UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

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AUDIT

OF

UNDP COUNTRY OFFICE

IN

MYANMAR

Report No. 1672

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Table of Contents

Report on the Audit of UNDP Myanmar
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Myanmar (the Office) from 14 to 23 June 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 and Resident Coordinator Office);

(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 13 June 2016. The Office recorded programme and management expenditures of approximately $38 million. The last audit of the Office was conducted by OAI in 2012.

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**, which means, "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." This rating was mainly due to the following: inadequate actions taken to address the 2014 Global Staff Survey results; unrealistic resource targets in the Country Programme Document; target development results not achieved; delays in the approval of project annual work plans; inadequate human resources management; inactive bank accounts; delays in the liquidation of project cash advances; and inadequate controls over the receipt of offers.

Key recommendations: Total = **7**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are seven 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 in governance and strategic management, programme activities, and operations.

The seven recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	2	Medium
Effectiveness and efficiency of operations	1	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3, 4, 5, 6, 7	Medium

Management comments and action plan

The Resident Representative accepted all seven 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.

Helge S. Osttveiten
Director
Office of Audit and Investigations

I. About the Office

The Office, located in Yangon, Myanmar (the Country) had 118 personnel at the time of audit fieldwork. Since 1993, the Office's primary programme of assistance was the Human Development Initiative. However, beginning in 2013, a Country Programme Document was developed as an engagement tool for the programming cycle from 2013 to 2015. The period was subsequently extended to 2017 and the Country Programme Document comprised of three main pillars: (i) effective local governance for sustainable inclusive community development; (ii) climate change, environment, energy and disaster risk reduction; and (iii) democratic governance and development effectiveness.

II. Audit results

Satisfactory performance was noted in the following areas:

(a) United Nations system coordination. Adequate controls were established and no reportable audit issues were noted.

(b) General administration. The controls were generally well established and functioning adequately.

(c) Safety and security. The review of the Office's security plan and security risk assessment did not identify any reportable issues.

(d) Information and communication technology. The audit reviewed software and hardware management, conducted ocular visits to the Office's servers, and reviewed the latest available disaster recovery plan. No reportable issues were identified.

OAI made seven recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.

Medium priority recommendations, arranged according to significance:

(a) Enhance controls over the receipt of bid documents (Recommendation 7).
(b) Enhance controls over the management of project cash advances (Recommendation 6).
(c) Enhance planning and management of Pillar II (Recommendation 3).
(d) Improve human resources management (Recommendation 5).
(e) Address concerns highlighted in the results of the 2014 Global Staff Survey (Recommendation 1).
(f) Ensure that the next Country Programme Document sets realistic programme and resource targets (Recommendation 2).
(g) Ensure that annual work plans are finalized before the beginning of the new fiscal year (Recommendation 4).

The detailed assessment is presented below, per audit area:

A. Governance and strategic management

Issue 1 Inadequate actions taken on results of Global Staff Survey

UNDP conducts yearly global surveys that consist of questions on a wide range of topics and that should be completed by UNDP staff worldwide. Feedback is collected from staff and questions are raised on what could be done to improve the work environment. Country Offices and other units need to review the Global Staff Survey results together with their staff, identify priorities for improvement, develop action plans and targets, and implement them.

Based on the Global Staff Survey results for 2014, the Office had scored below the 50^{th} percentile of all Country Office scores in 10 out of 11 dimensions. There was a downward trend in 7 out of 11 dimensions of the Office's scores in 2014 compared to 2013. Discussions with staff in the Office as well as feedback received from the Office's Staff Welfare and Wellbeing Committee indicated that minimal actions were taken to address concerns highlighted in the results of the 2014 Global Staff Survey. Some of the concerns highlighted included the need to look into staff work life balance, job security, and learning opportunities.

The Office commented that a task force was established to analyse the key staff issues and to propose actions to address them, but due to competing priorities, the task force could not complete these tasks. However, the staff well-being issues were discussed during the Office retreat held in May 2015. The Office had also revised the existing business processes in collaboration with management, staff and Staff Association. The Office acknowledged that remaining actions under the plan drafted by the task force would be completed as appropriate, under the direction of the new Country Director.

