



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**CHINA**

**Report No. 2271**  
**Issue Date: 24 December 2020**

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## Report on the Audit of UNDP China Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP China (the Office) from 12 to 30 October 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
- (b) Development activities
- (c) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

The audit covered the activities of the Office from 1 January 2019 to 30 September 2020. The Office recorded programme and management expenses of approximately \$55 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 (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".

### Good practices

The Office developed innovative business development practices in the area of communication and partnerships. The Sustainable Development Goals (SDGs) awareness campaigns have reached approximately 50 million people, positioning UNDP as a leading advocate on localizing SDGs using an extensive range of platforms: campaigns, publications, press releases, blogs, interviews and video messages. In terms of social media, the Office leveraged communication through a wide range of platforms. The Office was able to engage successfully with the private sector by working with national stakeholders to secure innovative financing, in addition has partnered with high tech companies to utilize 'big data' as a supplementary measurement tool for the living standard index analysis used in human development reporting.

### 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 weaknesses in project management, and inadequacies in the procurement function.

The two recommendations aim to ensure the achievement of the organization’s strategic objectives (Recommendation 1), and effectiveness and efficiency of operations (Recommendation 2).

**Implementation status of previous OAI audit recommendations:** Report No. 1605, 15 April 2016.

Total recommendations: 8

Implemented: 7

Withdrawn: 1

### **Management comments and action plan**

The Resident Representative has accepted the two 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, appearing to read 'B G Simpson', is located within a rectangular box.

Brett Simpson  
Officer-in-Charge Office of Audit and  
Investigations