AUDIT

OF

UNDP COUNTRY OFFICE

IN

NEPAL

Report No. 2209

Issue Date: 7 May 2020
Report on the Audit of UNDP Nepal

Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Nepal from 2 to 13 March 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 (data analytics and performance management, organizational chart and overall staffing, internal control and delegation of authority);

(b) development activities (country programme, projects administration, grants); and

(c) operations (procurement, finance, human resources, administrative services, ICT).

The audit covered the activities of the Office from 1 January 2019 to 31 January 2020. The Office recorded programme and management expenses of approximately $28 million. The last audit of the Office was conducted by OAI in 2017.

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.” This rating was mainly due to the Country Programme Document not being in line with the current resource framework.

Key recommendations: Total = 5, high priority = 1

The five recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendation 3, high priority, and Recommendations 1 and 4, medium priority); (b) effectiveness and efficiency of operations (Recommendation 5, medium priority); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 2, medium priority).

Implementation status of previous OAI audit recommendations: Report No. 1894, 29 September 2017

Total recommendations: 4
Implemented: 4

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:
Country Programme Document not in line with current resource framework (Issue 3)

The Office planned to deliver a minimum of $42 million/year in order to achieve the target of $209 million over the five years of the Country Programme Document, of which $177 million was to be mobilized from third party entities. However, the Office delivered 50 percent and 58 percent of the target in 2018 and 2019, respectively. For 2020, the Office indicated a target of $23.8 million. As of March 2020, the delivery amounted to $1 million (4 percent). A proposal for $7 million submitted to the Global Environment Facility in 2019 had yet to be approved.

Recommendation: The Office should re-align its programme portfolio to ensure it is more realistic by: (a) utilizing the results from the Country Programme Document mid-term review as a driver to reposition the Office to focus on targeted priorities; (b) developing a robust plan to undertake aggressive partnership building and communication with both the Government and development partners; and (c) ensuring the environment component is well capacitated to leverage on the vertical funds.

Management comments and action plan

The Resident Representative accepted all five 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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