

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**  
**OF**  
**UNDP COUNTRY OFFICE**  
**IN**  
**ALBANIA**

**Report No. 1722**  
**Issue Date: 9 December 2016**

## Report on the Audit of UNDP Albania Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Albania (the Office) from 3 to 14 October 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 [HACT]);
- (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 31 July 2016. The Office recorded programme and management expenditures of approximately \$18.9 million. The last audit of the Office was conducted by OAI in 2011.

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 strong controls and a good monitoring system for following up on cost recoveries through the implementation of the Direct Project Costing (DPC) approach.

### Key recommendations: Total = 3, high priority = 0


The audit did not result in any high (critical) priority recommendations. There are three medium (important) priority recommendations, which means, “Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.” These recommendations include actions to address weaknesses noted in HACT implementation, and programme and project management.

The three recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendations 2 and 3); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 1).

### Management comments and action plan

The Resident Representative accepted all three recommendations and is in the process of implementing them. Comments and/or additional information provided had 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.

A handwritten signature in blue ink, which appears to read 'H. Osttveiten', is positioned above the printed name. The signature is enclosed within a rectangular box.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations