



AUDIT

OF

UNDP COUNTRY OFFICE

IN

MYANMAR

Report No. 2272
Issue Date: 3 February 2021

Report on the Audit of UNDP Myanmar Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Myanmar (the Office) from 23 November to 15 December 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)

OAI designed five performance audit questions to guide the review of the following areas:

- (a) Development Activities
 - (i) Was programme monitoring undertaken effectively?
- (b) Procurement
 - (i) Were procurement transactions being completed in a timely manner?
 - (ii) Was the Office adequately leveraging economies of scale in its procurement processes?
- (c) Financial Management
 - (i) Were payments to vendors processed in a timely manner?
- (d) General Administration
 - (i) Were travel services (airline tickets) being procured at best rates?

The audit covered the activities of the Office from 1 January 2019 to 31 October 2020. The Office recorded programme and management expenses of approximately \$54 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/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/area." This rating was mainly due to weaknesses in the design of Rakhine Area Based Programme, weaknesses in project management, and direct project costs not being recovered in accordance with policy.

Key recommendations: Total = **3**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are three 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."

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2, 3	Medium

Management comments and action plan

The Resident Representative accepted all three 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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