



AUDIT

OF

UNDP COUNTRY OFFICE

IN

KUWAIT

Follow-up of OAI Report No. 1265 dated 20 May 2014

Report No. 1460
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Table of Contents

Executive Summary i
I. Details of recommendations not yet implemented 1
ANNEX Definitions of audit terms – implementation status, ratings and priorities 3

**Report on follow-up audit of UNDP Kuwait
(Previous OAI Report No. 1265, 20 May 2014)
Executive Summary**

From 31 May to 4 June 2015, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an on-site follow-up audit of the UNDP Country Office in Kuwait (the Office). This on-site follow-up audit was undertaken, in addition to regular desk reviews, in view of the 'unsatisfactory' audit rating expressed in last year's OAI audit report No. 1265 dated 20 May 2014. The follow-up audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit scope and approach

The follow-up audit reviewed the implementation of 13 audit recommendations. OAI conducted appropriate tests of transactions and activities by the Office from 1 January 2014 to 31 March 2015 and interviewed management and staff concerned to determine whether the reported corrective actions were indeed implemented, as reported by the Office in the Comprehensive Audit and Recommendation Database System (CARDS).

Audit results

Of the 13 audit recommendations, the Office had fully implemented 11 and initiated action on 2.

Implementation status	Number of recommendations	Recommendation Nos.
Implemented	11	1, 2, 5, 6, 7, 8, 9, 10, 11, 12, 13
In progress	2	3, 4
Not implemented	0	-
Withdrawn	0	-
Total	13	

The detailed implementation status of the 13 recommendations has been updated by OAI in CARDS.

Section I summarizes the two recommendations that have yet to be fully implemented. OAI encourages the Office to continue to take appropriate actions to address these remaining recommendations. OAI will continue to monitor the progress of the implementation of these recommendations as and when updates are provided by the Office in CARDS.

The two recommendations aim to ensure achievement of the organization's strategic objectives (Recommendations 3 and 4).

Management comments and action plan

The Resident Representative provided the revised implementation dates for the outstanding recommendations.



Antoine Khoury
Officer-in-Charge
Office of Audit and Investigations

I. Details of recommendations not yet implemented

Recommendation No.	Recommendation	Implementation status reported by UNDP Kuwait	OAI assessment recommended action
3	Redesign the project “Support capacity development of the General Secretary of the Supreme Council of Planning and Development to direct strategic planning priorities of the state of Kuwait”, setting out clearly defined outputs and timeframes, and in the future only engage in projects with clearly defined outputs agreed in the Country Programme Document.	<p>Implemented</p> <p>The Office prepared the Annual Work Plan for Project No. 81254 but it has not been signed.</p> <p>The Project Manager was hired on 1 April 2015.</p> <p>The project evaluation has not been conducted as planned. The Office is discussing with headquarters the possibility of hiring a consultant from the headquarters roster.</p>	<p>In progress</p> <p>The Office has not finalized the Annual Work Plan for the project “Support capacity development of the General Secretary of the Supreme Council of Planning and Development to direct strategic planning priorities of the state of Kuwait”, which showed clearly defined outputs and timeframes.</p> <p><u>Agreed revised implementation date:</u> August 2015</p>
4	Strengthen capacity in managing and monitoring projects by: (a) improving the implementing partner selection process and ensuring that cost-sharing agreements are signed, and progress reports are regularly submitted by implementing partners; (b) developing exit strategies and subjecting projects to mid-term reviews and final evaluations; (c) capturing project results in Atlas, using project monitoring logs, and updating risk logs and project-related documents in Atlas; and (d) signing a Letter of Agreement with the implementing partners regarding the services	<p>Implemented</p> <p>(a) The cost-sharing agreement for Project No. 72396 has been signed while the cost-sharing agreement for Project No. 74036 has ended. As for Project No. 81254, the Project Board decided to make it a component of Project No. 79950. Quarterly reports are being prepared for Project No. 74036.</p> <p>(b) No separate documents for exit strategies have been prepared but sustainability is being discussed and measured as part of the monitoring process. All project activities are focusing on sustainability, including intensive capacity-building and transfer of knowledge to ensure a proper exit. This approach is being implemented by the Office for</p>	<p>In progress</p> <p>The Office has implemented recommendations (a), (c), and (d); however, recommendation (b) is still in progress. Specifically, the Office has not prepared separate documents for exit strategies and has not conducted project mid-term or final evaluations.</p> <p><u>Agreed revised implementation date:</u> August 2015</p>

	<p>provided to projects by the Office.</p>	<p>both the previous and current Country Programme Action Plans.</p> <p>(c) The Office has ensured that status reports are being prepared to track project progress, and is updating risk logs and holding meetings with counterparts to discuss the progress of implementation of activities along with bottlenecks.</p> <p>(d) The Office has signed Letters of Agreement with implementing partners for ongoing projects. The Office will also sign the Letters of Agreement for the new projects under the Country Programme Document (2015-2018).</p>	
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ANNEX Definitions of audit terms – implementation status, ratings and priorities

A. IMPLEMENTATION STATUS

- **Implemented** The audited office has either implemented the action as recommended in the audit report or has taken an alternative solution that has met the original objective of the audit recommendation.
- **In progress** The audited office initiated some action to implement the recommendation or has implemented some parts of the recommendation.
- **Not implemented** The audited office has not taken any action to implement the recommendation.
- **Withdrawn** Because of changing conditions, OAI considers that the implementation of the recommendation is no longer feasible or warranted or that further monitoring efforts would outweigh the benefits of full implementation. A recommendation may also be withdrawn when senior management has accepted the residual risk of partial or non-implementation of recommendation.

B. AUDIT RATINGS

- **Satisfactory** 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.
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

C. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** 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.
- **Medium (Important)** 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.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.