

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

5. 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

6. 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

7. 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.
8. 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).

9. OAI will audit risk exposures relating to UNDP's governance, risk management and controls to ensure:
 - (i) achievement of the organization's strategic objectives;
 - (ii) reliability and integrity of financial and operational information;
 - (iii) effectiveness and efficiency of operations;
 - (iv) safeguarding of assets; and
 - (v) compliance with legislative mandates, regulations and rules, policies and procedures.
10. OAI shall assess and make appropriate recommendations for improving the governance, risk management and controls in the organization.
11. 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
 - (a) 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
 - (b) Annually: A risk-based annual work plan that is flexible and adaptable to the emerging needs and issues.
12. The approval requirement does not prevent OAI from auditing any other area within the purview of its mandate, which OAI deems necessary.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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.
18. OAI shall periodically inform the Audit Advisory Committee and the Administrator of:
 - (i) Progress made in the implementation of the annual plan, changes made thereto and other issues related to the implementation of the plan;
 - (ii) Summaries of significant and systemic audit findings; and
 - (iii) Action taken by management on the implementation of audit recommendations.

19. 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.
20. 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.
21. 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

22. 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.
23. 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.
24. In addition, OAI may undertake proactive investigations in high risk areas that are susceptible to fraud, corruption and other wrongdoings.
25. 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.
26. OAI shall have sole responsibility for the conduct of all investigations within UNDP.
27. 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.
28. 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.
29. 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.
30. OAI shall maintain an effective system for the recording and management of all cases.
31. 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.
32. OAI shall submit its investigation reports concerning UNDP staff members to the Legal Support Office for consideration and disciplinary or administrative action, as appropriate.

33. In cases involving contract personnel, OAI shall submit its investigation reports to the Head of Office concerned for administrative or other action, as appropriate.
34. 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.
35. 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.
36. OAI shall submit its investigation reports as soon as possible, based on the priority of the case and available resources.
37. 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

38. 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.
39. The Director of OAI shall report to the Administrator on the performance of OAI against agreed key performance indicators.
40. The Director of OAI shall maintain a quality assurance and improvement program that covers all aspects of the internal audit and investigations activity.
41. 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.
42. 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.
43. OAI shall have:
 - (i) Free access to the organization's records, personnel and premises, as necessary, in its opinion, for the performance of its duties; and
 - (ii) 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.
44. 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.
45. The Director and staff of OAI are not authorized to:
 - (i) Perform any operational, managerial or supervisory duties for UNDP or its affiliates;

- (ii) Initiate or approve accounting transactions external to OAI; and
- (iii) 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

- 46. 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.
- 47. 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.
- 48. 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.
- 49. 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.
- 50. 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.
- 51. 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.
- 52. The Director of OAI shall bring to the attention of the Audit Advisory Committee any impairment to independence, objectivity or professionalism.

Resources

- 53. 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.
- 54. The Director of OAI shall keep the Audit Advisory Committee apprised on the funding and staffing of OAI.

Cost Reimbursable Services

- 55. 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

- 56. 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

57. 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.
58. 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

59. This revised version of the Charter was reviewed and endorsed by the Audit Advisory Committee and has been approved by the Administrator.
60. 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 2014 pertaining to UNDP

	Audit Type	Report no.	Audit Subjects	Rating ¹
Headquarters				
1	Headquarters Business Unit	1242	UNDP Global Shared Service Centre	Satisfactory
2		1403	United Nations Capital Development Fund Headquarters	Partially satisfactory
3	Corporate Functions / Matters	1173	United Nations Volunteers programme - Information and Communication Technology	Partially satisfactory
4		1181	UNDP Enterprise Risk Management	Unsatisfactory
5		1163	UNDP Atlas System (UNDP's Enterprise Resource Planning System)	Partially satisfactory
6		1284	Desk Review of Direct Budget Support in UNDP Burkina Faso	Satisfactory
7		1283	UNDP Leave Management System	Partially satisfactory
8		1411	UNDP's Fast Track Policies and Procedures	Satisfactory
9	DIM projects	1297	UNDP Global Programme for Electoral Cycle Support (GPECS)	Satisfactory
10		1406	UNCDF – LDC Fund to Develop Savings-led Market Leaders for Inclusive Finance - MicroLead (Output No. 63268) and Support to Savings-led Microfinance Market Leaders to enter Underserved Countries – MicroLead Expansion (Output No. 79668)	Not applicable
11		1425	UNCDF – Better than Cash Alliance (BTCA) – Gates (Output No. 84817) and Better than Cash Alliance (BTCA) – Visa (Output No. 84820)	Not applicable
12	Global Fund grants	1279	Consolidated report on audits of Sub-recipients of grants from the Global Fund managed by UNDP	Not applicable
13		1301	Consolidated report on audits of UNDP Country Offices as Principal Recipients of grants from the Global Fund	Not applicable
Inter-agency				
14	Inter-agency	1259	Administrative Agent function of the Common Humanitarian Fund for Somalia (CHF-Somalia)	Satisfactory
15		1178	Consolidated report on the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD) Quick Start Programme in the Democratic Republic of the Congo (FAO-UNDP-UNEP)	Not applicable
16		1176	Consolidated report on the Democratic Republic of the Congo Pooled Fund	Not applicable
17		1247	Joint Audit of Delivering as One in Pakistan	Partially satisfactory

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.

