



**AUDIT**

**OF**

**UNDP PROJECT MANAGEMENT OFFICE**

**IN**

**CYPRUS**

**Report No. 1879**

**Issue Date: 28 September 2017**

## Report on the Audit of UNDP Project Management Office in Cyprus Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Project Management Office in Cyprus (the Office) from 10 to 21 July 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) Project Management (quality assurance process, project design and implementation, knowledge management);
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security); and

The audit covered the activities of the Project Management Office from 1 January 2016 to 31 May 2017. The Office recorded programme and management expenses of approximately \$12 million. The last audit of the Project Management Office was conducted by OAI in 2011.

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

### Overall audit rating

OAI assessed the Project Management Office as **satisfactory**, which means “The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/ area”.

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

The audit did not result in any high (critical) priority recommendations. There are four medium (important) priority recommendations, which means “Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.” These recommendations include actions to address: Risk management not properly documented, exit strategy and capacity building plans not established, Outstanding closure of project ‘New Nicosia Wastewater Treatment Plan’, and Commitments without available cash.

The three recommendations aim to ensure the following, (a) reliability and integrity of financial and operational information (Recommendation 3); and (e) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 1 and 2).

### Management comments and action plan

The Deputy Regional Director, Regional Bureau for Europe and the Commonwealth of Independent States accepted all of the 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.

A handwritten signature in blue ink, appearing to read 'Helge S. Ostveiten', is enclosed in a rectangular box.

Helge S. Ostveiten  
Director  
Office of Audit and Investigations