

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

BOSNIA AND HERZEGOVINA

Report No. 1329
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Report on the audit of UNDP Bosnia and Herzegovina Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Bosnia and Herzegovina (the Office) from 26 May to 6 June 2014. 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, monitoring and reporting and financial sustainability);
- (b) United Nations system coordination (development activities, Resident Coordinator Office, role of UNDP – “One UN”, Harmonized Approach to Cash Transfers);
- (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, asset management, leave management).

The audit covered the activities of the Office from 1 January 2013 to 31 March 2014. The Office recorded programme and management expenditures totalling \$34 million. The last audit of the Office was conducted by OAI in 2009.

The audit also included a performance audit segment focused on pilot initiatives carried out by the Office during the same audit period. This performance audit addressed the following overall question: Does the Office provide relevant and documented feedback to the initiator of the pilot and UNDP Headquarters? The question focused on whether the Office effectively planned, monitored, and evaluated its pilot initiatives to ensure that benefits were realized and that lessons learned were documented/disseminated. The criteria and related lines of enquiry against which pilot initiatives were audited were developed by OAI and are primarily based on good practices defined in the PRINCE II methodology. OAI defined pilots to be non-routine, time-bound activities implemented with a view to test an idea or a process leading to a decision to expand its implementation in some manner or to put it on hold.

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, “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.”

Key recommendations

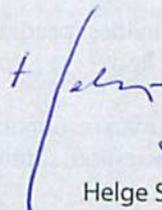
The audit did not result in any high (critical) priority recommendations. There are four medium (important) priority recommendations, which means, “Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.” These recommendations include actions to address: non-compliance with the ‘Internal Control Framework’; weaknesses in the procurement function; the non-submission of the United Nations House lease agreement to

the Advisory Committee for Procurement; and the improvement of the planning and management of pilot initiatives.

Management comments and action plan

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


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Director
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