

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



*Empowered lives.  
Resilient nations.*

**AUDIT**  
  
**OF**  
  
**UNDP COUNTRY OFFICE**  
  
**IN**  
  
**BANGLADESH**

**Report No. 1922**  
**Issue Date: 7 June 2018**

## Report on the Audit of UNDP Bangladesh Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Bangladesh (the Office) from 28 March to 9 April 2018. 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 (leadership, corporate direction, corporate oversight and assurance, corporate external relations and partnership);
- (b) programme (quality assurance process, programme/project design and implementation, knowledge management);
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security); and
- (d) United Nations leadership and coordination.

The audit covered the activities of the Office from 1 January 2017 to 31 March 2018. The Office recorded programme and management expenses of approximately \$46 million. The last audit of the Office was conducted by OAI in 2015.

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 **partially satisfactory/some improvement needed**, which means “the assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.” This rating was mainly due to delayed programme approval and implementation, and high project administrative costs.

**Key recommendations:** Total = 5, high priority = 2

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	2	High
Reliability and integrity of financial and operational information	4	Medium
Effectiveness and efficiency of operations	3	High
	1, 5	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. All high (critical) priority recommendations are presented below:

Delayed programme  
approval and  
implementation  
(Issue 2)

OAI reviewed seven projects with a total expenditure of \$24.9 million or 62 percent of total project expenditures for the audit period. The audit team noted delays in the approval of project documents and annual work plans mainly due to the approval process within the Government. The Office also had a financial delivery target of \$75 million per year (or a total budget of \$300 million for the entire period of the current programme) for the three focused areas, namely (1) increasing opportunities, especially for women and disadvantaged groups; (2) developing and implementing improved social policies and programmes; and (3) enhancing effective management of the natural and man-made environment. In the first year of the current Country Programme Document, the Office had a delivery of \$34 million, and stated that it was unlikely to deliver more than \$40 million/year at most given the current structure and programming. If all things remained equal, this could be translated to \$160 million over the four years of the current programme, resulting in a total delivery of just over 50 percent of the planned Country Programme Document budget.

Recommendation: The Office should enhance the programme approval process and implementation by: (a) considering consolidating projects in portfolios, to facilitate the approval process and developing single multi-year annual work plans per project; (b) obtaining clear commitment from the government counterparts to expedite the review and endorsement of new projects and the signing of annual work plans; and (c) reviewing the current Country Programme Document budget with a view to revising it for a more realistic budget due to the current trends and delays.

High project  
administrative costs  
(Issue 3)

OAI reviewed the level of project staff costs, the direct project costs related to organizational effectiveness charged through Direct Project Costing, and the overall project expenditures for seven sampled projects. The audit team noted that for four of the seven projects, the ratio of the total project staff costs (including direct project costs) against the total expenditure ranged between 37 percent and 53 percent of the overall project expenditures.

Recommendation: The Office should streamline project support by considering pooling support services for similar projects, such as projects located in the same localities or projects with the same implementing partners.

**Implementation status of previous OAI audit recommendations:** Report No. 1429, 28 May 2015.

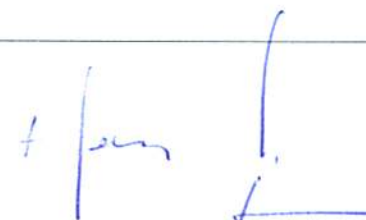
Total recommendations: 10

Implemented: 10

### Management comments and action plan

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

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Osttveiten  
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