



AUDIT

OF

UNDP COUNTRY OFFICE

IN

BANGLADESH

Report No. 1429
Issue Date: 28 May 2015

Report on the audit of UNDP Bangladesh Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Bangladesh (the Office) from 2 to 16 February 2015. 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, 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 to 31 December 2014. The Office recorded programme and management expenditures totalling \$81 million. The last audit of the Office was conducted by OAI in 2011.

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 **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.” This rating was mainly due to inadequate controls over project cash advances and recovery of Implementation Support Services costs.

Good practice

The Office established an online tracking system that facilitated the Office’s monitoring of the progress of its procurement of goods and services, as well as recruitment of personnel.

Key recommendations: Total = 10, high priority = 1

The 10 recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendations 1 and 4); (b) reliability and integrity of financial and operational information (Recommendation 8); (c) effectiveness and efficiency of operations (Recommendations 5, 6, 7, and 9); and (e) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 2, 3 and 10).

For high (critical) priority recommendations, 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. The high (critical) priority recommendation is presented below:

Inadequate controls over project cash advances and recovery	There were 115 personnel who received cash advances in 2014, but they were not officially designated by the Office as project cash advance custodians. Further, 31 of 40 (78 percent) cash advances reviewed were not liquidated
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of Implementation of
Support Services costs
(Issue 11)

within 7 days following the conclusion of the project activities as required. The Office also did not fully recover the costs incurred relating to the Implementation Support Services provided to the projects. The total amount of Implementation Support Services costs still to be recovered could not be determined due to the absence of adequate documentation.

Recommendation: Enhance controls over project cash advances and recovery of Implementation Support Services costs by: (a) appointing project cash custodians in writing and ensuring that they are aware of their roles and responsibilities, including liquidating the advances within seven days after the completion of the project activities; and (b) strengthening procedures to fully recover costs of providing Implementation Support Services.

Implementation status of previous OAI audit recommendations: Report No. 826, 23 March 2012).

Total recommendations: 12

Implementation status: 100%

Management comments and action plan

The Resident Representative accepted all of the 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. Osttveiten
Director
Office of Audit and Investigations