

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**LEBANON**

**Report No. 2324**  
**Issue Date: 26 August 2021**

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## Report on the Audit of UNDP Lebanon Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Lebanon (the Office) from 28 May to 18 June 2021. 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: <sup>1</sup>

- (a) Governance and programme management – Strategic objectives and assessment of results, risk management, resource inputs.
- (b) Project output design and management.
- (c) Operations processes – procurement, finance, human resources, and administrative services.

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

- (a) Governance and programme management
  - 1. Were the governance and programme management arrangements for the implementation of the Country Programme adequately established and functioning to achieve objectives?
  - 2. Were the Country Programme results at an output level measurable, were targets achieved, and was impact effectively assessed?
- (b) Operations processes
  - 1. Did the operational processes effectively and efficiently support implementation of the programme objectives?

The audit covered the activities of the Office from 1 January 2020 to 31 March 2021. The Office recorded programme and management expenses of approximately \$99 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 personnel, beneficiaries and counterparts were carried out virtually, which limited the audit team's understanding of the Office's operating environment.
- (c) Project visits (location, site visits) were not conducted.
- (d) A physical verification of assets was not performed.
- (e) Safe and petty cash contents were not verified.

### Overall audit rating

OAI assessed the Office's performance as **partially satisfactory / major improvement needed**, which means "The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly

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<sup>1</sup> This version includes immaterial edits compared to the version previously shared with UNDP management and the Permanent Mission of Lebanon to the United Nations.

affect the achievement of the objectives of the audited entity/area.” This rating was mainly due to the need to strengthen project oversight, the implementation of Global Environmental Facility projects and vehicle management and utilization.

**Key recommendations:** Total = **6**, high priority = **3**

The seven recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	Medium
Reliability and integrity of financial and operational information	4	Medium
Effectiveness and efficiency of operations	2, 3, 5	High Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	6	High

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. All high (critical) priority recommendations are presented below:

Ineffective project oversight (Issue 2)

Three project extensions that ranged from 3 to 6 years and totalled \$19 million were not formalized. Delivery in 2020 was low for two projects including on COVID-19 response (22 percent) and energy and waste solutions (59 percent). Consolidated project progress was not reported to the Project Board as the annual reporting was not based on the project document results framework. For five projects, risks were not adequately identified and recorded in the corporate risk register to enable mitigation.

Recommendation 3: (a) signing a project document extension and reporting project annual results based on project document results framework; (b) timely programming all resources, identifying bottlenecks in project delivery and developing a timebound action plan to address them and boost project delivery and project reporting; and (c) recording project risks in the corporate risk register, and developing measurable actions for treatment.

Challenges in the management of Global Environment Facility funded projects (Issue 3)

The Office implemented three projects funded by the Global Environment Facility (GEF) totalling \$9.4 million. Two of the projects had low delivery of 2.5 to 69 percent mainly due to delays in start-up activities including recruitment of a project teams and establishment of contacts with government and other stakeholders. The Project Executive Boards (PEB) did not include all required stakeholders and had not reviewed the sustainability plan for one of the projects.

Recommendation 4: (a) adequately defining the capacity and timeline for the engagement of project teams and oversight mechanism; (b) enforcing adequate budget planning and recruitment including measures to boost delivery prior to the end of the implementation periods; and (c) requiring all Project Executive Board stakeholders to attend the meetings.

Inadequate vehicle management and utilization (Issue 6)

The Office used 22 cars that exceeded their replacement life of 12 years by up to 19 years. The available vehicles did not align with available drivers.

Recommendation 6: Accelerate the disposal of unsafe cars according to the policy and expedite tooling for monitoring utilization, ageing, maintenance costs and safety.

#### Implementation status of previous OAI audit recommendations:

Report No. 1606, 22 July 2016.

Total recommendations: 9

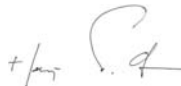
Implemented: 9

The OAI has also issued audit reports on specific projects under the responsibility of the Country Office, there are no outstanding recommendations related to these reports.

#### Management comments and action plan

The Resident Representative of UNDP Lebanon accepted all seven 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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