**Annex 1: Charter of the Office of Audit and Investigations**

**Introduction**

1. The UNDP Financial Regulation 4.01 stipulates that the Office of Audit and Investigations shall be responsible for the internal audit of UNDP. “It shall conduct independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing. It shall evaluate and contribute to the improvement of governance, risk management and control processes, and report thereon. The Office of Audit and Investigations shall exercise operational independence in the performance of its duties.”
2. The UNDP Financial Regulation 4.02 states that the Office of Audit and Investigations shall be responsible for assessing and investigating allegations of fraud and corruption committed by UNDP personnel or committed by others to the detriment of UNDP.
3. Financial Regulation 4.03 stipulates that the internal audit function’s purpose, authority and responsibility shall be further defined in the Charter of the Office of Audit and Investigations.
4. This Charter sets out the purpose, authority and responsibility, policies and procedures applicable to the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP).

**Mission of OAI**

1. The mission of OAI is to provide UNDP an effective system of independent and objective internal oversight that is designed to improve the effectiveness and efficiency of UNDP’s operations in achieving its developmental goals and objectives through the provision of (i) internal audit and related advisory services, and (ii) investigation services.

**Scope of work**

1. The internal oversight services cover all programmes, operations and activities undertaken by UNDP at its headquarters and its country offices, regional service centers, liaison offices and offices in any other location. The services also cover UNDP’s coordination function as well as the activities of UNDP’s affiliated entities, which include the United Nations Capital Development Fund and United Nations Volunteers. However, the investigation function in respect to United Nations Volunteers is restricted to persons working in UNDP projects or working on UNDP premises.

**(A) Internal Audit**

1. Internal auditing is an independent, objective assurance and advisory activity designed to add value and improve the operations of UNDP. It helps UNDP accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
2. OAI shall undertake its internal audits in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors (IIA) as adopted by the Representatives of Internal Audit Services of the United Nations Organizations, Multilateral Financial Institutions and Associated Intergovernmental Organizations (RIAS).
3. OAI will audit risk exposures relating to UNDP’s governance, risk management and controls to ensure:
	1. achievement of the organization’s strategic objectives;
	2. reliability and integrity of financial and operational information;
	3. effectiveness and efficiency of operations;
	4. safeguarding of assets; and
	5. compliance with legislative mandates, regulations and rules, policies and procedures.
4. OAI shall assess and make appropriate recommendations for improving the governance, risk management and controls in the organization.
5. In order to provide the audit services efficiently and effectively, the Director shall prepare and submit for the review of the Audit Advisory Committee and approval of the Administrator
6. Every four years: An internal audit and investigation strategy covering a four-year period and aligned with the period of coverage by the UNDP Strategic Plan; and
7. Annually: A risk-based annual work plan that is flexible and adaptable to the emerging needs and issues.
8. The approval requirement does not prevent OAI from auditing any other area within the purview of its mandate, which OAI deems necessary.
9. In preparing the annual work plan, OAI shall consult with the management of bureaus and offices, the United Nations Board of Auditors, and where appropriate, other stakeholders. OAI shall apply a risk-based methodology, including risks and concerns identified by management to identify and prioritize engagements to be undertaken during the year. OAI aims at covering all UNDP country offices on a cycle ranging from two to five years, depending on financial exposure and other risks.
10. In cooperation with the Internal Audit Services of other United Nations system organizations, OAI shall initiate and coordinate joint audits of inter-agency activities, including Multi Partner Trust Funds, Joint Programmes and Delivering as One Programmes.
11. OAI shall submit its audit reports to the Administrator, the Head of the Bureau concerned and the Head of the audited unit. OAI aims at submitting its final audit reports within three months after the completion of audit field work.
12. In addition, OAI may submit special reports to the Administrator and senior management on cross-cutting or other significant issues, such as those related to specific functions, processes and programmes, including the potential for the improvement to processes.
13. In accordance with decision 2012/18 of the UNDP Executive Board, OAI shall make publicly available all internal audit reports issued from 1 December 2012. In exceptional cases, reports may be redacted, or withheld in their entirety, at the discretion of the Director of OAI. In accordance with Executive Board decisions 2008/37 and 2011/23, the Director of OAI may disclose, upon request, internal audit reports issued prior to 1 December 2012 and after 19 September 2008, to Member States and, in case of audits of projects (co-)funded by intergovernmental organizations or by the Global Fund, to the donor concerned.
14. OAI shall periodically inform the Audit Advisory Committee and the Administrator of:
	1. Progress made in the implementation of the annual plan, changes made thereto and other issues related to the implementation of the plan;
	2. Summaries of significant and systemic audit findings; and
	3. Action taken by management on the implementation of audit recommendations.
15. OAI shall review and assess audit reports prepared by third party auditors on audits of nationally implemented projects and projects implemented by Non-Governmental Organizations (“NGO/NIM audits”) and on audits of implementing partners in the context of the Harmonized Approach to Cash Transfers (“HACT audits”). OAI may review and assess any other third party audit reports related to UNDP funded activities.
16. In addition to assurance services, OAI provides advisory services at the request of management on issues from an internal control perspective, on the design and adoption of practices and procedures that add value to the organization and contribute to the improvement of risk management and operational effectiveness.
17. OAI shall provide such advisory services in accordance with IIA standards, taking care to ensure that OAI’s independence and objectivity are not compromised.

**(B) Investigations**

OAI shall assess and conduct investigations into allegations of misconduct, such as fraud, theft and embezzlement, corruption, abuse of privileges and immunities, sexual exploitation and sexual abuse, workplace harassment and abuse of authority, retaliation on whistleblowers, or other acts or omissions in conflict with the general obligations of staff members that involve UNDP staff and other personnel.

OAI may assess and conduct investigations into allegations of fraud and other financial irregularities committed by contractors, implementing partners and other third parties, deemed to be detrimental to UNDP.

 In addition, OAI may undertake proactive investigations in high risk areas that are susceptible to fraud, corruption and other wrongdoings.

OAI shall assume the function of compliance review for UNDP’s social and environmental policies and procedures. In that regard, OAI will operate a reporting mechanism and will assess all reports received to determine whether an investigation is required or whether the issue raised is more appropriately dealt with through the separate Grievance Handling process. Where the assessment determines that an investigation is warranted, OAI will investigate allegations of non-compliance with UNDP’s social and environmental policies and procedures. On the basis of the evidence collected during the investigation, OAI will recommend action to bring a project into compliance.

1. OAI shall have sole responsibility for the conduct of all investigations within UNDP.
2. OAI shall conduct investigations in accordance with the Uniform Principles and Guidelines for Investigations endorsed by the 10th Conference of International Investigators, with the UNDP Legal Framework for Addressing Non-Compliance with the United Nations Standards of Conduct, and with the OAI Investigation Guidelines.
3. The assessment, investigation and reporting of alleged non-compliance with UNDP’s social and environmental policies and procedures will be conducted in accordance with generally accepted international processes.
4. OAI shall maintain reporting facilities (telephone hotline, web-based reporting facility, email, postal address and other means as appropriate) that function around the clock to facilitate staff, management and others to report any instances of fraud, corruption or other wrongdoings. OAI will operate separate mechanisms for the reporting of alleged non-compliance with UNDP’s social and environmental policies and procedures.
5. OAI shall maintain an effective system for the recording and management of all cases.
6. OAI shall prepare an annual work plan for the efficient and timely management of all investigations. The plan shall be submitted to the Administrator for approval after review and advice by the Audit Advisory Committee.
7. OAI shall submit its investigation reports concerning UNDP staff members to the Legal Support Office for consideration and disciplinary or administrative action, as appropriate.
8. In cases involving contract personnel, OAI shall submit its investigation reports to the Head of Office concerned for administrative or other action, as appropriate.
9. In case the investigation results in credible allegations of criminal conduct, OAI shall prepare a case file with a recommendation for referral to national law enforcement authorities, as appropriate, for criminal investigation and prosecution.
10. In cases where a vendor is found to have engaged in ‘proscribed practices’ (corrupt practice, fraudulent practice, coercive practice, collusive practice, unethical practice or obstruction), OAI shall submit its investigation report to the UNDP Vendor Review Committee for consideration of appropriate action in accordance with UNDP’s Vendor Sanctions Procedures.
11. OAI shall submit its investigation reports as soon as possible, based on the priority of the case and available resources.
12. OAI shall also submit reports to the Administrator and senior management on weaknesses in controls, processes, deficiencies in regulations and guidance that are identified in the course of investigations with recommendations for addressing these weaknesses and further strengthening the accountability framework in the organization.