Failure to implement an action plan to address results of the Global Staff Survey could negatively impact staff motivation.

Priority	Medium (Important)
Recommendation 1: The Office should address concerns highlighted in the results of the 2014 Global Staff Survey by undertaking relevant activities and actions.	
Management action plan: The Office stated that the task force would review highlighted issues from the 2014 Global Staff Survey results and prepare an action plan under the guidance of the new Country Director, which would then be implemented by end of the year. **Estimated completion date:** December 2016	

B. Programme activities

Issue 2 Unrealistic resource targets in Country Programme Document

According to the 'UNDP Programme and Operations Policies and Procedures', implementing a Country Programme means ensuring that all of the outputs as defined in the CPD as well as in regional programmes and the global programme, contribute to achieving the national outcomes stated in the CPD. UNDP managers are responsible for developing, managing and monitoring overall programme delivery at country or regional levels for the achievement of programme outputs and plausible contributions to outcomes.

The 2013-2015 CPD had a budget of $150 million for programme implementation, of which $25 million was from core funding and of which $125 million was to be mobilized. The audit disclosed that the total financial delivery or programme implementation during 2013-2015 was only $63.5 million, or 42 percent of the target budget, as shown in the table below.

Table 1: Expenditure rates by Pillar 2013-2015

Pillar	Planned CPD budget 2013-2015 ($ millions)	Expenditure 2013-2015 ($ millions)	Percentage ratio (%)
Pillar I: Effective local governance	59	39	66
Pillar II: Climate change, environment and energy	46*	5.5	12
Pillar III: Democratic governance and development effectiveness	45	19	42
Total	**150**	**63.5**	**42**
* In March 2016, the budget was subsequently revised to $39.5 million.			

Source: UNDP Myanmar

The main reason for the low delivery was the low resource mobilization. As at December 2015, the Office had mobilized only $51 million in non-core resources against a budget of $125 million. Accordingly, the resources available totaled $76 million only. The financial delivery of Pillar II was exceptionally low at 12 percent (this is discussed in detail under Issue 3 below).

In terms of results, it was not possible to clearly determine what results had been achieved against the original targets in the CPD's Results and Resources Framework (RRF). The progress indicators and some of the outputs had been revised in 2015 to build on progress made and to ensure a more realistic set of indicators, and to extend the period to 2017 in line with the CPD no-cost extension. As the mid-term review of the CPD undertaken in 2015 highlighted, at mid-point it was not possible to make conclusions about output and outcome achievements.

Based on the revised RRF, 46 out of 103 target results for Pillar I were planned for 2016-2017. Similarly, Pillar III had 30 target results in the revised RRF, of which 11 were to be realized in the extended CPD period of 2016-2017. In view of the revisions, the audit was unable to assess whether the targets were fully achieved by 2015.

The Office indicated that they delivered at a rate of over 80 percent against the annual work plans for 2013-2015. They further explained that the CPD may have been overly ambitious for a first CPD in a country that was coming out of a long period of operating under mandate restrictions and sanctions. The Country was going through its first phase of political transition, and the Office itself had to undergo a similar drastic transition from a large-scale community-based operation to a full-fledged governance programme. The CPD projections were also set at a high level based on donors' early indications, which did not materialize due to uncertainties in the Country context, running up to the elections in 2015. As a result, development partners adopted a 'wait and see' approach at the time. The mid-term review of the Country Programme undertaken in 2015 also noted the need to set realistic Country Programme targets for the Office.

While the audit team acknowledged the challenges of the Office moving to a full-fledged governance programme, the overall delivery of only 42 percent of the budget was a reflection of a highly ambitious CPD. This may negatively impact the reputation of UNDP in its resource mobilization efforts, which may also affect the delivery of results.

In 2015, a no-cost extension to 2017 was granted to the Office, with an additional $13 million in core funding for the extended period, maintaining the total planned CPD budget at $150 million. The RRFs for the three Pillars were revised in 2015 to align them with the extended CPD period.