	Audit Type	Report no.	Audit Subjects	Rating ¹
Country Offices				
Africa				
18	Full Scope	1146	Guinea	Partially satisfactory
19		1262	Democratic Republic of the Congo - Goma Sub-office	Partially satisfactory
20		1244	Angola	Partially satisfactory
21		1240	Equatorial Guinea	Partially satisfactory
22		1296	Côte d'Ivoire	Partially satisfactory
23		1295	Malawi	Partially satisfactory
24		1346	Lesotho	Satisfactory
25		1311	Madagascar	Satisfactory
26		1330	Chad	Unsatisfactory
27		1331	Zambia	Satisfactory
28		1313	South Africa	Partially satisfactory
29		1379	Niger	Satisfactory
30	DIM projects	1246	Amkeni WaKenya	Partially satisfactory
31		1216	Democratic Republic of the Congo – Projet Promotion des valeurs éthiques (Output No. 60505)	Not applicable
32		1217	Democratic Republic of the Congo – Projet Enquête 1-2-3 (Output No. 78916)	Not applicable
33		1218	Democratic Republic of the Congo – Programme d'Appui à la Décentralisation et au Développement local (Output No. 61282, 61175, 56865 and 74643)	Not applicable
34		1280	Democratic Republic of the Congo – Projet Appui Au Cycle Electoral (Output No. 60339)	Not applicable
35		1281	Democratic Republic of the Congo – Projet Renforcement des Capacités de la Police Nationale (Output No. 73341)	Not applicable
36		1282	Democratic Republic of the Congo – Projet Appui aux parlements (Output No. 56831)	Not applicable
37		1327	Nigeria – Democratic Governance for Development (Output No. 69949)	Satisfactory
38		1326	Sierra Leone – Support to the Electoral Cycle (Output No. 77588)	Partially satisfactory
39		1318	Democratic Republic of the Congo – Relèvement Communautaire (Output No. 86481)	Not applicable
40		1321	Madagascar – Organisation des scrutins (Output No. 86068)	Not applicable
41		1322	Mali – Projet d'Appui au Processus Électoral au Mali (Output No. 81302)	Not applicable
42		1316	Chad – Programme de renforcement de la gouvernance locale et de la transition des régions affectées par les crises et l'insécurité alimentaire (Output No. 82362)	Not applicable

	Audit Type	Report no.	Audit Subjects	Rating¹
43		1317	Chad – Programme conjoint d’appui au Détachement Intégré de Sécurité (DIS) (Output No. 77223)	Not applicable
44		1319	Guinea – Programme d’Appui au Cycle Electoral (PACE) (Output No. 74784)	Not applicable
45		1320	Guinea – Programme de Prévention des Conflits et Consolidation de la Paix (Output Nos. 79755, 89057, 89058, 89060, 89061, 89062, 89063, 89064, 89065, 89066 and 89068)	Not applicable
46		1323	Niger – Projet d’Appui à la Consolidation de la Paix dans le Nord du Niger (Output No. 82830)	Not applicable
47		1342	South Sudan – Support to Public Administration (Output Nos. 81054 and 85700)	Satisfactory
48		1343	South Sudan – Community Security and Arms Control (Output Nos. 81133 and 81135)	Satisfactory
49		1341	South Sudan - Multiyear Disarmament, Demobilization and Reintegration (DDR) programme (Output No. 77686)	Satisfactory
50		1344	South Sudan - Support to Access to Justice (Output No. 81231)	Satisfactory
51		Global Fund grants	1298	Angola
52	1293		Chad	Unsatisfactory
53	1401		Zimbabwe	Partially satisfactory
54	1315		Guinea-Bissau	Partially satisfactory
Arab States				
55	Full Scope	1243	Libya	Partially satisfactory
56		1285	Sudan	Partially satisfactory
57		1265	Kuwait	Unsatisfactory
58		1299	Somalia	Partially satisfactory
59		1302	Programme of Assistance to the Palestinian People	Partially satisfactory
60		1347	Bahrain	Satisfactory
61	DIM projects	1257	Sudan – Disarmament, Demobilization and Reintegration Programme (Output No. 63343)	Not applicable
62		1256	Programme of Assistance to the Palestinian People – KfW Poverty Oriented Infrastructure (V) – West Bank and Gaza Strip (Output No. 46774)	Not applicable
63		1269	Programme of Assistance to the Palestinian People – KfW Poverty Oriented Infrastructure (VI) - West Bank and Gaza Strip (Output No. 60764)	Not applicable
64		1270	Programme of Assistance to the Palestinian People – KfW Poverty Oriented Infrastructure (VII) - West Bank and Gaza Strip (Output No. 73017)	Not applicable
65		1271	Programme of Assistance to the Palestinian People – Urgent Support to the Agriculture and Electricity Sectors in the Gaza Strip & Rehabilitation of Gaza Electricity Distribution and Transport Networks (Output No. 63805)	Not applicable
66		1272	Programme of Assistance to the Palestinian People –	Not applicable

