

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT OF UNDP COUNTRY OFFICE IN UKRAINE
Report No. 1493/Corr. 1
Issue Date: 26 April 2016

Corrigendum

Page 11, paragraph 2 (and Executive Summary page ii, paragraph 3)

Existing text

At the time of the audit, the Office had 42 staff members and none of them had completed all of the UNDP mandatory training courses. In addition, 17 out of 25 service contracts holders had not completed the required Basic Security in the Field Training course.

Should read

At the time of the audit, the Office had 42 staff members. Of the 42, 8 staff members had completed all of the UNDP mandatory training courses. Also, out of the 42 staff members, 7 had joined the Office less than six months prior to the audit fieldwork. In addition, 17 out of 25 service contract holders had not completed the required Basic Security in the Field Training course.

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AUDIT

OF

UNDP COUNTRY OFFICE

IN

UKRAINE

Report No. 1493

Issue Date: 18 December 2015

Report on the Audit of UNDP Ukraine Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Ukraine (the Office) from 7 to 18 September 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).

The audit covered the activities of the Office from 1 January 2014 to 30 June 2015. The Office recorded programme and management expenditures of approximately \$24 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 **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 organizational structure, UNDP mandatory training courses not completed, as well as lack of evaluations and reviews of the Country Programme Document, lack of documentation of action plans to address Global Staff Survey results, an outdated Resource Mobilization Strategy, weaknesses in use of Atlas project module and project closure and vendor management.

Key recommendations: Total = 7, high priority = 2

The seven recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendations 1 [high priority], 2, 3, 4 and 5); (b) reliability and integrity of financial and operational information (Recommendations 6 [high priority] and 7).

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 recommendations are presented below:

Inadequate organizational structure and controls (Issue 1)

Although the Office already identified gaps and initiated efforts to improve its organizational structure and controls, the audit noted the following weaknesses: (a) organizational structure in the process of revision; (b) Internal Control Framework document not finalized; and (c) weaknesses in assigning Atlas user profiles.

Recommendation 1: The Office should improve its organizational structure and strengthen internal controls by: (a) finalizing the review of the organizational structure and realigning it to the new programmatic strategy; (b) updating the Internal Control Framework once the restructuring process is concluded; and (c) segregating first (project managers) and second authority roles (approving managers) as well as the roles of global payroll administrator and disbursement officer–payroll in Atlas.

UNDP mandatory courses not completed (Issue 7)

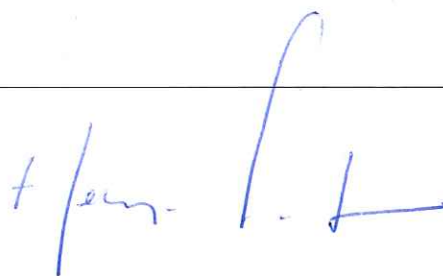
At the time of the audit, the Office had 42 staff members and none of them had completed all of the UNDP mandatory training courses. In addition, 17 out of 25 service contracts holders had not completed the required Basic Security in the Field Training course.

Recommendation 6: The Office should require all staff to complete UNDP mandatory training courses without delays.

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