

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

BHUTAN

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Report on the Audit of UNDP Bhutan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Bhutan (the Office) from 4 to 14 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) programme (quality assurance process, programme/project design and implementation, knowledge management); and
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security).
- (d) United Nations leadership and coordination.

The audit also reviewed the implementation of two pillars, One Operations and One Programme of Delivering as One (DaO), by the UN agencies in Bhutan. The objective was to assess the extent to which the One Operations and One Programme pillars are adequately configured and implemented to contribute to the achievement of the country development goals.

The audit covered the activities of the Office from 1 January 2016 to 30 June 2017. The Office recorded programme and management expenditures of approximately \$10.5 million. The last audit of the Office was conducted by OAI in 2010.

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 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 = 4, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are seven 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 weaknesses in governance, programme, procurement management, and United Nations Leadership and Coordination.

The four recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Effectiveness and efficiency of operations	1	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2, 3	Medium

One recommendation relates to alignment with the Delivering as One Standard Operating Procedures (Recommendation 4, medium priority).

Management comments and action plan

The Resident Representative and Resident Coordinator accepted all four recommendations and is 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.



Helge S. Ostveiten
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