	Audit Type	Report no.	Audit Subjects	Rating¹
			Construction of 300 Housing Units in Rafah (Output No. 49740)	
67		1274	Programme of Assistance to the Palestinian People – Access Coordination and Monitoring Support, Gaza (Output No. 76892)	Not applicable
68		1275	Programme of Assistance to the Palestinian People – Gender Equality and Women’s Empowerment (Output No. 60507)	Not applicable
69		1276	Programme of Assistance to the Palestinian People – Improving the Capacity of CMWU for Monitoring the Quality of Water Supply in Gaza (Output No. 75788)	Not applicable
70		1277	Programme of Assistance to the Palestinian People – KfW Poverty Oriented Infrastructure (Phase III) - West Bank (Output No. 41156)	Not applicable
71		1253	Egypt – Strengthening of the Democratic Process in Egypt (Output No. 79914)	Not applicable
72		1255	Libya – Libya Electoral Assistance Project (Output No. 81933)	Not applicable
73		1254	Iraq – Establishment of Maternity & Children’s Hospital in Fallujah Project (Output No. 61475)	Not applicable
74		1291	Iraq – Support to the Expanded Humanitarian Response Fund (Output No. 64011)	Not applicable
75		1292	Iraq – Private Sector Development Programme for Iraq (Output No. 64108)	Not applicable
76		1258	Yemen – Support to Elections during the Transitional Period Phase I (Output No. 80501)	Not applicable
77		1370	Programme of Assistance to the Palestinian People – The execution and implementation of construction of the office building and furnishing and supply of office equipment of the Palestinian Ministry of Foreign Affairs (Output No. 63303)	Not applicable
78		1371	Programme of Assistance to the Palestinian People – UXO’s Clearance & Improvement SWM (Output No. 71646)	Not applicable
79		1372	Programme of Assistance to the Palestinian People – Community Resilience and Development Programme (Output No. 84013)	Not applicable
80		1373	Programme of Assistance to the Palestinian People – KfW Poverty Oriented Infrastructure (Phase V) – West Bank and Gaza Strip (Output No. 46774)	Not applicable
81		1374	Programme of Assistance to the Palestinian People – KfW Poverty Oriented Infrastructure (Phase VI) - West Bank and Gaza Strip (Output No. 60764)	Not applicable
82		1375	Programme of Assistance to the Palestinian People – KfW Poverty Oriented Infrastructure (Phase VII) - West Bank and Gaza Strip (Output No. 73017)	Not applicable
83		1376	Yemen – Support to Elections during the Transitional Period - Phase II (Output No. 84396)	Not applicable
84		1377	Yemen – Emergency & Capacity Development (Output No. 82516)	Not applicable
85		1368	Sudan – Sudan Disarmament, Demobilization and Reintegration Programme (Output No. 63343)	Not applicable
86		1369	Sudan – UNDP/UNHCR Transitional Solutions Initiative	Not applicable

	Audit Type	Report no.	Audit Subjects	Rating ¹
			(TSI) (Output No. 82557)	
87		1336	Somalia – Armed Violence Reduction, Youth at Risk and Youth for Change (Output Nos. 78475 and 83857)	Partially satisfactory
88		1334	Somalia - Civilian Police Project in Somalia (Output Nos. 73552, 82348 and 85942)	Partially satisfactory
89		1335	Somalia – Somalia Institutional Development Project (Output No. 63985)	Partially satisfactory
90		1337	Somalia – Sustainable Livelihoods and Economic Development (Output No. 76445)	Partially satisfactory
91		1333	Somalia – Somalia Constitution Making Support (Output No. 35355)	Partially satisfactory
92		1338	United Nations Capital Development Fund – Somalia United Nations Joint Programme on Local Governance and Decentralized Service Delivery (Project Nos. 81413, 50723 and 77643)	Satisfactory
93	Global Fund grants	1231	Syrian Arab Republic (Desk Review)	Not applicable
94		1245	Sudan	Partially satisfactory
95		1278	Djibouti	Satisfactory
96		1303	Programme of Assistance to the Palestinian People	Satisfactory
97		1399	Yemen (Remote Audit)	Not applicable
Asia and the Pacific				
98	Full Scope	1260	Sri Lanka	Partially satisfactory
99		1328	Nepal	Partially satisfactory
100		1310	Desk Review of UNDP Afghanistan’s oversight of the Monitoring Agent of the Law and Order Trust Funds for Afghanistan	Unsatisfactory
101		1332	Indonesia	Partially satisfactory
102	Functional	1261	Afghanistan – Asset Management	Partially satisfactory
103		1287	Afghanistan – General Administration Management	Partially satisfactory
104		1286	Afghanistan – Human Resources Management	Partially satisfactory
105		1407	Afghanistan – Information and Communications Technology Management	Satisfactory
106	DIM projects	1212	Bangladesh – Urban Partnerships for Poverty Reduction (Output No. 58224)	Not applicable
107		1210	Myanmar – Integrated Community Development (Output No. 13948)	Not applicable
108		1211	Myanmar – Community Development in Remote Townships (Output No. 63580)	Not applicable
109		1248	Afghanistan – National Institution Building Project (Output No. 58898)	Not applicable
110		1249	Afghanistan – Justice and Human Rights in Afghanistan (Output No. 57613)	Not applicable
111		1250	Afghanistan – Making Budgets and Aid Work (Output	Not applicable

