

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

JAMAICA

Report No. 2033
Issue Date: 7 March 2019

Report on the Audit of UNDP Jamaica Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Jamaica (the Office) from 28 January to 8 February 2019. 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 December 2018. The Office recorded programme and management expenses of approximately \$14.3 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 **satisfactory** which means “The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area”.

Good practices

Operations/ procurement: The Office undertook a procurement fair in 2018 to enhance in-country visibility and to increase the size of its procurement database. Further, it engaged the government entity to participate in the procurement training certification at no cost to the Office.

Programme/knowledge management: The Office created a video for the onboarding of newly recruited persons. It also set up a bulletin with infographics called “POPP Corner” so that counterparts were aware on UNDP policies and procedures.

Key recommendations: Total = 3, high priority = 1

The three recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1,2	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3	Medium

For high (critical) priority recommendation, 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:

Office's financial
sustainability at risk
(Issue 2)

The audit team noted that the Office's financial sustainability was at risk. For example:

- There were arrears totalling \$5.1 million in Government Contributions to Local Office Costs for the period from 2001 to 2018, despite the efforts made by the Office to collect them from the Government.
- The Office's delivery depended mainly on three regional/global projects that recorded over 60 percent of total deliveries in 2017 and 2018. One of these projects was completed in 2018 and activities of the other two projects would be finishing in 2019, which would have an impact to the Office's future resources.
- An annual delivery between \$10 and \$11 million per year was needed to cover the Office operational costs. The 2019 Integrated Work Plan approved by the Regional Bureau for Latin America and the Caribbean had target financial delivery of \$5.0 million only.
- The costs recovery calculated for 2018 amounted to \$0.8 million, which was \$0.3 million less than the Office operational cost of \$1.1 million. Further, the projected revenue for 2019 was \$0.4 million. This would result in \$1 million deficit considering the estimated total operation costs of the Office for 2019 was \$1.4 million.

Recommendation: The Office should improve its financial sustainability by: (a) continuing its efforts to collect the Government Contributions to Local Office Costs and seeking the assistance of the Regional Bureau for Latin America and the Caribbean to escalate the matter to the Permanent Mission of Jamaica to the United Nations; (b) reducing its operational costs; and (c) enhancing the project pipeline, improving resource mobilization, and seeking other sources of funding.

Implementation status of previous OAI audit recommendations: Report No. 1430, 24 April 2015.

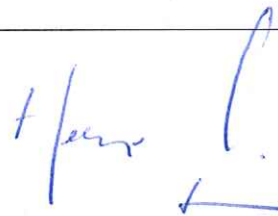
Total recommendations: 11

Implemented: 11

Management comments and action plan

The Resident Representative accepted all 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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