

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT
OF
UNDP PROJECT MANAGEMENT OFFICE
IN
CYPRUS

Report No. 2326
Issue Date: 29 September 2021

Report on the Audit of UNDP Cyprus Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UNDP Project Management Office in Cyprus¹ (the Office) from 27 July to 11 August 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:

- (a) Governance
- (b) Development activities
- (c) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

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

- (a) Development Activities
 - i. Was the Office generating sufficient income to ensure financial sustainability?
 - ii. Was the Office on track in achieving its planned outputs?
 - iii. Did the Office set up a suitable mechanism to ensure the effective transition to a Country Office structure?

The audit covered the activities of the Office from 1 January 2020 to 31 May 2021. The Office recorded programme and management expenses of approximately \$16.2 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. 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) Safe contents and petty cash were not verified.
- (e) 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."

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

¹ The Project Management Office was established to implement projects and is led by the Head of Office supported by the Regional Bureau.

actions to address lack of a resource mobilization strategy and reliance on one donor and low project implementation and delivery.

The two recommendations aim to ensure the following: (a) effectiveness and efficiency of operations (Recommendations 1 and 2).

Implementation status of previous OAI audit recommendations: Report No. 1879, 28 September 2017.

Total recommendations: 3

Implemented: 3

Management comments and action plan

The Head of Office 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.



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Ostveiten
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Helge S. Ostveiten
Director
Office of Audit and Investigations