	Audit Type	Report no.	Audit Subjects	Rating ¹
			No. 47111)	
112		1251	Afghanistan – Security Gap Project (Output No. 59538)	Not applicable
113		1252	Afghanistan – National State Governance Programme (Output No. 58936)	Not applicable
114		1394	Pakistan – Electoral Cycle Support Programme (Output No. 81893)	Not applicable
115		1393	Nepal – Electoral Support Project Phase II (Output No. 60672)	Not applicable
116		1380	India – Improving Efficiency of Health Care Systems in Multiple States (West Bengal and Haryana) (Output Nos. 86136 and 86879)	Not applicable
117		1381	India – HCFC Phase Out Management Plan (HPMP, Stage I) (Output Nos. 85031 and 85155)	Not applicable
118		1391	Myanmar – Improved Livelihood & Social Cohesion (Output No. 86669)	Not applicable
119		1395	Papua New Guinea – Bougainville Recovery Project (Output No. 60353)	Not applicable
120		1387	Bangladesh – Supporting Local Development in the Chittagong Hill Tracts (Output No. 80119)	Not applicable
121		1388	Bangladesh – Comprehensive Disaster Management Programme Phase II (Output No. 73416)	Not applicable
122		1389	Bangladesh – Activating Village Courts in Bangladesh (Output No. 59635)	Not applicable
123		1390	Bangladesh – Police Reform Programme II (Output No. 72355)	Not applicable
124		1386	Bangladesh – Urban Partnerships for Poverty Reductions (Output No. 58224)	Not applicable
125		1384	Afghanistan – Gender Equality Project (Output Nos. 85146, 85152, 85178 and 85179)	Not applicable
126		1383	Afghanistan – Justice and Human Rights in Afghanistan (Output Nos. 83456, 83458, 83464, 85458, 85459, 85460 and 85461)	Not applicable
127		1382	Afghanistan – National Institution Building Project (Output Nos. 73380, 81998 and 82621)	Not applicable
128		1385	Afghanistan – Enhancing Legal and Electoral Capacity for Tomorrow project (Output Nos. 71801, 80393, 80394, 80395, 80396, 83558, 87512, 87513, and 87514)	Not applicable
129	Global Fund grants	1362	Iran – Scaling Up HIV/AIDS Prevention Programs towards Universal Access with Increasing the Partnership of Non-Governmental Sector Phase 2 Round 8 (Output No. 84251)	Not applicable
130		1363	Iran – Intensified Malaria Control in High Burden Provinces towards Falciparum Elimination - Phase 1 Single Stream of Funding (SSF) (Output No. 80152)	Not applicable
131		1364	Iran – Tuberculosis Prevention in High Burden Areas - Phase II Round 7 (Output No. 77633)	Not applicable
Europe and CIS				
132	Full Scope	1234	Azerbaijan	Partially satisfactory
133		1325	Croatia	Satisfactory
134		1329	Bosnia and Herzegovina	Satisfactory