Unrealistic programme targets, unclear results achieved, and low delivery may hamper the ability of the Office to meet its development objectives.

Priority	Medium (Important)
Recommendation 2: The Office should ensure that the next Country Programme Document sets realistic programme and resource targets, taking into consideration all risk factors that may impact the implementation of the programme.	
Management action plan: The new Country Programme Document (2018-2022) will be developed with more realistic budget expectations, building on the experience, increased knowledge of donors and lessons learned from the current programming cycle. **Estimated completion date:** September 2017	

Issue 3 Target developmental results under Pillar II not achieved

The UNDP Strategic Plan 2014-2017 stipulates that offices are expected to focus their interventions on programme delivery and developmental results.

According to the 2013-2015 CPD, the Office had a planned budget of $46 million for Pillar II (Climate Change, Environment and Energy), which was subsequently revised to $39.5 million. The actual financial delivery for this Pillar for the same period was $5.5 million, or 12 percent of the planned CPD budget. While the CPD budgets were over-ambitious (as stated under Issue 2), a reasonable delivery rate for Pillar II according to the available funding should be expected. However, the delivery rate of 12 percent for Pillar II was particularly low, as can be seen from the annual delivery during the period 2013-2015.

As at March 2016, the total non-core resources mobilized for Pillar II were only $15.1 million.

The audit was unable to determine the actual results achieved against the planned original CPD results as the RRF had been revised in 2015. For instance, while the original Pillar 2 RRF had 16 output targets to be achieved by 2015, the revised RRF indicated 30 output targets, of which 16 were planned to be achieved during the extended CPD period 2016-2017 (no-cost extension period). Further, there was also no evidence that the other 14 targets had been fully achieved by December 2015.

There was inadequate planning and management of Pillar II in view of the following factors:

- The Office had not adequately prepared the extensive application and negotiation processes related to vertical funds such as Global Environment Facility and Adaptation Fund.
- There were staffing gaps in Pillar II, to manage the programme activities and undertake the inception of the newly initiated large projects in 2014 and 2015. The Office had not adequately planned for the international technical staff required, and instead had to source national staff where technical capacities were not adequate.
- The project oversight mechanisms, in conjunction with government counterparts for Project No. 79682 (one of the largest projects in Pillar II) were not adequately planned and managed, thereby causing delays. Furthermore, the selection of target villages for Project No. 79682 was prolonged, and related risks were not identified or well managed.

The audit also noted that the floods that impacted most part of the Country and the general elections in 2015, as well as the subsequent changes in the Government also affected progress to a certain extent.

A mission was undertaken by the Regional Team Leader in August 2015 to support the Office in addressing Pillar II challenges. The back-to-office report noted the lack of adequate human resources in the Pillar II team as a serious constraint, along with a low delivery rate due to unrealistic budgeting among other concerns. A number of follow-up actions were recommended, including finalizing the recruitment of key staff, and revising the budget downward and re-phasing to 2016. While some actions were completed by the set deadlines, 4 of the 11 actions were still ongoing, including the four posts that were under recruitment as at 18 July 2016. In addition to this, discrepancies were noted in the 2015 original budget, whereby the mission report by the Regional Team Leader indicated $5.24 million instead of the $4.5 million stated by the Office.

The low delivery rate under Pillar II was also noted as a concern by the Regional Bureau for Asia and the Pacific during its 2016 mid-year review, whereby only 2 percent of the Global Environment Facility portfolio had been recorded as delivered, with a similar trend in 2015. The Office stated that the delivery was in fact 11 percent by the end of May 2016, as the actual figures had not been reflected in the system as at the time. The Regional Bureau for Asia and the Pacific noted that this may have a negative impact on the Green Climate Fund proposal, with a planned teleconference and follow-up mission to identify the internal and external bottlenecks affecting the delivery.

Underperformance in achieving the planned results may impact donor confidence in UNDP's capacity to utilize donor funds in a timely manner.

