



AUDIT

OF

UNDP COUNTRY OFFICE

IN

LAO PEOPLE'S DEMOCRATIC REPUBLIC

Report No. 2720
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Report on the Audit of UNDP Lao People's Democratic Republic Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Lao People's Democratic Republic (the Office) from 19 February to 1 March 2024. 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)

In addition, OAI assessed the performance of the Office in the areas of procurement and human resources.

Performance auditing is an independent, objective, and reliable examination of an entity or process to assess whether economy, efficiency, and effectiveness in the employment of available resources is being achieved. OAI designed two performance questions to guide the review of the following areas:

- (a) Procurement:
Were procurement processes conducted in a timely manner?
- (b) Human resources:
Were recruitment processes completed in a timely manner?

The audit covered the activities of the Office from 1 January to 31 December 2023. The Office recorded programme and management expenses of approximately \$13.65 million. The last audit of the Office was conducted by OAI in 2018.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (The IIA). 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 contents and petty cash were not verified.
- (f) The information communication and technology area was not reviewed on-site.

Overall audit rating

OAI issued an audit rating for the Office of **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 project management, weaknesses in procurement and human resources processes, and inadequate calculation of Delivery Enabling Services (DES) costs.

Conclusions on the performance audit areas reviewed have been incorporated in the overall auditing rating.

Key recommendations: Total = **4**, high priority = **0**

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

The four 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	Medium

Management comments and action plan

The Resident Representative accepted all four 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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