	Audit Type	Report no.	Audit Subjects	Rating¹
135	DIM projects	1360	Cyprus – New Nicosia Waste Water Treatment Plant (Output No. 71757)	Not applicable
136		1361	Cyprus – Support Committee on Missing Persons (Output No. 84969)	Not applicable
137		1378	Tajikistan – Border Management in Northern Afghanistan (Output No. 77375)	Not applicable
138	Global Fund grants	1130	Bosnia and Herzegovina	Partially satisfactory
139		1241	Uzbekistan	Partially satisfactory
140		1410	Turkmenistan	Satisfactory
Latin America and the Caribbean				
141	Full Scope	1232	Nicaragua	Satisfactory
142		1182	Guatemala	Partially satisfactory
143		1290	Dominican Republic	Partially satisfactory
144		1324	Uruguay	Satisfactory
145		1339	Paraguay	Partially satisfactory
146		1402	Argentina	Partially satisfactory
147	DIM projects	1359	Brazil – Parcerias Conferencia Organização das Nações Unidas Rio + 20 (Output No. 80162)	Not applicable
148		1348	UNDP Haiti – Gestion des Debris PAP - Turgeau (Output No. 79471)	Not applicable
149		1349	Haiti – Gestion des Debris PAP (Output No. 76983)	Not applicable
150		1350	Haiti – Relèvement National & Ouest (Output No. 63238)	Not applicable
151		1351	Haiti – Appui au retour aux quartiers (Output No. 79750)	Not applicable
152		1352	Haiti – Gestion bassins versants Sud (Output No. 76792)	Not applicable
153		1353	Haiti – Gestion bassins versants Sud II (Output No. 85351)	Not applicable
154		1356	Colombia – Red de Observatorios Regionales del Mercado de Trabajo (Red ORMET) (Output No. 83324)	Not applicable
155		1357	Brazil – Apoio à Organização da Copa das Confederações 2013 e Preparação para a Copa do Mundo FIFA 2014 em Brasília (Output No. 85841)	Not applicable
156		1354	Dominican Republic – Apoyo a Redes Temáticas y Territoriales para el Desarrollo Humano - ART RD II (Output No. 60415)	Not applicable
157	1355	Dominican Republic – Desarrollo Local Transfronterizo en Acompañamiento al Programa Binacional (Output No. 84192)	Not applicable	
158	1358	Brazil – Capacity Support for South-South Cooperation (Output No. 70613)	Not applicable	
159	Global Fund grants	1267	Haiti	Partially satisfactory

DIM=directly-implemented projects

Annex 3: Recommendations unresolved for 18 months or more as of 31 December 2014

Headquarters audit recommendations unresolved for 18 months or more	
Unresolved recommendations (by cause, by year)	
HEADQUARTERS AUDIT	
Involves action by host country Government or other UN agencies	
	2013
1	Include in work plan a presentation of the resources (especially the human resources) necessary in order to deliver planned activities and outputs, as well as presentation of the actual resources available; develop baselines and indicators to allow for monitoring of results achieved; and obtain the endorsement of the UNDG Chair for the detailed work plan. (High)
2	Liaise with UNDG to clearly define the extent of its support for each of the various Working Mechanisms. Further, provide a stricter framework for the preparation and validation of work plans, including a requirement for inclusion of performance indicators and baselines to support realistic assessment of progress. (Medium)
3	Develop a clear policy and instructions on the receipt and recording of contributions relating to coordination activities from UN agencies to entities such as DOCO for coordination purpose. (Medium)
	Requires more action by office(s) concerned
	2011
4	Make plans to communicate the annual GLOC targets to the Regional Bureaux as early as possible in the year to ensure the amounts are communicated to the Country Offices and host Governments in time to be incorporated in the national budgets. (High) *
	2012
5	Reconsider the need for annual consolidated reports on UNDP directly implemented projects; if the requirement is maintained, the Operations Support Group should clarify the required content, format and submission deadline. (Medium)
6	Correct the accounting treatment of the project in consultation with the Office of Financial Resources Management; and build upon the technical knowledge that accumulated over the years within this project and consider creating more permanent support structures either within the Bureau for Development Policy or the Regional Bureau. (Medium)
	2013
7	Address the governance and management issues observed at the Regional Centre to improve organizational efficiency and delivery of services in the region by:(a) revising the management arrangements for implementation of the regional programme; particular attention should be given to the outsourcing arrangements with UNOPS;(b) finalizing the terms of reference of the Regional Centre Board and ensure that the Board accordingly performs its tasks, such as: (i) holding annual meetings; (ii) establishing a regular meeting schedule that is conducive to the effective discharge of the Boards tasks; and (iii) playing a more active role in the approval of the Regional Centre's work plan and financial budget in its role as the only official forum of exchange in the region;(c) clarify the Regional Centre's organizational structure;(d) ensure sufficient funding arrangements for key positions of the Regional Centre, in particular of the monitoring and evaluation post;(e) expedite filling of vacant key positions; (f) strive to improve communication and better coordinate its work with the Regional Centre. In this regard: (i) the Regional Centre Manager should be invited to participate in the weekly management meetings with