Priority	Medium (Important)
Recommendation 3: The Office should enhance the planning and management of Pillar II by: (a) implementing all of the recommendations included in the Regional Team Leader's and Regional Bureau for Asia and the Pacific mid-term review 2016; (b) planning for adequate staffing resources and recruiting the staff timely;	

(c) ensuring that annual available resources are fully budgeted and utilized; and
(d) enhancing efforts to mobilize resources, such as Green Climate Fund.

Management action plan:

The Office indicated that the Programme Unit has developed an updated organigram (taking into account availability of resources), and necessary recruitments are currently ongoing. The Office is also taking efforts to ensure available annual resources are fully budgeted and utilized. Further, all efforts will be extended to mobilize additional resources, including Green Climate Fund.

Estimated completion date: December 2016

Issue 4 Delays in approval of annual work plans

The 'UNDP Programme and Operations Policies and Procedures' require that annual work plans identify specific annual targets to be approved by the Project Board in the last quarter of the preceding year and signed by implementing partners before implementation. The annual work plans specify the activities to be delivered along with the resources allocated for the activities and the respective timelines for implementation.

There were delays in approving the 2015 and 2016 annual work plans for the five projects reviewed, as outlined below:

Table 2: Dates annual work plans were signed for five selected projects reviewed

Projects	2015 annual work plans	2016 annual work plans
74044-Rule of Law	25 March 2015	12 May 2016
74124-Livelihood support and Social cohesion	19 March 2015	28 March 2016
72430-Disaster Risk Reduction	10 April 2015	13 May 2016
74042-Parliamentary Support	9 March 2015	26 May 2016
89100-Myanmar Electoral Support	19 August 2015	18 February 2016

Source: UNDP Myanmar

The Office stated that while the planning process was initiated in November of the preceding year, there were delays in the meetings of the Output (Project) Boards that approved the annual work plans. The delays were due to the consultation processes within the Government. Further, in 2016, changes in the new Government as a result of the 2015 elections also delayed the approval process. The Office stated that for the first quarters of 2015 and 2016, the programmes continued to implement activities that had been ongoing from the previous years. The delayed approval of the Annual Work Plans resulted in the delay of project implementation activities, which could negatively impact the delivery of intended outputs and outcomes.

Priority Medium (Important)

Recommendation 4:

The Office should ensure that annual work plans are finalized before the beginning of the new fiscal year.

Management action plan:

The Office will ensure 2017 annual work plans are signed in a timely manner.

Estimated completion date: February 2017

C. Operations

1. Human resources

Issue 5 Inadequate human resources management

The audit disclosed control weaknesses in the Office's human resources management, as described below:

(a) Mandatory training courses not completed

According to the 'UNDP Programme and Operations Policies and Procedures' all staff members are required to complete six mandatory courses that are important for understanding the policies and objectives of the organization. Based on the information provided by the Office, none of the 118 staff members completed all six mandatory training courses as of 13 June 2016.

Table 3: Completion status of mandatory trainings as of 13 June 2016

Completion Status	Basic Security	Advanced Security	Ethics	Gender Journey	Harassment	Legal Framework
(a) Completed	65	53	36	57	60	37
(b) In Progress	9	3	13	6	4	14
(c) Not Attempted	44	62	69	55	54	67
(d) Total	118	118	118	118	118	118
(e) Completion Percentage Ratio (%) = (a)/(d)	55	45	31	48	51	31

Source: UNDP Myanmar

The Office explained that in some instances, the lack of English language proficiency of staff members contributed to the non-completion of mandatory trainings. However, not completing all mandatory trainings on a timely basis may prevent staff members from obtaining adequate knowledge on various aspects that would enable them to perform their tasks effectively.

(b) Performance Management and Development process not completed

The Bureau for Management Services' Performance Management and Development guidance note indicates that annual assessment processes for staff should be completed by 31 January of the subsequent year. However, at the time of the audit fieldwork, the Office had not fully completed the staff assessments, as indicated in the table below:

Table 4: Status of completion of Performance Management and Development from 2014 to 2016 as of 31 May 2016

	2014	2015	Plan for 2016
Percentage of completion	71%	66%	81%

Source: UNDP Myanmar

The Office indicated that several reasons contributed to the non-completion of the Performance Management and Development assessment process, such as the departure of supervisors during the year and other competing priorities. Nonetheless, the Office indicated that it was taking the Performance Management and Development exercise seriously and would ensure its immediate completion.

