

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP COUNTRY OFFICE

IN

UNITED ARAB EMIRATES

Report No. 1564
Issue Date: 10 February 2016

Report on the Audit of UNDP United Arab Emirates Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP United Arab Emirates (the Office) from 16 to 26 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:

- (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”);
- (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 September 2015. The Office recorded programme and management expenditures of approximately \$10 million. The last audit of the Office was conducted by OAI in November 2009.

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 weaknesses within programme and project management.

Key recommendations: Total = 7, high priority = 2

Objectives	Recommendation Nos.	Priority Rating
Achievement of the organization’s strategic objectives	1, 3, 6	Medium
	2, 4	High
Compliance with legislative mandates, regulations and rules, policies and procedures	5, 7, 8, 9	Medium

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. All high (critical) priority recommendations are presented below:

Weaknesses within
programme
management
(Issue 2)

The Country Programme Document outputs included targets that could not be easily measured, which therefore affected the Office's ability to properly measure the achievement of planned results. Furthermore, the Office confirmed that no joint annual programme reviews with the government counterpart were conducted since the start of the current programme cycle. Lastly, the Country Programme Action Plan had not been prepared and no meetings had been held between the government counterpart and UNDP.

Recommendation: The Office should strengthen programme management by: (a) undertaking joint annual programme reviews with the Government; (b) completing a mid-term review of the Country Programme Document and establishing measurable output targets following the review; and (c) developing a Country Programme Action Plan aligned with the Country Programme Document which is signed with the Government.

Weaknesses within
project
management
(Issue 4)

Project documents were poorly drafted and did not contain the minimum requirements. Furthermore, the Project Appraisal Committee had not been established to review the draft project documents. There had been limited or no Project Board meetings and project progress reports had not been prepared. Issue/risk logs, monitoring logs, and the transparency dashboard were not updated. Lastly, the Office's project portfolio included 11 projects that were operationally closed between 2011 and 2013, but had not been financially closed at the time of the audit.

Recommendation: The Office should strengthen project management by: (a) following UNDP project document templates for all new projects for Project Appraisal Committee review; (b) ensuring regular Project Board meetings are held, annual and quarterly progress reports are prepared, and that issue/risk logs, and monitoring information is maintained; and (c) expediting the financial closure of all projects operationally closed for a period longer than 12 months.

Management comments and action plan

The Resident Representative accepted all seven 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