

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

CUBA

Report No. 1883
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(REDACTED)

Report on the Audit of UNDP Cuba Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Cuba (the Office) from 2 to 13 October 2017. 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 (leadership, corporate direction, corporate oversight and assurance, corporate external relations and partnership);
- (b) programme (quality assurance process, programme/project design and implementation, knowledge management);
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security); and
- (d) United Nations leadership and coordination.

The audit covered the activities of the Office from 1 January 2016 to 30 June 2017. The Office recorded programme and management expenses of approximately \$36 million. The last audit of the Office was conducted by OAI in 2011.

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 “The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.”

Good practices

The Office had good practices regarding knowledge management and the area of “risk prevention and natural disasters”, since lessons learned from several projects were translated into practical guidelines and documents that shortened the time to respond to specific emergency situations. The Office also consistently managed to share knowledge and experiences in the Country and the region, through printed and electronic knowledge products.

Key recommendations: Total = 5, high priority = 1

The five recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendations 1 and 2, medium priority); (b) reliability and integrity of financial and operational information (Recommendation 4, high priority); (c) effectiveness and efficiency of operations (Recommendation 5, medium priority); and (d) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 3, medium priority).

For the high (critical) priority recommendation, 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 handling of cash (Issue 4)

The Office had a practice of keeping and handling cash in the premises, either to pay staff members or to process reimbursements, including (i) monthly salaries paid to national staff members through cash kept at the Finance Unit, which varied from [REDACTED] (ii) Daily Subsistence Allowance payments to travelers through cheques brought to be cashed at the bank by a driver, of approximately [REDACTED] and (iii) cash received by the Office from staff members for the use of telephones, mobile phones and Skype and Internet connection. Funds collected were kept at the Office until their deposit to the bank on a monthly basis.

Recommendation: The Office should improve cash handling by: (a) discontinuing the practice of paying salaries and Daily Subsistence Allowance in cash to staff members and exploring alternative options, such as processing bank transfers or using cheques; and (b) no longer receiving and keeping cash at the Finance Unit, and instead considering payroll deductions for the collection of telephone and internet connection fees.

Management comments and action plan

The Deputy Resident Representative (Resident Representative a.i.) accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Ostveiten
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