The failure to complete the Performance Management and Development assessment process in a timely manner may prevent staff from identifying key areas where additional training might be necessary for them. Furthermore, it prevents staff from receiving important feedback from supervisors on their performance.

(c) Absence of comprehensive training

The 'UNDP Programme and Operations Policies and Procedures' state that learning and development in UNDP is an important dimension of human resources development and is integral to staff capacity development for enhancing performance and results leading to organizational effectiveness as well as staff career development. During discussions with various staff in the Office and based on comments received from the Staff Welfare and Wellbeing Committee, it was highlighted that staff training was an area of significant interest. The Office had a Learning Committee to advise and coordinate staff learning requirements.

However, the Office had not undertaken an assessment to identify staff learning needs. The Office indicated that it realized the importance of staff learning needs and requested the Learning Committee to develop staff training plans based on discussions between staff and their supervisors. The Office also encouraged staff to participate in online training programmes as the learning budget available for staff training needs was limited. The Office further indicated that staff had been sent on detail assignments to the Bangkok Regional Hub, the Procurement Support Office and the Office of Human Resources to improve staff knowledge and assist in their career advancement.

OAI acknowledged the efforts taken by the Office; however, without a formal learning needs assessment to identify staff learning requirements, the Office may not be able to fully address staff learning and development concerns.

Priority	Medium (Important)

Recommendation 5:

The Office should improve human resources management by:

(a) enhancing its efforts to ensure that all staff complete mandatory trainings within a specified timeline;
(b) completing the performance management development process for all staff within a specified timeline; and
(c) undertaking a learning needs assessment.

Management action plan:

The Office would be taking a series of actions to implement the recommendation, such as the following: arranging knowledge sharing sessions to introduce the new Learning Management System and mandatory courses; communicating with all staff on a monthly basis on the progress of the mandatory course completion rate; reminding those who have not completed them to complete the training; enhancing efforts to complete the Performance Management Development process for all staff; and requesting all unit heads to identify learning needs of their respective staff. The Office will also propose to the Learning Committee to review all proposed unit learning plans and prioritize training activities based on the organizational needs and learning budget.

Estimated completion date: December 2016

2. Finance

Issue 6 Inactive bank accounts

The 'UNDP Programme and Operations Policies and Procedures' state that the Treasurer, Bureau for Management Services, is authorized to designate the bank or banks in which UNDP funds will be maintained. Ideally, Country Offices shall operate only two bank accounts, although additional accounts may be opened if necessary for the smooth functioning of the office.

At the time of audit, the Office had 10 bank accounts. The Office maintained two US dollar accounts and two local currency (Kyats) bank accounts in Yangon. The remaining six were local currency bank accounts (Kyats) maintained in various townships.

The audit disclosed that there were no transactions during January to May 2016 for the six bank accounts maintained in various townships. The Office explained that these six bank accounts were maintained since they might still be used in the future. It would take about three months to open a new bank account and the existing bank accounts were not incurring any bank charges.

There is the risk that the six inactive bank accounts could be used for unauthorized financial transactions.

OAI comment:

Subsequent to the audit fieldwork, the Office closed all six inactive bank accounts. Therefore, OAI is not making a recommendation.

Issue 7 Delays in liquidation of project cash advances

The 'UNDP Programme and Operations Policies and Procedures' state that a project cash advance is a one-time advance issued to a custodian for a specific one-time project activity. Such cash advances must be closed and fully accounted for within seven days after the last day of the project activity.

From January 2015 to April 2016, the Office issued 340 project cash advances amounting to $0.8 million. There were delays in closing and recording project cash advances in 252 instances and the delays ranged from 1 to 100 days past the deadline.

