

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP COUNTRY OFFICE

IN

NORTH MACEDONIA

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Report on the Audit of UNDP North Macedonia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP North Macedonia (the Office) from 23 June 2019 to 4 July 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 2018 to 31 March 2019. The Office recorded programme and management expenses of approximately \$23 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*.

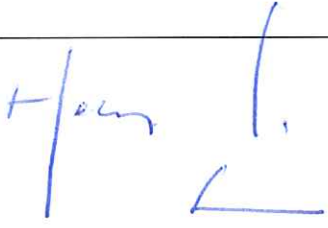
Overall audit rating

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."

Key recommendations

The audit did not result in any recommendations.

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



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I. About the Office

The Office, located in Skopje, North Macedonia (the Country) had a total of 19 staff members (18 national and 1 international) at the time of the audit mission. The Office was implementing a total of 19 projects (10 projects were nationally implemented). The Office was operating based on the Country Programme Document covering the period from 2016 to 2020. The programme activities focused on three areas: governance, social inclusion, and environment.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance. There were no issues identified relating to organizational structure, leadership, corporate direction, partnership and resource mobilization.
- (b) Programme and project management. Internal control procedures for programme and project management were found to be adequate.
- (c) Corporate oversight and assurance. Internal control procedures in this area were found to be adequate.
- (d) Procurement. Internal control procedures in this area were found to be adequate. Issues identified were considered low risk and management agreed to take immediate action to rectify them.
- (e) Financial management/Human resources management. Internal controls and procedures in these areas were found to be adequate. Issues identified were considered low risk.
- (f) Resident Coordinator's Office. Progress in regard to the delinking process was in line with the plan and control procedures.

The audit did not result in any recommendations.

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory** 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.
- **Partially Satisfactory / Some Improvement Needed** 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.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

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. Failure to take action could result in 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.