AUDIT

OF

UNDP COUNTRY OFFICE

IN

PERU

Report No. 1914
Issue Date: 27 April 2018
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Report on the Audit of UNDP Peru  
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Peru (the Office) from 12 to 23 March 2018. 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 31 December 2017. The Office recorded programme and management expenses of approximately $120 million. The last audit of the Office was conducted by OAI in 2015.

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 partially satisfactory / some improvement needed, which means “The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.” The rating was due to risks from contractual issues not addressed and weaknesses in the E-banking web application payment process.

Key recommendations: Total = 6, high priority = 2

The six recommendations aim to ensure the following:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Recommendation No.</th>
<th>Priority Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement of the organization’s strategic objectives</td>
<td>2</td>
<td>Medium</td>
</tr>
<tr>
<td>Effectiveness and efficiency of operations</td>
<td>4</td>
<td>High</td>
</tr>
<tr>
<td>Compliance with legislative mandates, regulations and rules, policies and procedures</td>
<td>1, 3, 5, 6</td>
<td>High/Medium</td>
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For 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 recommendations are presented below:
Risks from contractual issues not addressed (Issue 1)

National legislation prevents international cooperation agencies from managing public funds, unless they adhere to local regulations. As a result, when negotiating project documents, the Office was being requested by government counterparts to incorporate contractual clauses aligned to the framework of national legislation, as opposed to international privileges and immunities accorded to UNDP based on international agreements. Consequently, the Office’s ability to sign new project documents that involve government cost sharing resources had been impaired with a negative impact on delivery rates over the past two years. In addition, for the signing of new projects with a component of government cost sharing, the respective ministry required the sign-off of a checklist with clauses that contravened the Office’s legal status in the Country. At the time of the audit fieldwork, the Office was facing similar challenges in the negotiations with local authorities to support the organization of the Pan-American Games in 2019, with a project budget of $120 million to be implemented in 2018 and 2019.

Furthermore, the Office had modified the standard Letter of Agreement template to provide Country Office Support to nationally implemented projects without obtaining prior clearance from the Legal Office. The changes in the text implied adding terms and conditions and deleting others, which may entail reputational and legal risks for the Office.

Recommendation:

The Office should address the legal issues noted with the support of the Regional Bureau for Latin America and the Caribbean by: (a) ensuring that the privileges and immunities of UNDP as well as UNDP’s rules and regulations are acknowledged in the Country; (b) considering a combined support mission to the Country with members of the UNDP Bureaux for Management Services, External Relations and Advocacy, to address the issues at the highest level possible; and, (c) ensuring that Country Office support to national implementation is provided through the standard Letters of Agreement cleared by the Legal Office.

Weaknesses in the use of E-banking web application (Issue 4)

During the audit period the Office processed 31,276 payments amounting to $100 million. The payments to the bank were made through the E-banking web application or by issuing letters addressed to the bank instructing payments to be effected. The audit identified weaknesses, related to lengthy pay-cycles run by the Office due to urgent requests, and lapses of controls in the processing of the pay-cycle through the E-banking web application that allowed manual entries and duplication of data. In addition, the agreement with the local bank for using the web banking services was signed in the year 2000 and had not been cleared by the Legal Office, and internal procedures for using E-banking web application were pending approval by UNDP Treasury since August 2016. Urgent or high value payments (above $60,000) were authorized to be processed through letters addressed to the bank instructing the payment of a supplier.
Recommendation:

The Office should improve the payment process and comply with UNDP Treasury requirements by: (a) re-assessing the possibility of changing the local bank to process payments through E-Banking directly form Atlas; (b) requesting approval of the bank agreement by the Legal Office and of the payment process procedure by Treasury; and (c) refraining from using or limiting the number of letters issued to the bank when requesting for payments.

Implementation status of previous OAI audit recommendations: Report No. 1482, 9 September 2015.

