



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**MYANMAR**

**Report No. 1059**  
**Issue Date: 20 December 2012**

## Report on the audit of UNDP Myanmar Executive Summary

From 1 to 14 August 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of UNDP Country Office in Myanmar (the Office). The audit covered the activities of the Office during the period from 1 January 2011 to 30 June 2012. During the period reviewed, the Office recorded programme and management expenditures totalling \$37 million. The last audit of the Office was conducted by United Nations Board of Auditors in 2011.

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 includes reviewing and analysing, on a test basis, information that provides the basis for our conclusions.

### 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." Ratings per audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
<b>1. Governance and strategic management</b>				
<b>2. United Nations system coordination</b>				
2.1 Development activities	Satisfactory			
2.2 Resident Coordinator Office	Satisfactory			
2.3 Role of UNDP – "One UN"	Not Applicable			
2.4 Harmonized Approach to Cash Transfers	Satisfactory			
<b>3. Programme activities</b>				
3.1 Programme management	Satisfactory			
3.2 Partnerships and resource mobilization	Satisfactory			
3.3 Project management	Partially Satisfactory			
<b>4. Operations</b>				
4.1 Human resources	Partially Satisfactory			
4.2 Finance	Partially Satisfactory			
4.3 Procurement	Satisfactory			
4.4 Information and communication technology	Satisfactory			
4.5 Asset management & general administration	Satisfactory			
4.6 Safety and Security	Satisfactory			

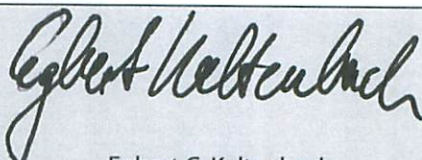
### Key issues and recommendations

Among the six issues, one was noted to be caused by factors beyond the control of UNDP (Issue 1). There were six recommendations, of which five (83 percent) were ranked high (critical) priority, meaning "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."

Project Management (Issue 3)	<p><u>Weaknesses in results-based management.</u> The Office had not updated the results and resources frameworks for some projects since 2002, and output and outcome indicators for some projects were not measurable, and lacked baseline information. The monitoring and evaluation (M&amp;E) mechanism at the programme level was weak. OAI recommends that the Office establish a robust M&amp;E system as part of the new country programme. Furthermore, the Office should ensure that projects include detailed results and resources frameworks, with relevant indicators and baselines to allow adequate monitoring of progress at the project and outcome level.</p>
Human Resources (Issue 4)	<p><u>Weaknesses in human resources management.</u> There were discrepancies between the Office organogram and the Atlas staffing table regarding the number of staff vacancies; certain staff had not completed mandatory training, and some Results and Competency Assessments (RCAs) were not completed on time. OAI recommends that the staffing table be promptly updated, and controls be implemented to ensure mandatory training and timely completion of RCAs.</p>
Finance (Issue 6)	<p><u>Inadequate scrutiny of advances.</u> The Office did not exercise adequate scrutiny over the liquidation of advances made by the microfinance project implemented by a non-governmental organization (NGO). While the Office's annual disbursements to the NGO were audited, the Office did not exercise adequate oversight over the project's revolving fund assets valued at \$67 million entrusted to the NGO. OAI recommends that the Office in consultation with the Office of Financial Resources Management enhance oversight of the microfinance project.</p>

#### Management's comments

The Resident Representative accepted the six recommendations and is in the process of implementing them.



Egbert C. Kaltenbach  
Director  
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