

UNITED NATIONS DEVELOPMENT PROGRAMME  
Office of Audit and Investigations



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AUDIT  
  
OF  
  
UNDP COUNTRY OFFICE  
  
IN  
  
TURKEY

Report No. 1690  
Issue Date: 6 October 2016

## Report on the Audit of UNDP Turkey Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Turkey (the Office) from 11 to 22 July 2016. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) governance and strategic management (organizational structure and delegations of authority, leadership/ethics and values, risk management, planning, business continuity, monitoring and reporting, financial sustainability);
- (b) United Nations system coordination (development activities, Resident Coordinator Office, role of UNDP – “One UN”, Harmonized Approach to Cash Transfers);
- (c) programme activities (programme management, partnerships and resource mobilization, project management); and
- (d) operations (human resources, finance, procurement, information and communication technology, general administration, safety and security).

The audit covered the activities of the Office from 1 January 2015 to 30 June 2016. The Office recorded programme and management expenditures of approximately \$38.9 million. The last audit of the Office was conducted by OAI in 2007.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

### Overall audit rating

OAI assessed the Office as satisfactory, which means, “Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.”

### Good practice

The Office had established a working space through a UN-wide Knowledge Management Portal in order to maintain the Long Term Agreements signed by United Nations agencies in the Country to ensure that all agencies **can review and piggyback on each other’s** Long Term Agreements.

Key recommendations: Total = 5, high priority = 1

The five recommendations aim to ensure the following:

Objectives	Recommendations No.	Priority Rating
Reliability and integrity of financial and operational information	4, 5	Medium
Effectiveness and efficiency of operations	1	High
	2, 3	Medium

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Weaknesses in  
organizational structure  
(Issue 1)

The Office's existing structure was the result of a realignment exercise motivated by the emerging development challenges and needs of the Country and in response to the evolving national development context. In order to ensure that the Office was 'fit for purpose', an organizational change process started in 2014 and was completed in 2015, greatly focusing on strengthening the programme area. The consequence was a resulting matrix structure in the reporting lines that has created certain exposures on the clarity of responsibilities and roles, and duplications of functions, as well as a decentralization of processes including procurement, which impacted the effectiveness and efficiency of operations.

Recommendation: The Office should undertake a review and update its organizational structure and the matrix reporting structure in order to: (a) clarify roles, responsibilities and accountabilities; (b) ensure adequate operational support for programme activities as a way to promote greater efficiency; (c) match the Internal Control Framework with the revised organizational structure; (d) ensure that adequate segregation of duties is maintained and address any deviations from the 'UNDP Programme and Operations Policies and Procedures'; and (e) revisit the existing structure of the procurement function.

**Management comments and action plan**

The Resident Representative accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



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