



AUDIT

OF

UNDP REGIONAL BUREAU

FOR

ASIA AND THE PACIFIC

Report No. 1033
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Report on the audit of UNDP Regional Bureau for Asia and the Pacific Executive Summary

From 17 September to 5 October 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the UNDP Regional Bureau for Asia and the Pacific (RBAP or the Bureau). The audit covered the activities of the Bureau during the period from 1 January 2011 to 30 June 2012. During the period reviewed, the Bureau recorded programme and management expenditures totaling \$18 million. This was the first time the Bureau was audited.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plans and performs the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes. The audit included reviewing and analyzing, on a test basis, information that provided the basis for our conclusions.

Audit rating

OAI assessed the Bureau as **satisfactory**, which means “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.”

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance				
1.1 Organizational structure	Satisfactory			
1.2 Delegation of Authority/Internal Control Framework	Satisfactory			
2. Strategic management				
2.1 Strategic management	Satisfactory			
2.2 Financial sustainability	Satisfactory			
2.3 Succession planning	Satisfactory			
3. Regional programmes	N/A			
4. United Nations system coordination				
5. Country office support and monitoring				
6. Operations				
6.1 Human Resources Management	Satisfactory			
6.2 Procurement	Unsatisfactory			
6.3 Travel	Partially Satisfactory			
6.4 Business continuity	Partially Satisfactory			

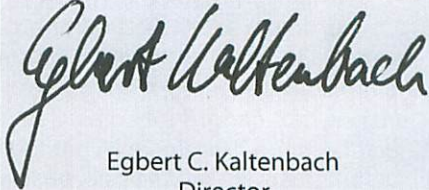
Key issue/s and recommendation/s

The audit raised three issues. There are three recommendations, of which one (33 percent) was ranked high (critical) priority, meaning that “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 and may affect the organization at the global level.”

<p>Country Office support and monitoring (Issue #1)</p>	<p><u>Unclear allocation of financial oversight responsibilities.</u> OAI noted that the financial backstopping and oversight responsibilities for the country offices in the region are shared between the Bureau and the Regional Monitoring Team of the Office of Financial Resources Management. In case of the Afghanistan programme these responsibilities are further shared between the Bureau’s newly established Division for Afghanistan and the yet to be established Oversight and Compliance Unit of the Afghanistan Country Office. The Bureau, in consultation with the Office of Financial Resources Management, should clearly delineate the financial backstopping and oversight responsibilities of the relevant offices.</p>
<p>Procurement (Issue #2)</p>	<p><u>Weaknesses in procurement.</u> OAI noted issues with respect to the engagement of short term consultants. The Bureau should ensure compliance with UNDP Programme and Operations Policies and Procedures and adherence to UNDP’s procurement principles.</p>

Management’s comments

The Director of the Regional Bureau for Asia and the Pacific accepted all the three recommendations and has implemented or is in the process of implementing them.



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Director
Office of Audit and Investigations