

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP POST-2015 DEVELOPMENT PLATFORM – DIGITAL GOOD PROJECT
(Directly Implemented Project No. 86947)

Report No. 1980

Issue Date: 27 June 2018

**Report on the Audit of UNDP Post-2015 Development Platform – Digital Good Project
(Project No. 86947)
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 2 to 26 April 2018, conducted an audit of the Post-2015 Development Platform – Digital Good Project, Project No. 86947 (the Project), which is directly implemented and managed by the Bureau for External Relations and Advocacy (BERA). The audit aimed to assess the adequacy and effectiveness of risk management, controls, and governance processes to ensure the following: (i) achievement of the organization’s strategic objectives; (ii) reliability and integrity of financial and operational information; (iii) effectiveness and efficiency of operations; (iv) safeguarding of assets; and (v) compliance with legislative mandates, regulations and rules, policies and procedures.

The areas reviewed were:

- a) governance (organizational structure, roles and responsibilities, project sustainability, risk management, Steering Committee, and donor relations);
- b) project management (quality assurance process, project design and implementation, knowledge management); and
- c) operations (finance, procurement and human resources management).

The audit covered the activities of the Project from its inception in January 2015 to 31 March 2018. The Project recorded expenses of approximately \$2 million. This was the first audit of the Project.

This audit was conducted based on the request dated 3 January 2018 from BERA in consultation with the Regional Bureau for Arab States (RBAS) prior to requesting further funding support for phase 2 of the Project.

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

Overall audit rating

OAI assessed the Project as **partially satisfactory / major improvement needed**, which means “The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.” This rating was mainly due to sub-optimal project implementation and monitoring, and challenges in managing donor expectations and relations.

Key recommendations: Total = 3, high priority = 2

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

Challenges in managing donor expectations and relations (Issue 2)

OAI was informed that the Donor for the project, the Government of Saudi Arabia expressed dissatisfaction with the way the Project was managed. The donor had reservations about using a specific name as the theme of the North American Market Campaign, noted discrepancies in reported travel costs, and had concerns about the delays in addressing the donor's request for clarification on the draft business plan for phase 2 of the Project.

Recommendation: The Regional Bureau for Arab States should collaborate with the Bureau for External Relations and Advocacy and implement action points on how to manage specific concerns raised by the Donor in phase 1 of the Project, should the Project continue into phase 2 of implementation.

Sub-optimal project implementation and monitoring (Issue 3)

The audit noted weaknesses in the Project's implementation and monitoring mechanism. For instance: (i) the request to the donor for a no-cost extension included activities that were not agreed to or budgeted for in the initial Project Document and corresponding work plans; (ii) the project team did not follow the monitoring framework and evaluation section of the Project Document, which was aligned with the programming policies and procedures; and (iii) no project evaluation had been conducted.

Recommendation: The Bureau for External Relations and Advocacy should implement the project monitoring and reporting framework as required by the 'UNDP Programme Operations Policies and Procedures' should the Project continue into phase 2. Alternatively, if additional funding cannot be secured, the Project should initiate project closure procedures.

Management comments and action plan

The Director of the Bureau for External Relations and Advocacy and the Director of the Regional Bureau for Arab States accepted all of the recommendations and are 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
Director
Office of Audit and Investigations