**Responsibility and Authority**

1. The Director of OAI is accountable to the Administrator for the provision of internal audit and investigation services in accordance with the provisions of the Financial Regulations and Rules and this Charter.
2. The Director of OAI shall report to the Administrator on the performance of OAI against agreed key performance indicators.
3. The Director of OAI shall maintain a quality assurance and improvement program that covers all aspects of the internal audit and investigations activity.
4. The Director of OAI shall be responsible for selecting and maintaining a cadre of audit and investigation staff with sufficient knowledge, skills, experience, and professional certifications in order to provide the independent and objective internal oversight services envisaged in this Charter. In addition to staff, the Director may engage consultants and experts as necessary for the performance of the functions under this Charter.
5. The Director of OAI shall engage and manage all staff and apply resources allocated to OAI in accordance with the relevant regulations, rules, policies and procedures established by UNDP.
6. OAI shall have:
	1. Free access to the organization’s records, personnel and premises, as necessary, in its opinion, for the performance of its duties; and
	2. The assistance and cooperation of all UNDP personnel deemed necessary for the discharge of responsibilities under this Charter. This includes communicating directly with all levels of staff and management as well as requesting any staff member to furnish all information and explanation that are deemed necessary for the completion of any audit or investigation.
7. Management and staff shall have the responsibility to provide a written response to all OAI audit and investigation reports within a reasonable period of time.
8. The Director and staff of OAI are not authorized to:
	1. Perform any operational, managerial or supervisory duties for UNDP or its affiliates;
	2. Initiate or approve accounting transactions external to OAI; and
	3. Direct the activities of any UNDP personnel not employed by OAI, except to the extent that such personnel have been appropriately assigned to OAI teams or to otherwise assist OAI.

**Independence**

1. OAI shall exercise operational independence in the conduct of its duties. It shall be free from interference in determining the scope of its audit and investigations, performing the work and communicating results.
2. The Director of OAI shall be appointed for a term of five years, with the possibility of renewal once for a maximum of five years, and shall be barred from re-entry into UNDP after the expiry of his/her term. The Administrator shall consult with the Audit Advisory Committee on the appointment, performance evaluation, extension and dismissal of the Director of OAI.
3. The Director shall have free and unrestricted access to the Chairpersons of the Executive Board and the Audit Advisory Committee and to the Board of Auditors.
4. The Director and staff of OAI shall abide by the United Nations Code of Conduct as well as the IIA’s Code of Ethics to which they are subject to and shall at all times maintain and safeguard their independence, objectivity and professionalism in fulfilling the responsibilities assigned under this Charter.
5. The Director and staff of OAI must refrain from assessing specific operations for which they were previously responsible. Functions for which the Director and staff of OAI have responsibility shall not be audited by OAI. Allegations of misconduct against OAI staff members, which require an investigation, shall not be investigated by OAI.
6. The Director and staff of OAI must avoid being placed in situations which might create any conflict of interest that may impair their judgment on audit and investigation matters. The Director or staff concerned shall declare any conflict of interests or impairment that may affect their participation in an audit or investigation engagement and accordingly discharge themselves from such participation.
7. The Director of OAI shall bring to the attention of the Audit Advisory Committee any impairment to independence, objectivity or professionalism.

**Resources**

1. OAI shall be provided with the necessary resources, including appropriately trained and experienced professionals, in order to fulfil its responsibilities under this Charter. The budget of OAI shall be approved by the Administrator on the basis of the request submitted by the Director of OAI in accordance with the strategy and the annual work plan, after review and advice by the Audit Advisory Committee.
2. The Director of OAI shall keep the Audit Advisory Committee apprised on the funding and staffing of OAI.

**Cost Reimbursable Services**

1. **OAI may provide internal audit and investigation services to other organizations of the United Nations system on a cost reimbursement basis. The cost of supervising and/or conducting specific audits of UNDP projects may be charged to those projects.**

**Coordination with the United Nations Board of Auditors**

1. In planning its audits, OAI shall interact regularly with the Board of Auditors in order to optimize audit coverage and avoid duplication of assurance work. OAI shall share with the Board of Auditors information on issues of mutual interest.

**Accountability to the Executive Board**

1. OAI shall independently prepare and submit to the Executive Board, after review by the Audit Advisory Committee, an annual report for each completed calendar year on its activities, resources, disclosure of audit reports, significant audit findings, systemic weaknesses identified in audits, action taken by management to implement audit recommendations and such other matters as may be requested by the Executive Board.
2. In the annual report, the Director of OAI shall confirm to the Executive Board the organizational independence of the internal audit and investigation functions.

**Approval and revision of the Charter**

1. This revised version of the Charter was reviewed and endorsed by the Audit Advisory Committee and has been approved by the Administrator.
2. The Charter shall be reviewed at least every two years, or more often, if required. Any revision shall be approved by the Administrator after consultation with the Audit Advisory Committee and shall be brought to the attention of the Executive Board.

