

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP ASSET MANAGEMENT

Report No. 1560
Issue Date: 27 January 2016

Report on the Audit of UNDP Asset Management Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP asset management from 28 October to 16 November 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:

- Governance
 - Roles and responsibilities
 - Oversight

- Policies and procedures
 - 'UNDP Programme and Operations Policies and Procedures'
 - Compliance with International Standards for the Professional Practice of Internal Auditing (IPSAS)
 - IT tools
 - Support & training

The audit covered the asset management activities above for the period from 1 January 2014 to 16 October 2015. This was the first audit of asset management at the corporate level.

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

Overall audit rating

OAI assessed UNDP asset management policies and procedures 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." The audit did not perform any tests of asset management practices at individual UNDP business units.

Key recommendations: Total = **3**, high priority = **0**

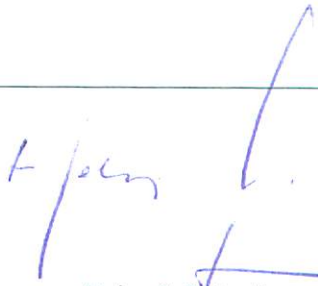
The three recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendations 2, 3); and (b) effectiveness and efficiency of operations (Recommendation 1).

The audit did not result in any high (critical) priority recommendations. There are three 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 from the Bureau for Management Services to clarify the oversight role of the Regional Bureaux for assets and also clarify issues regarding depreciation and disposal in relation to the asset management policy. The recommendations also included action by the Regional Bureau for Africa to follow up on recurrent issues regarding asset capitalizations.

Management comments and action plan

The Director of the Bureau for Management Services and the Director of the Regional Bureau for Africa accepted all of the recommendations and are in the process of implementing them. Comments and/or additional information provided have 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 is enclosed in a rectangular box. The signature is stylized and appears to read 'H. S. Ostveiten'.

Helge S. Ostveiten
Director
Office of Audit and Investigations