



**AUDIT**

**OF**

**ELECTRONIC FUNDS TRANSFER**

**BY THE TREASURY DIVISION**

**IN**

**UNDP**

**Report No. 1481**  
**Issue Date: 7 October 2015**

## Report on the audit of UNDP Electronic Funds Transfer by the Treasury Division Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Electronic Funds Transfer by the Treasury Division in UNDP from 20 to 31 July 2015. Electronic Funds Transfer is the electronic transfer of money from a bank account of one entity to a bank account of another entity through computer-based systems. 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 (roles and responsibilities, policies and procedures, staffing and communications); and
- (b) operations (input and output process, data transmission, management of access rights, physical security of the operational areas related to the electronic payment process, and business continuity).

The audit covered the activities of the Treasury Division from 1 January 2014 to 30 June 2015. During this period, UNDP recorded voucher related payments amounting to \$5.2 billion in 2014, and \$2.2 billion up to 30 June 2015. Of this amount, 50 percent in 2014 and 55 percent in 2015 was paid through UNDP's Electronic Funds Transfer interface with a bank managed by the Treasury Division.

The last audit of the Treasury Division was conducted by OAI in 2007.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

### Overall audit rating

OAI assessed Electronic Funds Transfer 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 = 4, high priority = 0

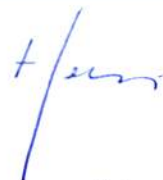
The four recommendations aim to ensure the effectiveness and efficiency of operations.

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 the following: procedures governing the electronic payment process not regularly updated and disseminated to staff; legal documents covering the Electronic Funds Transfer process lacking details; and lack of agreements between the Treasury Division and the Office of Information Management and Technology regarding each unit's obligations and expectations.

### Management comments and action plan

The Director of the Office of Financial Resources Management 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.

A handwritten signature in blue ink, appearing to read 'H. Osttveiten', is written over a rectangular box.

Helge S. Osttveiten  
Director  
Office of Audit and Investigations