Approved by the Associate Administrator on behalf of the Administrator

27 December 2013

**Annex 2: Office of Audit and Investigations audit reports issued in 2015 pertaining to UNDP**

|  | **Audit Type** | **Report no.** | **Audit Subjects** | **Rating[[1]](#footnote-1)** |
| --- | --- | --- | --- | --- |
|  | **Headquarters** |  |  |  |
| 1 | Performance audits | 1465 | Regional Programme for Africa | Partially Satisfactory |
| 2 | 1480 | Performance Audit of UNDP Procurement Management | Partially Satisfactory |
| 3 | 1446 | UNDP Travel Management | Partially Satisfactory |
| 4 | 1397 | Performance audit of UNDP Monitoring Practices | Partially Satisfactory |
| 5 |  | 1413 | UNDP Ghana - Community Resilience through Early Warning (CREW) | Partially Satisfactory |
| 6 | Compliance audits | 1452 | UNDP Cost Recovery Practices | Partially Satisfactory |
| 7 | 1452 | UNDP Cost Recovery Practices | Partially Satisfactory |
| 8 | 1481 | UNDP Electronic Funds Transfer by the Treasury Division | Satisfactory |
| 9 | Global Fund grants | 1451 | Consolidated report on audits of UNDP COs as PR of grants for the Global Fund | N/A |
| 10 | 1428 | Consolidated report on audits of Sub-recipients of grants from the Global Fund m | N/A |
|  | **Inter-Agency** |  |  |  |
| 11 | Inter-Agency | 1546 | Audit of the Managing Agent Function South Sudan Common Humanitarian Fund | Partially Satisfactory |
| 12 | 1561 | Joint audit of the UN-REDD Programme-by FAO, UNDP, and UNEP | N/A |
| 13 | 1494 | Audit of the Administrative Agent Function South Sudan Common Humanitarian Fund | Satisfactory |
| 14 | 1312 | Joint audit of 'Delivering as One' in Malawi | Partially Satisfactory |
| 15 |  | 1423 | The UN Collaborative Programme on REDD in Developing Countries | Partially Satisfactory |
|  | **Country Offices** |  |  |
|  |  |  | **Africa** |  |
| 16 | General Scope | 1496 | UNDP Togo | Satisfactory |
| 17 | 1541 | UNDP Kenya | Partially Satisfactory |
| 18 | 1495 | UNDP Democratic Republic of the Congo | Partially Satisfactory |
| 19 | 1518 | UNDP Nigeria | Satisfactory |
| 20 | 1449 | UNDP Mozambique | Partially Satisfactory |
| 21 | 1431 | UNDP The Islamic Republic of Mauritania | Unsatisfactory |
| 22 | 1433 | UNDP South Sudan | Partially Satisfactory |
| 23 | 1418 | UNDP Gabon | Partially Satisfactory |
| 24 | 1314 | UNDP Guinea-Bissau | Unsatisfactory |
| 25 | Follow-up | 1427 | UNDP Central African Republic - Follow-up Audit | N/A |
| 26 | DIM Projects | 1522 | UNDP Democratic Republic of the Congo - Autorité de L' Etat (Project No. 72468, Output Nos. 85547, 86178, 86625, 86626, 86627 and 90384) | N/A |
| 27 | 1524 | UNDP Democratic Republic of the Congo - Relèvement Communautaire (Project No. 72471, Output No. 86481) | N/A |
| 28 | 1466 | UNDP Nigeria - Democratic Governance for Development Programme: Deepening Democracy in Nigeria (Project No. 56855, Output No. 69949) | Satisfactory |
| 29 | 1492 | UNDP Malawi – (Project No. 71929, Output Nos. 85180, 86778, 86779 and 86780) | Satisfactory |
| 30 | 1521 | UNDP Democratic Republic of the Congo - Consolidation de la paix dans les zones minieres (Project No. 66357, Output No. 82554) | N/A |
| 31 | 1523 | UNDP Mali - Projet d'Appui au Processus Électoral au Mali (Project No. 64570, Output No. 81302) | N/A |
| 32 | 1491 | UNDP South Sudan - Support to Public Administration (Project No. 72642, Output No. 85700) | Satisfactory |
| 33 | 1519 | UNDP South Sudan - Access to Justice and Rule of Law (Project No. 77970, Output Nos. 88485, 88486, 88487, 88488) | Satisfactory |
| 34 | Global Fund grants | 1447 | UNDP Zambia - Global Fund | Satisfactory |
| 35 | 1432 | UNDP Mali - Global Fund | Partially Satisfactory |
| 36 | 1400 | UNDP South Sudan - Global Fund | Partially Satisfactory |
|  |  |  | **Arab States** |  |
| 37 | General Scope | 1444 | UNDP Iraq | Unsatisfactory |
| 38 | 1458 | UNDP Djibouti | Partially Satisfactory |
| 39 | 1398 | UNDP Yemen (Remote Audit) | Partially Satisfactory |
| 40 | Follow-up | 1460 | UNDP Kuwait - Follow-up Audit | N/A |
| 41 | DIM Projects | 1489 | UNDP Libya - Libya Electoral Assistance Project (Project No. 65426, Output No. 81933) | N/A |
| 42 | 1483 | UNDP Iraq - Local Area Development Program Phase II (Project No. 66352, Output No. 82552) | N/A |
| 43 | 1501 | UNDP Lebanon - Early Recovery for displaced Syrians, Lebanese Hosting Communities Support Project (Project No. 65799, Output No. 84708) | N/A |
| 44 | 1514 | UNDP Lebanon - Rehabilitation of Saida Dumpsite (Project No. 68385, Ouput No. 83622) | N/A |
| 45 | 1502 | UNDP PAPP - KFW Poverty Oriented Infrastructure (Project No. 41098, Output Nos. 46774, 60764,73017 and 86843) | N/A |
| 46 | 1506 | UNDP PAPP - Quarter Blair Mission Dos (Project No. 47872, Output No. 62844) | N/A |
| 47 | 1507 | UNDP PAPP - Emergency Supply and Advanced Plan for Early Recovery-Gaza (Project No. 50123, Output Nos. 71646 and 92145) | N/A |
| 48 | 1490 | UNDP Somalia- Somali Institutional Development (Project No.51402, Output Nos. 63985, 83421, 85765 and 91939) | N/A |
| 49 | 1515 | UNDP Somalia- Civilian Police Project in Somalia (Project No.58607, Output Nos. 53319, 72852, 73323, 73552, 82348, 85942, 87378 and 89925) | N/A |
| 50 | 1516 | UNDP Somalia- Access to Justice in Somalia (Project No. 5864, Output Nos. 73553, 53320, 60258, 87338 and 72868) | N/A |
| 51 | 1517 | UNDP Somalia- DDR/Armed Violence Reduction Plan (Project No. 58616, Output Nos. 72870, 83857, 89926, 83614 and 78475) | N/A |
| 52 | 1509 | UNDP PAPP - Foreign Affairs Building (Project No. 51015, Output No. 63303) | N/A |
| 53 | 1510 | UNDP PAPP - Community Resilience and Development Programme for Area C and East Jerusalem (Project No. 69435, Output No. 84013) | N/A |
| 54 | 1512 | UNDP PAPP - Strengthening the Rule of Law in the OPT - Justice and Security for the Palistinian People (Project No. 77565, Output No. 88270) | N/A |
| 55 | 1365 | UNDP Iraq - Institutional Development of Iraqi Independent High Electoral Commission (Project No. 60760, Output No. 76645) | N/A |
| 56 |  | 1511 | UNDP PAPP - HIV/AIDS Response Program & Tuberculosis Response Program | N/A |
| 57 | Global Fund grants | 1450 | UNDP Sudan - Global Fund | Partially Satisfactory |
| 58 | 1445 | UNDP Iraq - Global Fund | Partially Satisfactory |
| 59 | 1457 | UNDP Djibouti - Global Fund | Partially Satisfactory |
| 60 | 1366 | UNDP Iraq - Support to TB and HIV Programs (Project No. 47321, Output No. 56801) | N/A |
|  |  |  | **Europe and CIS** |  |
| 61 |  | 1493 | UNDP Ukraine | Partially Satisfactory |
| 62 | General Scope | 1498 | UNDP Montenegro | Satisfactory |
| 63 | 1453 | UNDP Uzbekistan | Unsatisfactory |
| 64 | 1464 | UNDP Project Management Office in the Russian Federation | Partially Satisfactory |
| 65 | 1463 | UNDP Project Management Office in Romania | Satisfactory |
| 66 |

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| --- | --- | --- |
| 1422 | UNDP The Former Yugoslav Republic of Macedonia | Satisfactory |

