

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

THE SYRIAN ARAB REPUBLIC

Report No. 1918
Issue Date: 25 April 2018

Report on the Audit of UNDP in the Syrian Arab Republic Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP in the Syrian Arab Republic (the Office) from 4 to 15 February 2018. 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);
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security); and
- (d) United Nations leadership and coordination.

The audit covered the activities of the Office from 1 January to 31 December 2017. The Office recorded programme and management expenses of approximately \$79.5 million. The last audit of the Office was conducted by OAI in 2016.

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 “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 weaknesses in the organizational structure and control environment.

Key recommendations: Total = **8**, high priority = **1**

The nine recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	High
Reliability and integrity of financial and operational information	3, 4	Medium
Effectiveness and efficiency of operations	2, 5	Medium
Safeguarding of assets	7	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	6, 8	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. The high (critical) priority recommendation is presented below:

Weakness in organizational structure and control environment (Issue 1)	The Office's organizational structure had not been finalized and submitted to the Regional Bureau for approval, and the structure of the field offices did not reflect the current status regarding the number of field areas and personnel. In addition, the Internal Control Framework was outdated and contained limited information, and did not establish staff roles and responsibilities, scope of delegations, authorities, and approval thresholds. The Office did not establish Standard Operating Procedures (SOPs) to define the business processes for guidance on the work flow between the different units in programme and operations. Furthermore, there was a lack of segregation of duties when approving transactions.
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Recommendation 1: The Office should improve its control environment by: (a) finalizing the organizational structure with clear reporting lines and terms of reference, and submitting it to the Regional Bureau for Arab States for approval; (b) updating the Internal Control Framework ensuring the proper segregation of duties of the first authority from the second authority when approving transactions; and (c) establishing SOPs on the business processes in the Office.

Implementation status of previous OAI audit recommendations: Report No. 1577, 10 May 2016.

Total recommendations: 4
Implemented: 3
Withdrawn: 1

Management comments and action plan

The UN Resident Coordinator and Resident Representative 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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