implementation is available on the Executive Board web page.

Table 1. Implementation status by target completion dates – UNCDF

<i>Target completion date</i>	<i>Number</i>	<i>closure requested</i>	<i>In progress</i>	<i>To be started</i>	<i>Total</i>
2025, 2nd quarter	5	0	5	0	5
2025, 3rd quarter	4	0	4	0	4
Grand total	9	0	9	0	9
Percentage	100%	0%	100%	0%	100%

Table 2. Implementation status by priority – UNCDF

<i>Priority</i>	<i>closure requested</i>	<i>In progress</i>	<i>To be started</i>	<i>Total</i>
High	0	7	0	7
Medium	0	2	0	2
Total	0	9	0	9
Percentage of total	0%	100%	0%	100%

III. Status of audit recommendations of the United Nations Board of Auditors for the year ended 31 December 2022 and prior years

7. As of October 2024, of the 24 audit recommendations issued to UNCDF for the 2022, 2021 and 2020 financial years, all were assessed as fully implemented by the United Nations Board of Auditors. UNCDF has no outstanding audit recommendations for periods ended prior to 31 December 2023.

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 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.