

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

COLOMBIA

Report No. 1655
Issue Date: 16 August 2016

Report on the Audit of UNDP Colombia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Colombia (the Office) from 23 May to 5 June 2016. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) governance and strategic management (organizational structure and delegations of authority, leadership/ethics and values, risk management, planning, business continuity, monitoring and reporting, financial sustainability);
- (b) United Nations system coordination (development activities, Resident Coordinator Office, role of UNDP – “One UN”, Harmonized Approach to Cash Transfers);
- (c) programme activities (programme management, partnerships and resource mobilization, project management); and
- (d) operations (human resources, finance, procurement, information and communication technology, general administration, safety and security).

The audit covered the activities of the Office from 1 January 2015 to 31 March 2016. The Office recorded programme and management expenditures of approximately \$100.9 million. The last audit of the Office was conducted by OAI in 2013.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the Office as **satisfactory**, which means, “Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.”

Good practices

The Procurement Unit was engaged in conducting better procurement business practices by: conducting procurement training to projects, agencies and Office personnel throughout the audit period; using ‘Track My Vendors’ Atlas tool to accurately monitor the accumulated payments by vendor; creating a procurement database that contains all relevant information on procurement processes, which was updated regularly and timely; and designating a contract supervisor as a contract representative to conduct oversight of a procurement process. These good practices can be replicated in other offices within the Latin America and the Caribbean region. (Refer to page 1 for details).

Key recommendations: Total = 7, high priority = 1

The seven recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1, 2, 4	Medium
Reliability and integrity of financial and operational information	5	Medium
Effectiveness and efficiency of operations	3	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	6	High
	7	Medium

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The high (critical) priority recommendation is presented below:

Inadequate management of service contracts (Issue 6)

At least four service contract holders were performing core functions within the Office, related to procurement, finance and programme functions. Furthermore, during the audit period, at least 21 service contractors conducted official missions outside of the Country to attend workshops, training, or other matters related to their functions. However, the Office had not made arrangements for private medical scheme coverage for service contractors on official missions as required.

In addition, the Office granted all service contract holders an additional 6 holidays to the already designated 10 official holidays observed by United Nations agencies in the Country.

Lastly, the audit disclosed that the text in the service contract template was translated in Spanish and used without clearance from the Office of Human Resources and approval from the Legal Support Office. The review of 35 service contracts, all of which used the Spanish version, disclosed either omissions or additions to the terms and conditions to the standard contract clauses.

Recommendation: The Office should improve the management of service contracts by: (a) engaging service contract holders in non-core functions only within the Office's structure; (b) ensuring that service contract holders on official missions have medical coverage by a private scheme for travel outside the country of residence; (c) complying with the established United Nations official holidays; and (d) requesting review and clearance from the Legal t Office and the Office of Human Resources of the Spanish version of the service contract template.

Implementation status of previous OAI audit recommendations: Report No. 1147, 25 October 2013.

Total recommendations: 7

Implemented: 7

Management comments and action plan

The Resident Representative accepted all seven recommendations and is in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge Osttveiten
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