



AUDIT

OF

UNDP COUNTRY OFFICE

IN

TIMOR – LESTE

Report No. 1076
Issue Date: 4 March 2013

Report on the audit of UNDP Timor-Leste Executive Summary

From 3 to 14 September 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the UNDP Country Office in Timor-Leste (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 \$27 million. The last audit of the Office was conducted by OAI in 2009.

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 the conclusions and audit results.

Audit rating

OAI assessed the Office 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.” Ratings per audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				
2. United Nations system coordination				
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	Not Applicable			
3. Programme activities				
3.1 Programme management	Satisfactory			
3.2 Partnerships and resource mobilization	Satisfactory			
3.3 Project management	Partially Satisfactory			
4. Operations				
4.1 Human resources	Partially Satisfactory			
4.2 Finance	Partially Satisfactory			
4.3 Procurement	Satisfactory			
4.4 Information and communication technology	Satisfactory			
4.5 General administration	Satisfactory			
4.6 Safety and security	Satisfactory			
4.7 Asset management	Satisfactory			

Key issues and recommendations

The audit raised five issues and resulted in five recommendations, of which two (40 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) Weak project management. There were difficulties in measuring project results due to the lack of baseline data in project documents, lack of systematic project monitoring and project implementation delays. OAI recommends that the Office ensures that project documents contain baselines, indicators and targets. Also, the Office should establish a systematic monitoring plan that includes procedures to identify and address implementation bottlenecks.

Human resources (Issue 4) Limited pool of qualified and experienced personnel in Timor-Leste (the Country). The Office continues to face a major challenge, as there was a limited pool of qualified and experienced local personnel in the Country. The Office had taken a number of initiatives to raise the capacity of local staff members including allowing staff members to participate in assignments at other country offices. OAI recommends that the Office: (a) ensures that the Results and Competency Assessment objectives include a mentoring and transfer of skills component for supervisors and national staff members; and (b) explores with the Office of Human Resources whether job recruitment profiles can be adapted to be more flexible in terms of minimum experience and qualification criteria.

Management's comments and action plan

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



Helge S. Osttveiten
Director
Office of Audit and Investigations