

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
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AUDIT

OF

UNDP COUNTRY OFFICE

IN

INDONESIA

Report No. 2006
Issue Date: 5 October 2018

Report on the Audit of UNDP Indonesia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Indonesia (the Office) from 3 to 14 September 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 2017 to 31 August 2018. The Office recorded programme and management expenses of approximately \$49 million. The last audit of the Office was conducted by OAI in 2014.

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.”

Good practice

There was a good practice worthy of note in the area of resource mobilization where the Office, through its new Innovative Financing Lab initiative, conceptualized new financing instruments and extended its partnerships to Islamic finance organizations around the Country in order to secure funding in support of the achievement of the SDGs. The Office’s approach in fostering a key strategic partnership with an organization that managed the world’s largest Islamic charity fund resulted in the signing of contribution agreements amounting to \$1.6 million during the audit period.

Key recommendations: Total = 2, high priority = 0

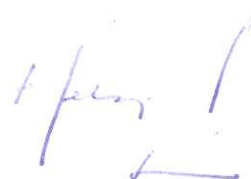
The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means “Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.” These recommendations include actions to address ineffective procurement planning and the limited use of e-tendering.

The two recommendations aim to ensure the effectiveness and efficiency of operations.

Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative accepted both 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, which appears to read 'H. Osttveiten', is enclosed in a rectangular box.

Helge S. Osttveiten
Director
Office of Audit and Investigations