 | 1422 | UNDP The Former Yugoslav Republic of Macedonia | Satisfactory |
| 67 | DIM Projects | 1484 | UNDP Armenia - Modernization of Bagratashen, Bavra, Gogavan Border Crossing Points of the Republic of Armenia (Project No. 68950, Output No. 83816) | N/A |
| 68 | 1485 | UNDP Bosnia and Herzegovina - UN Response to BIH Floods 2014 (Project No. 81239, Output Nos. 90579, 90943, 91517 and 92158) | N/A |
| 69 | Global Fund grants | 1499 | UNDP Montenegro - Global Fund | Satisfactory |
| 70 | 1500 | UNDP Uzbekistan - Global Fund | Partially Satisfactory |
| 71 | 1414 | UNDP Tajikistan - Global Fund | Partially Satisfactory |
|  |  |  | **Asia and the Pacific**  |  |
| 72 |  | 1553 | UNDP Samoa | Partially Satisfactory |
| 73 |  | 1538 | UNDP Iran | Partially Satisfactory |
| 74 |  | 1525 | UNDP Cambodia | Satisfactory |
| 75 | General Scope | 1462 | UNDP Malaysia | Satisfactory |
| 76 |  | 1467 | UNDP India | Partially Satisfactory |
| 77 |  | 1429 | UNDP Bangladesh | Partially Satisfactory |
| 78 |  | 1421 | UNDP Democratic People's Republic of Korea (Remote Audit) | Satisfactory |
| 79 |  | 1415 | UNDP Mongolia | Partially Satisfactory |
| 80 | Follow-up | 1554 | UNDP Afghanistan - LOTFA Monitoring Agent Oversight | N/A |
| 81 | 1419 | UNDP Afghanistan - Programme  | N/A |
| 82 | 1424 | UNDP Afghanistan - Procurement  | N/A |
| 83 | Functional audit | 1554 | UNDP Afghanistan - LOTFA Monitoring Agent Oversight | N/A |
| 84 | DIM Projects | 1470 | UNDP Myanmar Improved Livelihoods & Social Cohesion (Project No. 74124, Output No. 86669) | N/A |
| 85 | 1471 | UNDP Bangladesh - Urban Partnerships for Poverty Reduction (Project No. 11492, Output No. 58224) | N/A |
| 86 | 1472 | UNDP Bangladesh - Comprehensive Disaster Management Programme Phase II (Project No. 58919, Output No. 73416) | N/A |
| 87 | 1473 | UNDP Bangladesh - Promotion of Development and Confidence Building in the Chittagong Hill Tracts (Project No. 11503, Output Nos. 63953, 80119, 87092 and 88730) | N/A |
| 88 | 1477 | UNDP Afghanistan - National Area Based Development Programme (Project No. 57359, Ouput Nos. 70832, 81443, 81444, 81451, and 81452) | N/A |
| 89 | 1478 | UNDP Afghanistan - Justice and Human Rights in Afghanistan (Project No. 68012, Output Nos. 85458, 85459, 85460 and 85461) | N/A |
| 90 | 1479 | UNDP Afghanistan - Gender Equality Project (Project No. 71928, Output Nos. 85146, 85152, 85178 and 85179) | N/A |
| 91 | 1474 | UNDP Afghanistan - Law and Order Trust Fund for Afghanistan (Project No. 61104, Output Nos. 77273, 77274, 77275, 78879, 81409 and 81410) | N/A |
| 92 | 1475 | UNDP Afghanistan - Peace and Reintegration Programme (Project No. 60777, Output Nos. 79480, 79526, 79527, 79528 and 79529) | N/A |
| 93 | 1476 | UNDP Afghanistan - Afghanistan Sub-national Governance Programme (Project No. 58922, Output Nos. 73419, 76102, 78991, 78993 and 79239) | N/A |
| 94 | 1459 | UNDP Afghanistan - ELECT Phase II (Project No. 63078) | Unsatisfactory |
| 95 | 1468 | UNDP Indonesia-Support to the Establishment of Indonesia REDD+Infrastructure Capacity: Interim Phase (Project No. 75619, Output Nos. 87420, 87421, 87422 and 87423) | N/A |
| 96 | 1469 | UNDP India-Improving Efficiency of Health Care Systems in Multiple States (Project No. 73182, Output Nos. 86136 and 86879) | N/A |
| 97 | 1417 | UNDP Afghanistan - Support Services to Law and Order Trust Fund for Afghanistan (Project No. 61104) | Partially Satisfactory |
| 98 | 1412 | UNDP Philippines - Support to Typhoon Recovery and Resilience in the Viscayas (Project No. 77462, Output Nos. 88169, 88231, 88305) (Project No. 77462, Output No. 88217) | Partially Satisfactory |
| 99 | 1408 | UNDP Afghanistan - Afghanistan Sub-national Governance Programme (Project No. 58922) | Unsatisfactory |
| 100 | 1426 | UNDP Indonesia - Support to the establishment of Indonesia REDD+ Infrastructure and Capacity (Project No. 60694, Output Nos. 76532, 76555, 82624, 82629, 82630, 82645, 82646, 82647, 82648, 82649) | N/A |
| 101 | Global Fund grants | 1539 | UNDP Iran - Global Fund | Satisfactory |
|  |  |  | **Latin America & the Caribbean**  |  |
| 102 |  | 1543 | Honduras | Partially Satisfactory |
| 103 | General Scope | 1513 | UNDP Bolivia | Unsatisfactory |
| 104 | 1482 | UNDP Peru | Satisfactory |
| 105 | 1455 | UNDP Chile | Satisfactory |
| 106 | 1430 | UNDP Jamaica | Partially Satisfactory |
| 107 |  | 1416 | UNDP Haiti | Partially Satisfactory |
| 108 | DIM Projects | 1528 | UNDP Brazil - Capacity Development, Sustainable Economic Justice and Promotion of Best Practices for the Achievement of the Millenium Development Goals in Brazil (Project No. 63852, Output Nos. 80726, 80727, 82515 and 82633) | N/A |
| 109 | 1532 | UNDP Brazil - Support to the Organization of the 2013 Confederations Cup and the FIFA World Cup 2014 in Brasilia (Project No. 72804, Output No. 85841) | N/A |
| 110 | 1534 | UNDP Colombia - Desarrollo Económico Incluyente Urbano (Project No. 77717, Output No. 88328) | N/A |
| 111 | 1526 | UNDP Haiti - Appui au retour aux quartiers (Project No. 50968, Output No. 79750) | N/A |
| 112 | 1527 | UNDP Haiti - Reduction de la Vulnerabilité, Gestion Bassins Versants Sud II (Project No. 60857, Output No. 85351) | N/A |
| 113 | 1533 | UNDP Brazil - Strengthening of the National Truth Commission (Project No. 76172, Output No. 87696) | N/A |
| 114 | 1535 | UNDP Peru - Supporting Peruvian Government to Chair the Twentieth Conference of Parties of the United Nations Framework Convention on Climate Change (COP20-PERU-2014) (Project No. 75011, Output No. 87130) | N/A |
| 115 | Global Fund grants | 1456 | UNDP Haiti - Global Fund | Partially Satisfactory |
| 116 | 1454 | UNDP Cuba - Global Fund | Satisfactory |

