

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**BAHRAIN**

**Report No. 1347**

**Issue Date: 25 September 2014**

## Report on the audit of UNDP Bahrain Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Bahrain (the Office) from 22 to 26 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, financial sustainability);
- (b) United Nations system coordination (development activities, Resident Coordinator Office);
- (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 26 June 2014. The Office recorded programme and management expenditures totalling \$3.7 million during the audit period. The last audit of the Office was conducted by OAI in 2008.

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."

Bahrain is a net contributor country, where all programme activities and administrative costs are funded by the host Government. The Office had been advised by the Government in September 2012 that it would not fulfill its financial commitment for the 'Country Programme Document 2012-2016'. Therefore, this decision had a significant impact on the Office activities. However, after extensive consultations, in May 2013, the Government advised UNDP that it wished to maintain its cooperation with the organization.

The overall assessment of the audit findings recognizes that the Office's long-term financial sustainability and programme activity is dependent on Government support and as such is a risk beyond the control of the Office.

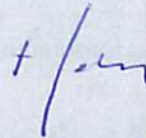

**Key recommendation:** Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, 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." This recommendation includes action to address inadequacies noted in project management.

### Management comments and action plan

The Resident Representative accepted the recommendation and is in the process of implementing it. Comments and/or 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  
Office of Audit and Investigations