Furthermore, the 'UNDP Programme and Operations Policies and Procedures' require that offices prepare a project cash advance status monitor, which should be reviewed by the Operations Managers at the end of each month. In addition, a project cash advance reconciliation schedule must be prepared and certified by the Operations Manager on a quarterly basis. While the Office prepared a project cash advances status monitor and updated it regularly, the project cash advance reconciliation status monitor report was not prepared. The Office clarified that it was making efforts to reduce the project cash advances where possible as evidenced by lower project cash advances made from January to April 2016 which amounted to $80,000, compared to $0.7 million from January to December 2015.

The 'UNDP Programme and Operations Policies and Procedures' also require offices to randomly select beneficiaries to verify if actual payments have been made from the project cash advances. There was no evidence that the Office verified the beneficiaries paid from the project cash advances. The Office clarified that these random verifications were done regularly, although they were not documented.

If project cash advances are not monitored closely or closed out in a timely manner, there is a risk that funds will be used for unintended purposes.

Priority	Medium (Important)

Recommendation 6:

The Office should enhance its controls over the management of project cash advances and ensure that it complies with the 'UNDP Programme and Operations Policies and Procedures' by:

(a) closing and recording project cash advances within seven days after the project activity;
(b) preparing a project cash advance reconciliation status monitor report; and
(c) document random verifications of beneficiaries to confirm receipt of payments.

Management action plan:

The Office commented that it would enhance controls over the management of project cash advances by: removing the Output Leaders to sign off on the project cash advance clearance liquidation process in order to enhance efficiency; documenting all delays in a note to file which would be reviewed and cleared by the Output Leaders; submitting monthly reconciliation schedule to the Operations Manager; and conducting random verification on beneficiaries which will be properly documented.

Estimated completion date: August 2016

3. Procurement

Issue 8 Inadequate controls over receipt of offers

The 'UNDP Programme and Operations Policies and Procedures' require offices to manage procurement in a fair and transparent manner, which includes upholding the integrity of the solicitation process. Therefore, the offers submitted by vendors should be kept secure until all offers are simultaneously opened at a designated time and place.

Prior to January 2016, all electronic bids were received using a generic email and were managed by the Office's Administrative Assistant. Upon receipt of the bid documents, the Administrative Assistant would forward them to all staff in the Procurement Unit. Although the financial proposal was password protected, the technical proposal was not password protected. As the same email was used for other purposes by the Registry Unit, there was a risk of proposals being mishandled or opened by unauthorized personnel.

Subsequent to January 2016, the Office enhanced controls over the receipt of bid documents via email. A dedicated email account was set up to receive bid documents. However, the password to this email was maintained by the Head of Procurement Unit. All bid documents were password protected and the password was provided by the Office's Information and Technology Unit to the bid opening committee within 24 hours after the deadline for submission of bid proposals.

The audit also disclosed that bid documents received manually were routed to the Procurement Unit or directly sent to the Procurement Unit. Upon receipt of these bid documents, the details of the bidder were recorded in a bid receipt log and the bid documents were kept in a drawer in the Procurement Unit until the bid-opening day. As the unopened bid documents were in the custody of the Procurement Unit, there was a risk of bid documents being mishandled.

The Office acknowledged the above and stated that it was considering utilizing the e-tendering tool in Atlas (enterprise resource planning system of UNDP) in the future, to the extent possible, to address some of the risks above.

Priority	Medium (Important)

Recommendation 7:

The Office should enhance controls over the receipt of bid documents by:

(a) assigning staff who are independent of the procurement process to keep the password for the dedicated email used to receive offers; and
(b) installing a dedicated locked box to be used for offers submitted manually.

Management action plan:

The Office indicated that non-procurement staff who are independent of the procurement process will be assigned to receive bids/proposals in the future. The receptionist will receive the manual bids/proposals and forward them to the bid opening committee at the time of the opening of bids/proposals. The registry clerk will handle the secured email, receive the electronic bids/proposals and also forward them with sealed envelopes to the bid opening committee.

The issue with the bid receipts will be eliminated when the e-tendering process is implemented in the Office, which is expected to happen in August 2016.

Estimated completion date: August 2016

Definitions of audit terms - ratings and priorities

A. 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.

B. 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 <u>not included in this report</u>.