DIM=directly-implemented projects

**Annex 3: Recommendations unresolved for 18 months or more as of 31 December 2015**

|  | **Headquarters audit recommendations unresolved for 18 months or more** |
| --- | --- |
|  |  |
|  | **Unresolved recommendations (by cause, by year)** |
|  | **HEADQUARTERS AUDIT** |
|  | **Requires More Action by Office Concerned**  |
|  | **2013** |
| 1 | OHR should finalize and implement the new People Capability Strategy that includes: (a) strategic goals for human resource management in line with organizational needs;(b) objectives and priorities that are defined in the context of available resources and tools;(c) specific and measurable targets, indicators, and timelines; and(d) clearly defined responsibilities for implementation of formulated objectives. (R1109/6) (High)  |
|  |  |
| 2 | OHR should ensure that all new and updated policy documents follow a standard format and layout. At a minimum, this should include information on, the effective date of the policy, version control, review due date, policy owner and a sign-off by an authorized member of management. Additionally, OHR should ensure that human resource policies are:(a) consolidated to improve their clarity and to facilitate maintenance of policy versions and intranet links and overall applicability;(b) adequately referenced and provide links to related policies;(c) translated into other UNDP working languages (French and Spanish);(d) reviewed systematically and thoroughly with particular attention to avoiding misleading, unclear and ambiguous wording and formulation; and(e) accessed only through the Programme and Operations Policies and Procedures path on the UNDP intranet. (R1109/9) (High)  |
|  |  |
| 3 | OHR should develop and implement a mechanism for strategic workforce and succession planning, which includes formulating policy and providing guidance to ensure that the organization's future staffing requirements are met and that key roles are filled in a timely manner to support the achievement of organizational objectives. The policy should clearly set out the roles of OHR as well as the hiring units and include requirements for regular progress monitoring and reporting. (R1109/10) (Medium)  |
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| 4 | OHR should review all documents on recruitment policies and procedures in their entirety and:(a) update and consolidate them and institute periodic reviews thereof;(b) remove exceptions from standard procedures which may lead to a breach of the guiding principles of recruitment and selection as defined in the UNDP Recruitment and Selection Framework; and(c) ensure that the formulation is understandable and unambiguous, using terms that are clearly defined and used consistently throughout all policy documents. (R1109/12) (High)  |
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| 5 | OHR should review the existing time-in-post policy to assess its relevance. (R1109/14) (Medium) |
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| 6 | OHR should further develop the roster mechanism for recruitment. Furthermore, Office of Human Resources should make sure that the rosters are updated, and that the rosters are supported by the new IT systems. (R1109/15) (Medium) |
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| 7 | OHR should strengthen its internal control procedures by ensuring that:(a) Recruitment documentation for all staff members is readily available and accessible to enable UNDP to demonstrate compliance with Staff Rules and Staff Regulations of the United Nations and recruitment and hiring policies and procedures.(b) Long-listing and shortlisting decisions and rationale are clearly documented in all instances. A standard form/template should be used which should identify the panel performing the long-listing and shortlisting.(c) All interview panels consist of a minimum of (i) the hiring manager (or a representative), (ii) an HR professional or associate and (iii) two staff members from outside the hiring unit, as set out in the Recruitment Guide. Interview reports should clearly indicate the above roles and provide job titles and bureau/unit information for each panel member. (d) Action/reasons need to be created in Atlas to correctly capture staff movements made through decisions other than regular reassignment. These include strategic placements, lateral moves and candidate pool selections.(e) The recruitment strategy and assessment criteria are clearly defined and documented prior to the start of the vacancy announcement and assessment process.(f) Candidates’ academic and work experience qualifications are met for long-listed candidates. If an exception to such requirements is made for whatever reason, the documentation granting the waiver should be included in the recruitment file. The validity of academic institutions that candidates obtained qualifications from are checked against an agreed source and evidence of the check performed is kept on the recruitment file for each candidate/position. Reference checks are performed for all applicants. If an exception to such requirements is made for whatever reason, this should be documented in writing and relevant approval obtained by OHR.(g) If candidates have been previously employed by UNDP, evidence should be captured in the recruitment files that prior performance records (e.g., Results and Competency Assessments) are obtained and reviewed. (R1109/17) (Medium)  |
| 8 | OHR should develop a comprehensive procedure setting out all the key steps and requirements of the hiring process, including target timelines and detailed staff instructions for each step of the process. OHR should monitor compliance and timelines against the procedure on an on-going basis. (R1109/19) (Medium)  |
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| 9 | OHR should, in order to improve the transparency and timeliness of the hiring process:(a) Identify key documents, reorganize folder structures in Super Office or its alternative, develop and maintain a tool/function that provides an overview of the hiring process and that can be used as a checklist to know the status of key documents, i.e., requested, received and outstanding. It is understood that this functionality will be available in the eHire system being developed by OHR.(b) Consider maximizing the use of eHire as the central repository of key documents and designing system-controlled process flows.(c) Under the current, email-based system, contact persons in all concerned units (i.e. OHR/Staff Administrative Services, Hiring Unit, Hiring Unit’s HR focal point, and others) should be consistently copied on relevant emails from/to candidates, keeping everyone informed and reducing delays due to missing information/documents.(d) Document the receipt of medical clearance or confirm the waiver of need of medical clearance in all cases and ensure that access to medical examination results is adequately controlled.(e) Document visa clearance checks in Super Office (or any relevant future system) in all cases.(f) Confirm the appointment formally and in writing after obtaining the medical and visa clearance and request that the candidate resign from their current employment. (R1109/20) (Medium)  |
| 10 | OHR should revise its policies on separations by removing inconsistencies with the Staff Rules and Staff Regulations of the United Nations, specifying requirements where not clearly defined and formulating a policy for unassigned staff. (R1109/21) (High)  |
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|  | **Requires More Action by Country Office Concerned** |
|  | **2014** |
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| 11 | Follow up on the implementation of, and strengthen the reporting on the five steps of the risk management cycle (identification, assessment, prioritization, taking action, and monitoring and reporting) at all levels of the organization. (R1181/1) (High)  |
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| 12 | Harmonize and better integrate risk management processes and tools at all levels of the organization. (R1181/2) (Medium)  |
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| 13 | Building on lessons learned from the Enterprise Risk Management implementation since 2007, best practices and standards, as well as the changing business model of UNDP, new Strategic Plan and availability of various technological tools, UNDP should redesign the related policy, tools and practices, as appropriate, and identify the level of resources that would be necessary for a successful organization-wide update and maintenance. (R1181/3) (High)  |
| 14 | Consider the implementation of additional measures, such as adding a second layer of authentication to enhance existing Atlas security and manage user access risks to the Atlas application. (R1163/1) (High)  |
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| 15 | Address the risk relating to access to un post journal entries by:(a)assessing the extent to which security features in PeopleSoft 9.1 can be used to restrict users from other agencies from modifying UNDP transactions; and(b)planning for the implementation of the new security features upon transition to PeopleSoft 9.2 as a way to provide additional assurance to UNDP management that users are not processing transactions for General Ledger accounts outside of their respective agencies or business units. (R1163/4) (Medium)  |
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| 16 | Review lists of open status Customer Relationship Management helpdesk tickets regularly and resolve them in a timely manner. (R1163/6) (Medium)  |
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| 17 | Lower risk relating to access to transaction processing by: (a) limiting general processing rights to business users and to a limited number of system administrators; and(b)restricting update/edit access of Security Team to security maintenance pages, specifically to pages required to modify user profiles, roles, and permission lists. (R1163/2) (High)  |
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| 18 | Manage the risk of potential unauthorized access by Atlas partner agencies by:(a)defining explicitly in the change management policy the configurations which can be made outside of the PHIRE (UNDP's change management tool) process (all chartfields, changes to business units, etc.); (b) developing a mechanism to monitor UNDP configuration and chartfields that can be updated outside of UNDP’s change management system on a periodic basis for accuracy; and (c) until the implementation of Oracle's Configuration Controls Governor, considering taking quarterly extracts of key configuration tables, comparing results with prior periods, and then checking change tickets for any discrepancies to ensure no unauthorized changes occurred. (R1163/3) (High)  |
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| 19 | Perform periodic review of the database monitoring tools in place to ensure that all changes made by users with access to both production database and the front-end application are in line with defect/issue requests. (R1163/7) (Medium)  |
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| 20 | Review the Direct Budget Support engagement approval process based on the lessons learned in the Office, and improve timeliness to avoid implementation delays. (R1284/1) (Medium)  |
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| 21 | Improve support to the leave management system by:(a) defining the roles and responsibilities for providing system and user support for the e-Services leave module in consultation with the Office of Information Systems and Technology and the Office of Financial Resources Management; and (b) creating a mechanism for managing and transferring business and technical knowledge relating to the e-Services leave module. (R1283/1) (Medium)  |
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| 22 | Improve controls for recording and monitoring leave by:(a)requiring that automated email notifications be sent to staff members and their supervisors for each entry made by a leave monitor, and reminding Heads of Office of the requirements to (i) review leave requests that may result in negative leave balances, and (ii) upload evidence of written approval in the e Services leave module;(b)introducing additional reports and/or improve the functionality of the available Atlas queries that would allow supervisors to easily monitor manual adjustments;(c)reminding staff of the requirement to use the e Services leave module to request leave and remind managers that they can track staff use of e Services, including the number of instances where staff members did not request leave through e Services or where the leave was requested after it was taken in the IPSAS Dashboard; and(d)reminding human resources focal points of the home leave policy and the need to reject any home leave requests which would result in the home leave point balances no longer complying with existing policy. (R1283/3) (High)  |
| 23 | UNV should adopt the UNDP Enterprise Risk Management model to design and implement a comprehensive corporate risk management mechanism that also addresses ICT risk management requirements. (R1173/4) (Medium).  |
| 24 | UNV should improve its disaster/emergency preparedness by finalizing the business continuity plan. (R1173/5) (Medium)"  |

