

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA**

**Report No. 1744**

**Issue Date: 14 December 2016**

## Report on the Audit of UNDP Democratic People's Republic of Korea Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Democratic People's Republic of Korea (the Office) from 9 to 16 November 2016. 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, business continuity, monitoring and reporting, financial sustainability);
- (b) United Nations system coordination (development activities, Resident Coordinator Office);
- (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 2015 to 31 October 2016. The Office recorded programme and management expenditures of approximately \$6.6 million during this period. The last audit of the Office was conducted by OAI in 2015 and was done remotely from OAI's Regional Audit Centre in Kuala Lumpur, Malaysia. The audit team was not able to travel to the Office due to travel restrictions in response to the Ebola outbreak at the time.

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

The Office operates in a complex and difficult environment and the challenges include difficulties in recruiting qualified staff, limited procurement opportunities and restrictive banking services.

### Overall audit rating

OAI assessed the Office 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 result in any recommendations.

**Implementation status of previous OAI audit recommendations:** Report No. 1421 (7 April 2015).

Total recommendations: 4

Implemented: 4

### Management comments and action plan

The draft report was shared with the Resident Representative and with senior management of the Regional Bureau for Asia and the Pacific (RBAP). Their 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.



Helge S. Ostveiten  
Director  
Office of Audit and Investigations