  Total recommendations: 4
  Implemented: 4

Management comments and action plan

The Resident Representative 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
Director
Office of Audit and Investigations
I. About the Office

The Office, located in Lima, Peru (the Country) had 29 staff members and 128 service contract holders at the time of the audit. The country achieved extraordinary rates of economic growth and poverty reduction in the last decade. In spite of strong progress made on poverty reduction and social protection, structural inequalities still existed, which, combined with political instability, impacted on project implementation. The Country Programme Document corresponding to the period 2017-2021 was under implementation covering the following main areas: (i) Inclusive and sustainable growth and development, (ii) Social protection and quality basic services, (iii) Institutions and transparency, and (iv) Citizenship and peace.

II. Audit results

Satisfactory performance was noted in the following areas:

(a) Leadership, ethics and values. Key controls were in place and adequate. Overall, staff were aware of the Office’s priorities, challenges and control objectives. No reportable issues were identified.

(b) Development activities. Implementing partners United Nations agencies, and donors with whom OAI met during the audit mission expressed their appreciation of the Office as a valued development partner.

(c) Resident Coordinator Office. Key controls were in place and adequate. The United Nations Country Team shared the common goal of improving coordination within the United Nations system in the Country.

(d) Information and communication technology. The systems managed by the Office, including hardware, software and systems security were operating adequately.

(e) General administration. Records and controls were adequate for asset management. The Office was well administered.

(f) Safety and security. The Office tested its Business Continuity Plan and included other United Nations agencies located in the same compound to work towards an integrated response to emergencies.

OAI made two recommendations ranked high (critical) and four recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report

High priority recommendations, arranged according to significance:

(a) Address the legal issues noted with the support of the Regional Bureau for Latin America and the Caribbean (Recommendation 1).

(b) Improve the payment process (Recommendation 4).

Medium priority recommendations, arranged according to significance:

(a) Address financial sustainability issues (Recommendation 2).

(b) Improve project closure (Recommendation 3).

(c) Comply with the UNDP individual contracts policy (Recommendation 5).
(d) Ensure service contractors provide evidence of pension fund payments (Recommendation 6). The detailed assessment is presented below, per audit area:

A. Governance

1. Corporate Oversight and Assurance

Issue 1  Risks from contractual issues not addressed

(a) National legislation clauses not aligned with international accords

As an international organization, the United Nations has been accorded privileges and immunities, which are necessary for the fulfilment of the purposes of the Organization. Paragraph 1 of Article 105 of the United Nations Charter (the Charter) provides that, “the Organization shall enjoy in the territory of each of its Members such privileges and immunities as are necessary for the fulfilment of its purposes.” The General Assembly of the United Nations further adopted the Convention on the Privileges and Immunities of the United Nations (the General Convention) on 13 February 1946. UNDP’s legal setup in the Country was founded on two valid international agreements signed in 1960 and 1961 respectively.

When negotiating project documents, the Office was being requested by government counterparts to incorporate contractual clauses aligned to the framework of national legislation as opposed to international privileges and immunities; national legislation prevents international cooperation agencies from managing public funds, unless they adhere to local regulations. As a result, the Office’s ability to sign new project documents that involve government cost sharing resources had been impaired with an impact on delivery over the past two years (refer to issue 2). In addition, for the signing of new projects with a component of government cost sharing, the respective ministry required the sign-off of a checklist with clauses that contravened the Office’s legal status in the Country.

For the implementation of two projects in 2017, the former Regional Director, after long negotiations with the Office and with local authorities, authorized the Office to sign two projects, amounting to $20 million and $1 million respectively, although deviating from UNDP standard clauses in project documents. At the time of audit fieldwork, the Office was facing similar challenges in the negotiations with local authorities to support the organization of the Pan-American Games in 2019, with a project budget of $120 million. The national counterpart had set a condition requiring the Office to adhere to national legislation.

Given this situation, over the past years, the Office has appealed to the national jurisprudence for acknowledging UNDP’s privileges and immunities that stem from accords duly incorporated in the country’s legal system, however without success. The audit team acknowledged the constraints posed by the national legislation and the efforts made by the Office management to get the support of the respective ministries to fully apply its legal status in the Country.