Headquarters audit recommendations unresolved for 18 months or more	
Unresolved recommendations (by cause, by year)	
	the Regional Bureau's Headquarters and regular communication and exchanges should take place; (ii) the management of the Regional Bureau should strive to better coordinate the work of the Regional Centre and the Country Office Division of the Regional Bureau Headquarters; e.g., a regular communication link between the Regional Centre Advisors and the Desk Officers and thematic focal points in the Country Office Division should be established; (iii) the Regional Bureau should closely integrate the Regional Centre in the generation of its integrated work plan; and (iv) the Regional Bureau should develop a coordinated approach for future knowledge products; and (g) clarify and streamline management arrangements with regard to the HIV/AIDS practice. (High)
8	Strengthen work planning processes by integrating the plans of headquarters and the Regional Centre and strategically planning advisory services based on the overall regional strategic priorities as well as a structured needs and demands assessments from Country Offices. (Medium)
9	Develop a coordinated regional fundraising strategy which clearly delineates the fundraising goals, competencies and responsibilities for the Regional Bureau Headquarters, its Regional Centre and the Country Offices and ensures alignment with programmatic priorities and strategy. (Medium)

Country Office audit recommendations unresolved for 18 months or more	
Unresolved recommendations (by cause, by year)	
COUNTRY OFFICE AUDIT	
Requires more action by country office concerned	
2011	
<i>Partnership and resource mobilization</i>	
10	Improve processes for the closure of projects by: (a) identifying and reviewing any residual balances of donor contributions;(b) communicating with the respective donors to resolve and settle any remaining balance; and (c) closing all operationally completed projects in a timely manner. (Medium) *
2012	
<i>Human resources management</i>	
11	Fully comply with requirements of the Programme and Operations Policies and Procedures by ensuring that Results and Competency Assessments are completed within the required timeframe; and implementing a comprehensive learning plan which identifies individual training needs. (Medium)
2013	
<i>Asset management</i>	
12	Ensure that all equipment is coded and carries the project logo, as well as the logo of the UNDP or the donor who financed it; equipment is coded as soon as it is received; logbooks are properly kept; and the disposal of all assets are accompanied by a document. (High)
<i>Finance management</i>	
13	Keep supporting documents for payments in the Finance Unit for reference and review when necessary. (High)
14	Validate in a timely manner the inventory sheets and financial reports when closing projects. (High)

Country Office audit recommendations unresolved for 18 months or more	
Unresolved recommendations (by cause, by year)	
15	Record expenses in the correct account and implement a validation system which will allow detection of errors prior to recording operations in Atlas. (Medium)
16	Prepare statements, financial reports and activity reports using another method for the production of financial reports such as the use of a standard accounting software based on a double entry book-keeping system; and printing, certifying and filing the main project financial statements. (Medium)
<i>General administration</i>	
17	Duly sign agreement transferring ownership of equipment to the Government. (High)
18	Travel authorizations should be authorized by a person in authority on arrival or departure and furthermore that a procedure be put in place to require that project staff produce a standard mission report for all missions which they carry out. (Medium)
<i>Human resources management</i>	
19	Recruit project personnel, as defined in the project document, for the project duration. (Medium)
<i>Programme management</i>	
20	Define job descriptions with clarity and with a precise description of the roles of the various entities involved. With regard to organizational, operational and strategic management, the office should review the project framework so that bonuses paid to officers and agents are provided for in the budget, in line with standard donor reporting procedures. With regard to the responsibility for management of the allowances, UNDP should, in accordance with the provisions of the Joint Program, elaborate the Governmental protocol defining the responsibilities for the Chadian Government relating to the management of the bonuses or allowances to the officers and agents of Détachement Intégré de Sécurité (DIS). (Medium)

* recommendations outstanding for over 36 months

Annex 4: Summary of substantiated investigation cases in 2014, by type of allegation

	Region	Allegation	Estimated Loss ⁱ	Report sent to	Status
<i>Procurement Fraud</i>					
1	Africa	NGO allegedly submitted fraudulent documentation to substantiate receipt and expenditure of grant funds.	\$112,961	BDP	Referral made to national authorities.
2		Vendor allegedly colluded with UNDP staff member to forge procurement documents and obtain UNDP contracts.	Unknown	VRC	Under review.
3	Arab States	NGO allegedly submitted fraudulent documentation to substantiate receipt and expenditure of grant funds.	\$44,129	VRC	Open.
4		NGO allegedly submitted fraudulent documentation to substantiate receipt and expenditure of grant funds.	\$28,300	VRC	Under Review.
5		NGO allegedly submitted fraudulent documentation to substantiate receipt and expenditure of grant funds.	Unknown	VRC	No Sanctions Proceedings Instituted. Vendor informed that action was taken without prejudice to any future allegations.
6		A UNDP vendor that also received funds from another UN agency allegedly inflated project costs in its proposals, under-implemented project activities, and diverted funds to senior personal, resulting in a loss of \$2,310,000 to the other UN agency	No financial loss to UNDP	VRC	OAI has requested sanctions against the vendor. Under Review.
7		Staff member allegedly demanded bribes from vendors in relation to contracts for UNDP projects.	No financial loss	LSO	OAI has requested sanctions against the vendor. Under Review.
8		A UNDP vendor that also received funds from another UN agency allegedly fabricated project expenditure documentation and falsely represented the level of implementation of project activities, resulting in a loss of \$619,918 to another UN agency.	No financial loss to UNDP	VRC	OAI has requested sanctions against the vendor. Under Review.
9		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 \$378,111 to another UN agency.	No financial loss to UNDP	VRC	Under Review.
10		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 \$1,936,481 to another UN agency.	No financial loss to UNDP	VRC	OAI has requested sanctions against the vendor. Under Review.

