



AUDIT

OF

UNDP COUNTRY OFFICE

IN

UZBEKISTAN

Report No. 2191
Issue Date: 11 August 2020

Report on the Audit of UNDP Uzbekistan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Uzbekistan from 8 to 24 June 2020. 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 – planning and risk management, and organizational chart and overall staffing
- (b) Development activities – Country Programme, implementation modalities and projects administration
- (c) Operations – procurement and finance

OAI designed four performance audit questions to guide the review of the following areas and sub-areas:

- (a) Governance:
 - (1) Were the Office's 2019 strategic objectives clearly set in line with the Country Programme?
- (b) Development activities:
 - (2) Were the required financial and human resources properly identified and adequate for programme implementation?
 - (3) Were the programme outputs in line with the strategic objectives and was project implementation adequately and timely monitored?
 - (4) Was the Office able to deliver on the programme outcomes?

The audit covered the activities of the Office from 1 January 2019 to 29 February 2020. The Office recorded programme and management expenses of approximately \$20 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*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Office for all audit areas reviewed.
- (b) Meetings with Office staff and personnel were carried out virtually, which limited the audit team's understanding of the Office's working environment.
- (c) Project visits (location, site visits, meeting with counterparts/beneficiaries) were not conducted.
- (d) A physical verification of assets was not performed.
- (e) Safe and petty cash contents were not verified.
- (f) The information communication and technology area was not reviewed on-site.

Overall audit rating

OAI assessed the Office's performance 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 = 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 Government Contributions to Local Office Costs (GLOC) arrears, and inefficiencies in the procurement of pharmaceutical products.

The two recommendations aim to ensure the effectiveness and efficiency of operations and compliance with legislative mandates, regulations and rules, policies and procedures.

There is also an issue caused by factors beyond the control of UNDP, regarding the value added tax refund (VAT) process not being in place (see Issue 2), for which a comment was provided.

Management comments and action plan

The 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.



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