



AUDIT

OF

UNDP COUNTRY OFFICE

IN

The former Yugoslav Republic of Macedonia

Report No. 1422
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Report on the audit of UNDP Office in the former Yugoslav Republic of Macedonia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UNDP Office in the former Yugoslav Republic of Macedonia (the Office) from 10 to 21 November 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, 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 30 September 2014. The Office recorded programme and management expenditures totalling \$16 million. 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."

Key recommendations: Total = 2, high priority = 0


The two recommendations aim to ensure compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 1 and 2).

The audit did not result in any high (critical) priority recommendations. There are two 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 arrears in Government Contributions to Local Office Costs, and a nationally implemented project whose procurement processes were not in line with the Letter of Agreement and UNDP guidelines for such projects.

Management comments and action plan

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



Helge S. Ostveiten
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