

## Annex 10 – Summary of Controls

United Nations Development Programme (UNDP) has its own Financial Regulations and Rules established and approved by the Executive Board. These UNDP Financial Regulations and Rules are to be used by all UNDP staff who are performing duties in the financial management of UNDP operations in the Country Offices. These Regulations shall govern the financial management of UNDP and shall apply to all resources administered by UNDP and to all the Funds and Programmes administered by the Administrator.

UNDP offices implement effective internal controls, drawn upon acknowledged international best practices, while taking into account the characteristics of UNDP. UNDP head of office has overall responsibility for establishing and maintaining adequate internal controls in the office, and for ensuring documentation of the office's internal control procedures.

Head of office is responsible to implement more effectively the requirements for internal control, and to devise its own internal control procedures that take account of the particular circumstances and characteristics of UNDP's operations. Established guidelines available for certain minimum internal control standards that must be observed, nevertheless, head of office have considerable scope in designing an internal control system that makes sense for UNDP offices. The internal controls apply throughout UNDP in all locations for the functions undertaken.

All personnel of UNDP are responsible to the Administrator for the regularity of actions taken by them in the course of their official duties. Any personnel who take any action contrary to these financial rules or the instructions which may be issued in connection therewith may be held personally responsible and financially liable for the consequence of such action.

The internal control for UNDP is structured around the significant roles undertaken by personnel holding various positions. This section describes the authorities, responsibilities, and accountabilities of each role. Three of the roles – project manager, approving manager, and disbursing officer – exercise authority for UNDP procurement, commitments, expense and disbursement transactions. These three roles are especially important to internal control and equate to the three orders of authority set forth in financial regulation.

No single person can exercise both first and second authorities over any one transaction because the second authority acts as an independent check on the first authority and verifies that applicable policies and procedures have been followed. The control exercised by the second authority is fundamental; Therefore, the second authority must be a UNDP staff member at the national officer or international level. Similarly, the third authority must be separate from first and second authorities and must be exercised by a UNDP staff member.

## **Audit Reports**

UNDP has completed two years of implementation. No audits have taken place yet. However, Micro Assessments and Spot-checks are done as per the Harmonized Approach for Cash Transfer (HACT), regulated by UNDP, for the responsible partners of the project. Based on the annual budgets of each responsible partners, using external audit companies, UNDP conducts financial spot-checks and Internal Control Audits on all its partners promptly.

The financial spot checks are conducted to all the partners with the annual budget between USD 50,000 to USD 200,000 and internal control audits are conducted for all the partners with the annual budget above USD 200,000. Summary of significant Issues identified, if any, during the financial spot checks and internal control audits are summarized, and action plan developed for each responsible partner with the timelines for implementation. For the partners with less than USD 50,000 budget per year, UNDP conducts financial checks using project personnel.

## **Programmatic Monitoring**

UNDP, as formalized by the corporate guidelines and policy on Monitoring and Evaluation, provides regular programmatic monitoring for the funds, projects and programmes, including implementing partner interventions. The Country Office Quality Assurance and Results Management Unit, which is independent from the project implementation, plan and execute the programmatic monitoring to check the progress and functions of the projects, funds, and programmes and provide recommendations for course correction, if necessary. UNDP's Quality Assurance unit is currently executing the external independent mid-term evaluation of the CDLG programme as agreed with the donor. The mid-term evaluation is expected to be completed by the 23<sup>rd</sup> of December 2022.

UNDP has completed the Quality Assurance and Monitoring visits as planned for 2022 to the CDLG project and its partners. The QA/ Monitoring field visits are mandatory as per the UNDP's corporate guidelines as it has provided the opportunity to assess the quality of the results produced by the intervention.