

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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Resilient nations.*

AUDIT

OF

UNITED NATIONS VOLUNTEERS PROGRAMME

Report No. 1783
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Report on the Audit of the United Nations Volunteers Programme Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the United Nations Volunteers Programme in Bonn, Germany (the Office) from 23 October to 10 November 2017. 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 (leadership, corporate direction, corporate oversight and assurance, corporate external relations and partnership);
- (b) programme (quality assurance process, programme/project implementation, knowledge management); and
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security).

The audit covered the activities of the Office from 1 January 2016 to 30 September 2017. During that period, the Office recorded programme and management expenses of approximately \$256 million. The last comprehensive audit of the Office was conducted by OAI in 2010. An audit of the Office's Information and Communication Technology was conducted by OAI in 2013.

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/some improvement needed**, which means that "The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to control lapses with a third-party arrangement and an inadequate cost recovery mechanism.

Good practice

The audit team noted that management involved staff in the current transformation process, which began in early 2017, and to keep them abreast of its progress. Staff were involved in the various task forces that served as a reference point for the Management Consulting Team review. The result was the new organizational chart. The Staff Association was also actively involved during the process. Staff meetings, management meetings, small group and section meetings were organized as well as several Town Hall meetings to respond to staff questions and concerns. In addition, arrangements were made for staff counseling as well as professional training with the Office's Human Resources Unit in the areas of resume and interview preparation.

Key recommendations: Total = 6, high priority = 2

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	2	High
Effectiveness and efficiency of operations	4, 5	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	1	High
	3, 6	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:

Control lapses with a third-party arrangement (Issue 1)

In 2016-2017, the Office received funds totalling 2 million euros from the host government as a pass-through transfer of funds for an international school. The transfer was made at the request of the international school and based on an agreement that was signed between the previous Executive Coordinator and the host government in November 2015. However, records made available to the audit team did not provide adequate justification for the Office's action to serve as a conduit for payments to a third party. The records reviewed did not provide evidence that the Legal Office was consulted on the validity of the endorsement of the request from the international school prior to entering into the third-party arrangement.

Recommendation 1: The Office should consult the UNDP Legal Office on the appropriate action to take on the current arrangement, including steps to take if the signed arrangement will be terminated.

Inadequate cost recovery mechanism (Issue 2)

The Office charged Host Agencies a fixed fee of \$399 per international UN Volunteer on a monthly basis. The monthly fee of \$399 was based on a Time and Effort Study commissioned by the Office in 2015. However, the Study did not provide adequate justification for the monthly fee of \$399. As a result, it was difficult to assess whether the Office appropriately charged the Host Agencies.

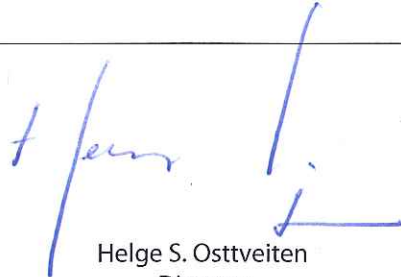
Recommendation 2: The Office should review its cost recovery mechanism to ensure appropriate fees are charged to the Host Agencies and to ensure the full recovery of costs.

Management comments and action plan

The Executive Coordinator accepted all recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.



Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Ostveiten
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