11	Asia and the Pacific	Staff member allegedly forged procurement documents, shared internal UNDP documents with non-UNDP personnel, and was involved in irregular procurement and recruitment processes.	Unknown	LSO	Under Review.
12		NGO allegedly submitted fraudulent documentation to justify the release of payments from UNDP.	Unknown	VRC	Under review.
13		Staff member allegedly submitted fraudulent procurement documents and otherwise engaged in irregular procurement activities.	Unknown	LSO	Under Review.
14		Two vendors allegedly colluded in UNDP procurement processes.	Unknown	VRC	Under Review.
15		NGO allegedly colluded with other NGOs during a procurement process.	Unknown	VRC	Under Review.
16		NGO allegedly withheld and made unauthorized deductions from payments due to project staff. NGO also allegedly failed, on several occasions, to meet its deliverables.	Unknown	VRC	Under Review.
17		NGO allegedly withheld payments due to project staff, and failed, on several occasions, to meet its deliverables.	Unknown	VRC	Under Review.
18		Service Contract holder allegedly solicited bribes from vendors in exchange for the award of contracts with UNDP.	Unknown	CO	Subject's contract was not renewed.
19		Three vendors allegedly colluded in procurement processes to obtain UNDP contracts.	Unknown	VRC	Open.
20		Two vendors with common ownership allegedly colluded in a procurement process to obtain UNDP contracts.	Fraud detected before contract was issued	VRC	Under Review.
21		Vendor allegedly submitted a forged contract with artificial terms to UNDP demanding payment.	Fraud detected before payment	VRC	Under Review.
22		Vendor allegedly had not met its deliverables and misrepresented details of a project to UNDP.	Unknown	VRC	Under Review.
23		NGO allegedly colluded with another NGO during a procurement process.	Unknown	VRC	Under Review.
24		Vendor allegedly used substandard building materials in violation of project contract.	Unknown	VRC	Under Review. Vendor has agreed to address and fix problematic construction issues.
25	Latin America and the Caribbean	Implementing Partner conducted irregular procurement processes that were in violation of UNDP policies and procedures in the context of four NIM projects.	Unknown	Regional Bureau	Referral made to national authorities.

<i>Theft and embezzlement</i>					
26	Africa	Staff member allegedly modified payment vouchers in ATLAS to issue cheques to an individual who was not entitled to such payments.	\$17,157	LSO	Under Review.
27	Asia and the Pacific	Service Contract holder allegedly falsified bank statements and financial reports to conceal thefts from the petty cash fund.	\$10,763 (recovered)	CO	Subject's contract was not renewed.
<i>Entitlements Fraud</i>					
28	Africa (Other UN Agency)	Service Contract holder allegedly submitted fraudulent medical insurance claims.	Fraud detected before payment	CO	Subject's contract was not renewed.
29		Service Contract holder allegedly submitted fraudulent medical insurance claims, resulting in a loss of \$2,903 to another UN agency.	No financial loss to UNDP	CO	Subject's contract was not renewed.
30		Service Contract holder allegedly submitted fraudulent medical insurance claims.	Fraud detected before payment	CO	Subject's contract was not renewed.
<i>Misuse of UNDP Resources</i>					
31	Asia and the Pacific	Staff member allegedly failed to comply with instructions regarding the use UNDP mobile phones, despite repeated reminders, thus incurring substantial unnecessary roaming charges for UNDP.	\$5,182	LSO	Under Review.
<i>Misrepresentation</i>					
32	Africa	Staff member allegedly falsified signatures and submitted fraudulent documentation to a local bank branch for a personal loan.	No financial loss	LSO	Staff member resigned during the investigation. A letter was placed in staff member's file pursuant to Art. 72(a) of the UNDP Legal Framework.
33		UNV allegedly misrepresented her qualifications for a position and failed to correct or inform colleagues of her qualifications.	No financial loss	UNV	Volunteer's contract expired while under investigation. A letter was placed in the volunteer's file indicating that volunteer would have received a letter of censure had they still been serving as a volunteer.
34		Vendor allegedly colluded with UNDP staff members to facilitate the transportation of non-eligible passengers on UN flights.	No financial loss to UNDP	VRC	Under Review.
35	Asia and the Pacific	Staff member allegedly held two contracts with two separate Country Offices in which he would travel between the Duty Stations using UN provided R&R time.	Unknown	LSO	Under Review.
36		Vendors allegedly misrepresented their relationship	Unknown	VRC	Under Review.

