



AUDIT

OF

UNDP COUNTRY OFFICE

IN

GUYANA

Report No. 1034

Issue Date: 27 September 2012

Report on the audit of UNDP Guyana Executive Summary

From 11 to 22 June 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of UNDP Country Office in Guyana (the Office). The audit covered the activities of the Office during the period from 1 January 2011 to 31 March 2012. During the period reviewed, the Office recorded programme and management expenditures totalling \$5 million. The last audit of the Office was conducted by OAI in 2007.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plans and performs the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for our conclusions.

Audit rating

OAI assessed the Office as **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity”. This rating was mainly due to weaknesses in programme activities and procurement. Ratings per audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				
1.1 Organizational structure and delegations of authority	Satisfactory			
1.2 Leadership, ethics and values	Satisfactory			
1.3 Risk management, planning, monitoring and reporting	Satisfactory			
1.4 Financial sustainability	Partially Satisfactory			
2. United Nations system coordination				
2.1 Development activities	Satisfactory			
2.2 Resident Coordinator Office	Satisfactory			
2.3 Role of UNDP – “One UN”	Not Applicable			
2.4 Harmonized Approach to Cash Transfers	Satisfactory			
3. Programme activities				
3.1 Programme management	Partially Satisfactory			
3.2 Partnerships and resource mobilization	Partially Satisfactory			
3.3 Project management	Partially Satisfactory			
4. Operations				
4.1 Human resources	Satisfactory			
4.2 Finance	Partially Satisfactory			
4.3 Procurement	Partially Satisfactory			
4.4 Information and communication technology	Satisfactory			
4.5 Asset management & general administration	Partially Satisfactory			
4.6 Safety and Security	Satisfactory			

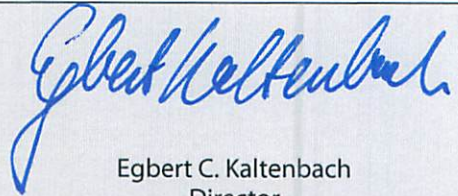
Key issues and recommendations

The audit raised nine issues. There were eight recommendations, all ranked medium (important) priority, which means “Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could

result in negative consequences for UNDP.” These recommendations include actions to address: (a) deficiencies in cost recovery of development projects; (b) the limited project pipeline; (c) the lack of a resource mobilization strategy; (d) the incorrect use of purchase orders; and (e) weaknesses in asset management.

Management’s comments

The Resident Representative accepted all the recommendations and is in the process of implementing them.

A blue ink signature of Egbert C. Kaltenbach is enclosed in a rectangular box. The signature is written in a cursive style.

Egbert C. Kaltenbach
Director
Office of Audit and Investigations