|  | **Country Office audit recommendations unresolved for 18 months or more** |
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|  | **Unresolved recommendations (by cause, by year)** |
|  | **COUNTRY OFFICE AUDIT** |  |
|  | **Requires more action by country office concerned** |
|  | **2013** |
| 25 | ***Programme Activities/Project Management***The Office should ensure that:(a) residual unutilized funds are cleared as soon as possible by following up with the relevant donors and seeking advice from the Office of Financial Resources Management on how to address cases in which the donor cannot be identified; and(b) relevant documents relating to projects, such as agreements and project documents, are properly maintained. (R1137/3) (High)  |
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| 26 | The Office should ensure that project closure procedures are adhered to, as follows: (a) projects are financially closed within 12 months after being operationally completed; and (b) the project team, particularly the project manager, is not released until all required documents and reports on project closure activities are prepared and submitted to relevant parties. (1048/5) (Medium)  |
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| 27 | The Office did not prepare an annual work plan to serve as guidance during the project implementation process. OAI recommends that the Office prepare an annual work plan each year to guide project implementation. (R1214/1) (High)  |
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| 28 | The Office should strengthen its management of micro-capital grants and civil works projects by: (a) seeking post facto authorization from the Regional Bureau for Africa and/or Bureau of Management for the grants which exceeded the established thresholds; (b) complying with established thresholds and seeking appropriate authorizations as required; and(c) using the civil works contract template for construction works. (R1145/2) (High)  |
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| 29 | The Office should strengthen its infrastructure project management by ensuring that: (a) post facto approval is obtained from the Regional Bureau for Africa for the on-going infrastructure projects;(b) remedial actions are taken as soon as possible to address the issues of quality of the construction and minimize additional costs required to complete the projects;(c) projects are adequately designed and formulated. In particular, in future, seek authorization from the Regional Bureau for Africa prior to engaging in infrastructure projects, ensure rigorous selection of civil works contractors, and identify project beneficiaries in a more timely manner; and (d) projects are regularly monitored. In particular, ensure that qualified engineers are assigned to monitor construction works and required to submit complete reports. (R1145/3) (High)  |
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| 30 | ***Operations/Financial Management***The Office should ensure compliance with the Programme and Operations Policies and Procedures on the use of cash advances by making arrangements with the Provincial Governor Offices and municipalities for the timely liquidation of outstanding advances. (R1062/6) (High)  |
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| 31 | ***Operations/Human Resources***The Office should strengthen human resource processes by: (a)ensuring that the position creation/update form showing the budget and location of the position in the organization chart is created for each recruitment under either fixed-term or temporary appointment;(b)establishing a more effective mechanism to monitor and follow up on staff member’s completion of the mandatory trainings and encouraging staff to complete such courses; and(c)ensuring that the Results and Competency Assessments for staff are conducted and completed on time. (R1048/6) (Medium)  |
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| 32 | The Office should improve its Results and Competency Assessment (RCA) process by: (a) completing the 2011 and 2012 RCAs; (b) requiring supervisors to complete the review of their supervisor’s RCAs in a timely manner; and(c) establishing the timely completion of RCAs as a key performance indicator for supervisors. (R1143/6) (Medium)  |
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| 33 | The Office should ensure that individual Results and Competency Assessments are completed in a timely manner so as to support staff development, detect areas of improvement and, and justify any salary step increment awarded to the staff. (R1145/5) (Medium)  |
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| 34 | The Office should ensure that: (a) all staff members complete all mandatory training within a specified time frame; and (b) Results and Competency Assessments are completed by the established deadline. (R1167/7) (Medium)  |
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| 35 | ***Operations/General Administration***The Office should design and implement control procedures to manage fuel by: (a) implementing an automated vehicle management system similar to that used by BINUCA to facilitate control and monitoring of vehicle fuel usage; (b)considering the use of a fuel card per vehicle and ensuring that relevant data is recorded and reviewed periodically;(c)separating the delivery of fuel to the depot and to the main building; (d)ensuring that bulk fuel issued for field missions in jerry cans and drums is accounted for at the end of the mission;(e)installing meters from the gas reservoir at the main office to the two generators to facilitate control of fuel distribution; (f)implementing a monthly management review of fuel consumption for each vehicle and generator to identify variances warranting further action; and(g)ensuring adequate controls are in place over the performance of key activities relating to management of fuel, including proper segregation of duties. (R1048/17) (High)  |
| 36 | The Office should ensure that the following measures are implemented: 1- On a monthly basis, the accounting department of the UNDP Office in Chad should send a fuel management report to the logistic officer of the Programme for verification. 2- The driver should ensure that fuel replenishments are systematically recorded in the log book.3- The purpose of each trip should be clearly mentioned in the log book.4- The logistic officer should regularly check the log book to ensure that all information are properly recorded (purpose of trip, total mileage for the month, total fuel consumption) and compare it with the fuel management report. (R1214/6) (Medium)  |
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| 37 | ***Operations/Procurement***The Office should strengthen its procurement management by ensuring that:(a)a proper procurement plan covering all the Office’s activities is duly established;(b)a mechanism is implemented to monitor the cumulative value of contracts, and further that all cumulative procurement cases valued at $30,000 or more are submitted to the relevant procurement committee for review; and (c)staff members with buyer profiles as well as members of the Office’s Contracts, Assets and Procurement Committee, complete the procurement certification (at the minimum, level one). (R1048/10) (High)  |
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| 38 | The Office should strengthen its procurement practices by: (a)complying with the Programme and Operations Policies and Procedures regarding the submission of procurement cases to the appropriate procurement committee when the individual threshold of $30,000 and the cumulative threshold of $100,000 are exceeded;(b)creating purchase orders when a legal commitment is made on behalf of the organization through a binding contract or other agreement, rather than at the time of payment; (c)ensuring purchase orders are not raised for non-procurement activities; and(d)ensuring contracts are signed by the contractor and UNDP before work begins. (R1143/10) (Medium**)**  |
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| 39 | ***United Nations Coordination/Harmonized approach to cash transfers***The Office should pursue its efforts to implement HACT by: (a) coordinating with the ExCom agencies to establish a HACT working group and ensuring that it is operational; (b) completing the micro-assessments of its Implementing Partners; and (c) developing an assurance plan during the transition period. (R1143/1) (Medium)  |
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| 40 | The Office should strengthen the formal implementation of the HACT process and ensure that:(a)a clear implementation plan is prepared with milestone dates for timely completion of planned activities;(b)the micro-assessments of all implementing partners of UNDP are completed prior to the commencement of the new programme cycle; and(c)the assurance plan is finalized soonest and implemented. (R1145/1) (Medium)  |
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| 41 | ***Operations/Safety and Security***The Office should improve its security and safety management by: (a) ensuring that the business continuity plan is finalized and approved alongside an action plan to facilitate its implementation; (b) installing burglar alarms at the two warehouses used to store project assets; and(c) developing and implementing an action plan to mitigate the risks identified in the UNDSS report (issued in December 2011) on the evaluation of the security and safety of the main building. (R1048/19) (Medium)  |
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| 42 | ***Programme Activities/Partnerships and resource mobilization***The Office should improve its management of donor contributions and agreements, specifically by: (a) ensuring that unexpended balances of funds from completed projects are refunded to donors, unless another arrangement has been agreed to in writing; and (b) ensuring that signed cost-sharing agreements are uploaded to the Document Management System for submission to the Global Shared Service Centre, which will record related revenue in the General Ledger account. (R1048/4) (Medium)  |
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| 43 | ***Operations/Asset Management***The Office should strengthen the management of assets by:(a)identifying, registering and tagging all unregistered and untagged assets; (b)undertaking a comprehensive asset inventory and subsequent reconciliation with the asset register (repeat of recommendation raised in the 2007 audit); (c)implementing procedures to ensure that assets are registered and tagged upon receipt; and (d)ensuring that all approvals to dispose of assets are followed through expeditiously to facilitate the update of the Atlas asset register in a timely manner. (R1048/16) (High)  |

|  | **Country Office audit recommendations unresolved for 18 months or more** |
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|  | **Unresolved recommendations (by cause, by year)** |
|  | **COUNTRY OFFICE AUDIT** |  |
|  | **Requires more action by country office concerned** |
|  | **2014** |
| 44 | ***Operations Financial Management***Improve human resources management by:(a) keeping on file adequate documentation to support the competitive recruitment of personnel and organizing personnel files using the human resources file checklist;(b) having staff members sign their job descriptions as an acknowledgement of their awareness and acceptance of their duties and responsibilities;(c) requiring all staff to complete the UNDP mandatory training courses; and(d) completing without delay the performance assessments for all staff, which should include targets for the coming year that should be uploaded in the performance management online system. (R1243/2) (High)  |
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| 45 | Strengthen the controls for review, approval, documentation and record-keeping of all payments by:(a)ensuring that there is complete documentation for every payment, including confirmation of completion of services and/or delivery of goods prior to approval and actual disbursements; and (b)reviewing the recording of transactions and making appropriate corrections prior to finalizing and authorizing any payments. (R1296/3) (Medium)  |
| 46 | ***UN Coordination/Harmonized Approach to Cash Transfers***Pursue the implementation of Harmonized Approach to Cash Transfers and ensure that all requirements are duly adhered to. (R1240/2) (High)  |
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| 47 | Implement the Harmonized Approach to Cash Transfers by: (a) completing the micro-assessments of implementing partners; and (b) coordinating with the ExCom agencies to develop a joint audit assurance plan. (R1290/4) (High)  |
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| 48 | ***Operations General Administration***Take proactive measures in the management and collection of contributions for all shared costs of common services and premises by: (a) following up and collecting all outstanding contributions from previous years, including 2012 and 2013; (b)discontinuing the practice of charging development projects for unrelated expenditures and refunding the amounts that were previously charged from development projects; and (c)requesting upfront contributions for these costs from participating agencies and other partners. (R1296/7) (Medium)  |
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| 49 | ***Operations/Procurement***Take actions to mitigate the operational, financial and legal risks relating to the newly rented office building by: (a)renegotiating as soon as possible the lease agreement with the assistance of the Legal Support Office, and submitting the revised lease agreement to the Administrative Services Division and the Legal Support Office for review prior to signing; (b)ensuring that all costs incurred in renovating the building for office use are to be borne by the landlord;(c)exploring alternate ways to minimize costs by expediting the negotiation with the two prospective UN agencies as additional partners; and (d)determining whether to renegotiate with the landlord to immediately reduce the current space being rented, or offer the unused space to other entities. As an alternative plan, the Office should consider relocating to other premises. (R1296/4) (High)  |
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| 50 | ***Operations/Safety and Security***Institute more effective security measures by:(a)upgrading the two sites to an acceptable compliance level with the Minimum Operating Security Standards;(b)working with host government and the United Nations Department of Safety and Security to determine the feasibility of having a safe distance from the building to prevent vehicles from crashing into it;(c)conducting the safety/emergency evacuation exercise every six months;(d)finalizing and testing the Business Continuity Plan;(e)acquiring metal detectors or x-ray machines to scan visitors and packages;(f)replacing expired fire extinguishers, and installing smoke detectors; and(g)reinforcing with barriers the security at the main gate of the Office. (R1296/9) (Medium)  |