		with UNDP, and engaged in several conflicts of interest to further the vendors' procurement activities with UNDP.			
<i>Other failure to comply with obligations</i>					
37	Africa	Staff member allegedly engaged in outside business activities and used UNDP ICT resources to conduct his business, including coordinating the importing of vehicles with fraudulent invoices in order to evade import tax.	No financial loss	LSO	Under Review.
38		Staff member working in procurement allegedly held a position in one company and had financial stake in another one that was engaged in procurement activities with UNDP.	No financial loss	LSO	Returned to OAI for clarification.
39		Staff member allegedly shared confidential information with a third party.	No financial loss	LSO	Staff member was exonerated and a letter of reprimand was issued.
40		Staff member allegedly played a central role in the collection and misrepresentation of staff signatures in support of a petition sent to the host government, protesting a decision by the Secretary-General.	No financial loss	LSO	Under Review.
41		Staff member allegedly endorsed a petition sent to the host government protesting a decision by the Secretary-General.	No financial loss	LSO	Under Review.
42		Staff member allegedly endorsed a petition sent to the host government protesting a decision by the Secretary-General.	No financial loss	LSO	Under Review.
43		Staff member allegedly endorsed a petition sent to the host government protesting a decision by the Secretary-General.	No financial loss	LSO	Under Review.
44		Staff member allegedly endorsed a petition sent to the host government protesting a decision by the Secretary-General.	No financial loss	LSO	Under Review.
45		Staff member allegedly endorsed a petition sent to the host government protesting a decision by the Secretary-General.	No financial loss	LSO	Under Review.
46		Staff member endorsed a petition sent to the host government protesting a decision by the Secretary-General.	No financial loss	LSO	Under Review.
47	Staff member allegedly played a central role in the collection and misrepresentation of staff signatures in	No financial loss	LSO	Under Review.	

		support of a petition sent to the host government protesting a decision by the Secretary-General.			
48	Asia and the Pacific	Vendor allegedly violated post-employment restrictions and misrepresented the nature of employment of a former UNDP staff member to OAI.	No financial loss	VRC	Case Closed (Matter Settled)
49		Staff member allegedly authorized the transfer of UNDP vehicles to an unauthorized outside entity, and violated post-employment restrictions.	\$652,087	LSO	Under Review.
50	Asia and the Pacific (Other UN Agency)	Staff member vandalized the vehicle of another UN agency.	No financial loss to UNDP	LSO	Under Review.
51	Europe and the Commonwealth of Independent States	Volunteer allegedly participated actively in public protests, despite being warned to avoid the area.	No financial loss	UNV	Under Review.
52	Latin America and the Caribbean	Staff member was allegedly discovered nude by a colleague in the offices of another UN agency.	No financial loss	LSO	Under review.
<i>Failure to comply with local law/abuse of privileges and immunities</i>					
53	Europe and the Commonwealth of Independent States	Staff member allegedly transported illegally a shipment of cigarettes and other goods across a national border using bags bearing UN Diplomatic Mail logo and a UNDP vehicle.	No financial loss	LSO	Under Review.
<i>Retaliation against whistleblowers</i>					
54	Arab States	Staff member alleged retaliation.	No financial loss	Ethics Office	Measures were taken to address the retaliatory actions.
<i>Workplace Harassment</i>					
55	Asia and the Pacific	Staff member allegedly harassed employees of an outsourced company about their religious beliefs and practices.	No financial loss	LSO	Under Review.
<i>Sexual exploitation and abuse</i>					
56	HQ	Staff member allegedly made sexual advances towards a student at a conference, who was looking for internship opportunities with the Organization.	No financial loss	UN Secretariat (ALS, OHRM) and LSO	Staff member separated from UNDP and joined UN Secretariat where the case was transferred.
<i>Abuse of Authority</i>					
57	Arab States	Staff member allegedly wrote a non-objective job	No financial loss	LSO	Under Review.

		reference and non-objective performance evaluations for a specific subordinate.			
58	Asia and the Pacific	Staff member allegedly pressured procurement personnel to transfer funds and vehicles to unauthorized recipients and otherwise abused his authority in HR and IT matters.	Unknown	LSO	Under Review.
<i>Assault & Threat</i>					
59	Asia and the Pacific	Service Contract holder allegedly punched a colleague.	No financial loss	CO	Service contract holder had his contract level downgraded.

ALS = Administrative Law Section
BDP = Bureau for Development Policy
CO = Country Office
LSO = Legal Support Office
OHRM = Office of Human Resources Management
UNV = United Nations Volunteers
VRC = Vendor Review Committee

ⁱ “Unknown” means that OAI could not quantify the loss in the case concerned.