**Annex 4: Summary of substantiated investigation cases in 2015, by type of allegation**

|  | **Regional Bureau** | **Allegation** | **Estimated Loss to UNDP[[2]](#footnote-2)** | **Report sent to** | **Status** |
| --- | --- | --- | --- | --- | --- |
| ***Assault & Threat*** |
| 1 | Africa (Other UN Agency) | Staff member allegedly struck another staff member on the cheek during an argument that took place on the organization’s premises. | No financial loss to the Organization.  | LO | Staff member was separated from service with 1-month compensation in lieu of notice.  |
| 2 | Europe and the CIS | Service contractor allegedly engaged in a physical altercation with another individual in the parking lot of the building from which UNDP operates. | No financial loss to the Organization. | CO | Subject resigned.  |
| 3 | HQ | Staff member allegedly grabbed the arm and pushed another staff member into a third staff member’s office in front of other colleagues. | No financial loss to the Organization. | LO | Under Review. |
| ***Entitlements Fraud*** |
| 4 | Africa | Service contractor allegedly submitted fraudulent medical insurance claims. | Alleged fraud detected before payment. | CO | Subject’s contract was terminated |
| 5 | Service contractor allegedly submitted fraudulent medical insurance claims. | $4,179.32($2,416.59 recovered) | CO |  Subject’s contract was terminated  |
| 6 | Staff member allegedly undertook full-time employment elsewhere whilst employed by UNDP and on paid annual/sick/maternity leave.  | No financial loss to the Organization. | LO | Under review.  |
| 7 | Africa (Other UN Agency) | Service contractor allegedly submitted fraudulent medical insurance claims. | Alleged fraud detected before payment.  | CO |  Subject’s contract was terminated  |
| 8 | Arab States | Service contractor allegedly submitted fraudulent medical insurance claims. | Alleged fraud detected before payment.  | CO | Under review. |
| 9 | Service contractor allegedly submitted fraudulent medical insurance claims. | Alleged fraud detected before payment. | CO | Subject’s contract was terminated |
| 10 | Asia and the Pacific | Staff member allegedly misrepresented the date of his divorce to OHR and used his influence to make someone alter his divorce decree to avoid having to repay UNDP for dependency allowances wrongly paid to him. | $10,862.45 | LO | Under review. |
| 11 | Staff member allegedly submitted fraudulent medical insurance claims. | $10,962.00(recovered) | LO | Staff member resigned. A letter was placed in staff member’s filepursuant to Art. 72(a) of the UNDP LegalFramework.  |
| 12 | Service contractor allegedly submitted fraudulent medical insurance claims. | $717 (recovered) | CO | Staff member has been informed that his contract will not be renewed upon its expiry |
| 13 | Service contractor allegedly submitted fraudulent medical insurance claims. | Alleged fraud detected before payment. | CO | Subject’s contract was not renewed due to lack of funding.  |
| 14 | Service contractor allegedly submitted fraudulent medical insurance claims. | $202.97(recovered) | CO | Under review. |
| 15 | Europe and the CIS | Service contractor allegedly submitted fraudulent medical insurance claims. | $2,045.58  | CO | Subject’s contract was not renewed due to project closure. |
| 16 | Latin America and the Caribbean | Service contractor allegedly submitted fraudulent medical insurance claims. | $600.00 | CO | Subject’s contract was not renewed |
| ***Failure to comply with local law/abuse of privileges and immunities*** |
| 17 | Latin America and the Caribbean(Other UN Agency) | Staff member was allegedly in possession of baked goods containing an illicit drug on UN premises and gave some to a colleague, only informing the colleague of its content after they had eaten it. | No financial loss to the Organization. | LO | Staff member was dismissed.Request sent to LO for referral to national authorities, through UN OLA. |
| ***Misrepresentation, forgery and false certification*** |
| 18 | Africa | Staff member allegedly used falsified documents, bearing UNDP’s letterhead and stamp, in order to obtain a personal loan from a bank. | No financial loss to the Organization. | LO | Staff member was separated from Service with 1-month compensation in lieu of notice. |
| 19 | Staff member allegedly colluded with vendors and created false documentation to obtain payments, destructed official documentation, and was found guilty of use of counterfeit documents and theft by a national court. | $968,564.48 | LO | Staff member was dismissed.  |
| 20 | Vendors allegedly colluded with a UNDP staff member to obtain payments using fake documentation.  | $467,210.66(already reported under line 19) | VRC | Under review. |
| 21 |
| 22 |
| 23 | Vendor allegedly colluded with a UNDP staff member to obtain payments using fake documentation.  | $120,481.23(already reported under line 19) | VRC | Under review. |
| 24 | Vendor allegedly colluded with a UNDP staff member to obtain payments using fake documentation.  | $380,872.59(already reported under line 19) | VRC | Under review. |
| 25 | Arab States | Vendor allegedly misled UNDP in its submission of financial reports, which included forged bank statements, and refused to account for funds disbursed.  | Unknown | VRC | Under review. |
| 26 | Asia and the Pacific | Employees of an implementing partner allegedly forged flight tickets to claim travel costs. | Unknown | RB | UNDP liaised with implementing partner on this issue. |
| ***Misuse of UNDP Resources*** |
| 27 | Africa | Service contractor allegedly failed to cooperate with an investigation. Issues with the implementation of contracts were found.  | No financial loss to the Organization. | CO | Under review. |
| 28 | Latin America and the Caribbean(Other UN Agency) | UN Volunteer allegedly used official UNDP equipment to download and access child pornography. | No financial loss to the Organization. | UNV APDM | UNV was dismissed. Referral made to national authorities. |
| ***Other failure to comply with obligations*** |
| 29 | Africa | Staff member allegedly did not disclose a business partnership during procurement processes through which his partner obtained contracts with the Organization, breached the Financial Disclosure policy, intervened in procurement processes to give unfair advantage to friends, and interfered in the recruitment of several employees. | Unknown. | LO | Under review. |
| 30 | Asia and the Pacific | Staff member allegedly did not seek permission to undertake outside employment while on SLWOP and made misrepresentation with respect to the said employment.  | No financial loss to the Organization. | LO | Under review. |
| 31 | Europe and the CIS | Service contractor allegedly had unauthorized outside employment and conflict of interest during procurement process. | No financial loss to the Organization. | CO | Subject resigned.  |
| 32 | HQ | Staff member allegedly helped colleague answer questions on a written test for a position with UNDP, using confidential UNDP information. | No financial loss to the Organization. | UNFPA[[3]](#footnote-3) | Under review. |
| 33 | Latin America and the Caribbean(Other UN Agency) | Subject allegedly received help from a UNDP staff member while taking a written test for a position with UNDP.  | No financial loss to the Organization.  | UNFPA[[4]](#footnote-4) | Under review. |
| ***Procurement Fraud*** |
| 34 | Africa | Vendor submitted forged documentation and false office address as part of its bid submission. | No financial loss to the Organization. | VRC | Under review. |
| 35 | Arab States | Service contractor allegedly demanded and received money payments from UNDP vendors. | $18,000.00 | CO | Subject resigned.Request sent to LO for referral to national authorities, through UN OLA. |
| 36 | Asia and the Pacific | Vendor allegedly received from a UNDP staff member copy of the terms of reference for a procurement, in advance of the official advertisement.  | No financial loss to the Organization. | VRC | Under review. |
| 37 | Service contractor allegedly requested and received a bribe from a member of a governmental entity that was administering a UNDP funded construction project. | $2,564 | CO | Request to UN OLA for referral to national authorities. |
| 38 | Two vendors allegedly engaged in conflict of interest and misrepresentation when participating in procurement processes. | Unknown. | VRC | Under review. |
| 39 |
| 40 | Vendor was allegedly involved in the solicitation of kickbacks from two local service providers for the award of UNDP contracts. | No financial loss to the Organization. | VRC | Under review. |
| 41 | Europe and the CIS | Vendor allegedly created a conflict of interest in the context of a procurement process, by engaging in relationship with an entity that had access to confidential UNDP information, whose transmission would put a bidder at an unfair advantage in the process. |  Unknown. | VRC | Under review. |
| 42 | Vendor allegedly colluded with UNDP personnel to improperly influence several procurement processes and secure contracts. | Unknown. | VRC | Under review. |
| 43 | Staff member allegedly engaged in improper contact with a vendor during an ongoing UNDP procurement process. | Unknown. | LO | Staff member was exonerated. |
| 44 | Staff member allegedly gave improper advice and confidential information in order to provide vendors with a competitive advantage. | Unknown. | LO | Under review. |
| 45 | Latin America and the Caribbean | Vendor allegedly claimed expenditures based on incomplete, inconsistent and fictitious documents. | Unknown. | VRC | Under review. |
| ***Retaliation against whistleblowers*** |
| 46 | Asia and the Pacific | Staff member alleged retaliation. | No financial loss to the Organization. | Ethics Office | Ethics Office made its independent determination that no retaliation existed, and issued appropriate recommendations. |
| 47 | HQ | Staff member alleged retaliation. | No financial loss to the Organization. | Ethics Office | Ethics Office made its independent determination that the complainant did suffer retaliation, and issued appropriate recommendations.  |
| ***Sexual exploitation and abuse*** |
| 48 | Asia and the Pacific | Service contractor allegedly sexually harassed, abused, and assaulted a colleague of the opposite sex. | No financial loss to the Organization. | CO | Subject resigned. |
| ***Theft and embezzlement*** |
| 49 | Africa (Other UN Agency) | Staff member allegedly modified a receipt for the purchase of a plane ticket for another staff member’s personal travel and retained the excess amount.  | No financial loss to the Organization. | LO | Under review. |
| 50 | Arab States | A UNDP vendor that also received funds from another UN agency allegedly submitted fraudulent documentation to substantiate receipt and expenditure of grant funds, resulting in a loss of $1,789,889 to the other agency.  | No financial loss to the Organization. | VRC | Under review. |

ALS = Administrative Law Section

BDP = Bureau for Development Policy

CO = Country Office

LO = Legal Office

OHRM = Office of Human Resources Management

OLA = Office of Legal Affairs

UNV = United Nations Volunteers

VRC = Vendor Review Committee

**ANNEX 5: Criteria Supporting OAI Opinion**

1. In accordance with Executive Board decisions 2015/13 of June 2015, OAI provided an opinion in this Annual Report, based on the scope of work undertaken, on the adequacy and effectiveness of the organization’s framework of governance, risk management and control (GRC). The summary of the audit work performed is provided in the body of the audit report, essentially under Section IV. This annex is to provide a brief description of the criteria used to support the OAI opinion.
2. The results of the following are taken into account to support OAI opinion:
3. Audits of UNDP country offices
4. Audits of UNDP headquarters functions or units;
5. Audits of UNDP activities funded by the Global Fund;
6. Audits of UNDP directly implemented projects;
7. OAI review of audits of UNDP projects executed by non-governmental organizations and/or national governments; and
8. Management Letters relating to investigations
9. The distribution of 2015 audit results regarding the adequacy and effectiveness of the governance, risk management and control at the audited entity level is shown in Figure 2 in document 2016/2 which shows the distribution of the number of audit reports that were issued by OAI in 2015 by type of audit rating, “satisfactory”, “partially satisfactory” and “unsatisfactory”.
10. In addition, the audit results are aggregated using the amount of expenditure covered by the audits undertaken in 2015. The result of this aggregation is then grouped by the three levels of audit rating used by OAI, “satisfactory”; “partially satisfactory” and; “unsatisfactory.
11. Adjustments were made in the aggregation of expenditure for the directly implemented projects (DIM) and the review of audits of projects executed by non-governmental organizations and/or national governments (NGO/NIM). The adjustments were as follows:
	1. The scope of the DIM financial audits focuses on a financial certification of expenditure. Therefore, the audits do not directly assess the governance risk management and control (GRC) aspects of a project in UNDP. Nonetheless, they do give an indirect comfort about the UNDP GRC. To this effect, OAI estimated that the results of the DIM financial audits give a 50 per cent assurance about UNDP GRC.
	2. The NGO/NIM financial audits focus, like the DIM financial audits, on the financial certification of expenditure. They primarily reflect on how well the implementing partner is managing the financial resources. Nonetheless, the NGO/NIM audits indirectly offer a partial comfort about how well UNDP monitors these implementing partners, in other words how well the UNDP GRC is managed in respect of NGO and NIM implementing partners. Consequently, OAI estimated that the results of the NGO/NIM financial audits offer a 25 per cent assurance about UNDP GRC.
12. This leads to two different distributions by audit rating, one presented by number of audit reports issued and the second by amount of expenditure covered by the audits. The two are then compared with the targets for distribution of audit reports according to rating as set in UNDP Integrated Resources and Results Framework (IRRF), the tool that has been implemented by UNDP to monitor the progress in achieving its 2014-2017 Strategic Plan. These targets are considered an expression of UNDP risk tolerance in respect of internal audit results.
13. The comparison of the three distributions of audit ratings for 2015 is as follows:

Figure 1: Comparison of distribution of audit ratings with UNDP targets

|  |  |  |  |
| --- | --- | --- | --- |
| **Rating** | **By Audited expenditure** | **By Number of Audit Reports Issued** | **UNDP Targets** |
| (a) | (b) | (c) |
| Satisfactory | 45% | 31% | More than 30% |
| Partially Satisfactory | 43% | 58% | Less than 65% |
| Unsatisfactory | 12% | 11% | Less than 15 % |
|  | **100%** | **100%** | **N/A[[5]](#footnote-5)** |

1. For both types of actual distribution (column (a) and (b)), the combined share of “partially satisfactory and “unsatisfactory” ratings account for more than a 50 per cent. In other words, the majority of audited expenditure and the majority of audit reports issued in 2015 have a rating of either “partially satisfactory” or “unsatisfactory” where in both cases there are deficiencies in governance, risk management and controls which need to be addressed.
2. The distribution of audit ratings whether by number of audit reports issued or by audited expenditure is well within the established UNDP targets. The share of “satisfactory” ratings exceeds the minimum threshold and the share of “partially satisfactory” and “unsatisfactory” are both below the targets.
3. In addition to the above comparison, the qualitative nature of the audit results were also given due consideration. This is done to the extent that serious shortcomings on the corporate level may have been identified during the reporting period which, in the opinion of OAI, could have a pervasive and serious negative impact across the organization. In 2015 there we no such issues.
4. The implementation rate of internal audit recommendations was also taken into consideration and compared to the UNDP targets.

Figure 2: UNDP target implementation rate and rating of internal audit recommendations

|  |  |
| --- | --- |
| **Implementation rate** | **Rating** |
| Equal or higher than 85% | Green (or satisfactory) |
| Between 81% and 85% | Amber (or partially satisfactory) |
| Lower than 81%  | Red (or unsatisfactory) |

1. The actual implementation rate of internal audit recommendations at the end of 2015 is 85 per cent and is therefore satisfactory when compared to the UNDP target. The rate of 85 per cent gives comfort that the organization takes effective and timely action to address deficiencies identified in audits.
2. Consequently, based on the scope of work undertaken in 2015, in OAI’s opinion, the adequacy and effectiveness of the governance, risk management and control (GRC) in the audit reports issued in 2015 were, in aggregate, “partially satisfactory”, which means that they were generally established and functioning but needed improvement.
1. In view of the nature of the audit or the limited audit scope, the following audits do not have an audit rating: DIM financial audits, follow-up audits and consolidated reports. The DIM audits that have an audit rating are those that encompass an audit of systems and controls. [↑](#footnote-ref-1)
2. “Unknown” means that OAI could not quantify the loss in the case concerned. [↑](#footnote-ref-2)
3. Investigation Report sent to UNFPA Legal Unit for independent review. [↑](#footnote-ref-3)
4. Ibid. [↑](#footnote-ref-4)
5. UNDP’s targets for the various ratings are established per rating, and the targets will not add up to 100% [↑](#footnote-ref-5)