(b) Modifications in standard template for Letters of Agreement without clearance from the Legal Office

According to the ‘UNDP Programme and Operations Policies and Procedures’, whenever UNDP acts as a responsible party, a Letter of Agreement should be signed, clearly specifying the list of services and the associated costs.
The Office modified the standard Letter of Agreement template to provide Country Office support to nationally implemented projects without obtaining prior clearance from the Legal Office. Although the Legal Office was contacted for two cases, clearance was not granted and the Regional Burea for Latin America and the Caribbean accepted the risk of these projects and authorized the Office to modify the standard template for each counterpart. The changes in the text implied adding terms and conditions and deleting others, with potential legal implications for the Office.

The weaknesses noted have impacted the financial situation of the Office and may jeopardize the successful implementation of high volume projects in the future.

<table>
<thead>
<tr>
<th>Priority</th>
<th>High (Critical)</th>
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<tbody>
<tr>
<td><strong>Recommendation 1:</strong></td>
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<tr>
<td>The Office should address the legal issues noted with the support of the Regional Burea for Latin America and the Caribbean by:</td>
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<tr>
<td>(a) ensuring that the privileges and immunities of UNDP as well as UNDP’s rules and regulations are acknowledged in the Country;</td>
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<tr>
<td>(b) considering a combined support mission with members of the UNDP Bureaux for Management Services, External Relations and Advocacy, to address the issues under item a at the highest level possible; and,</td>
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<tr>
<td>(c) ensuring that Country Office support to national implementation is provided through the standard Letters of Agreement cleared by the Legal Office.</td>
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**Management action plan:**

The Office is developing a strategy, with the support of the Regional Bureaux for Latin America and the Caribbean, as well the Bureau for Management Services, to find solutions to the legal issues faced. Taking advantage of a pipeline project currently under negotiation, the Office is working on an agreed template that could be further used/applied in coming initiatives.

The Office will liaise with the Regional Bureau for Latin America and the Caribbean Directorate to meet with the Permanent Representative of the Country to the United Nations in New York to address relevant matters on this issue.

The Regional Bureau Director has already requested support from the Director of the Legal Office to send a mission to the country, to help in the negotiation process with the government counterparts, including respective ministries. For the ongoing negotiation with the Pan American Games project, support from the Legal Office has been remotely provided, which includes the clearance of non-standard dauses for the project agreements.

**Estimated completion date:** March 2019
2. Corporate External Relations and Partnerships

Issue 2 Office’s financial sustainability at risk

The ‘UNDP Programme and Operations Policies and Procedures’ require offices to establish effective partnerships, develop a resource mobilization strategy, as well as implement a corresponding resource mobilization action plan. All offices are also required to ensure financial sustainability by securing long-term committed resources. Direct project costs are organizational costs incurred in the implementation of a development activity or service provided by UNDP Offices and Headquarters units that can be directly traced and attributed to that development activity (projects & programmes) or services.

The Office was facing financial challenges, similar to any Middle-High income country consisting of: increased operational costs, reduced inflow of core resources, and application of national legislation limiting the Office’s capacity to continue providing project services that in the past allowed for costrecovery (refer to issue 1).

(a) Reduced delivery

The Office recorded programme expenses of $32 million in 2017 and of $66 million in 2016. The impact from reduced resources as a result of the decline in programme delivery was absorbed by the use of office reserves on an exceptional basis which was acceptable in 2017 and 2018 depending on the achievement of the IWP goals, but does not seem sustainable after 2018. In addition, the Government had not contributed $221,000 of Government Contributions to Local Office Costs (GLOC) corresponding to 2017, despite the efforts made by the Office to collect them.

The Office management informed the audit team that together with the Regional Bureau for Latin America and the Caribbean they were working on scenarios that allow for an Office cost structure that is financially sustainable in the short and medium term (define new break even points in relation to changes in income and expense structures). In the same way, the Office was making efforts to mobilize resources for new initiatives, as well as to collect the GLOC of 2017 and 2018.

(b) Incomplete implementation of Direct Project Costing

According to the IWP for 2017, the Office had budgeted that 20 percent of all staff costs (amounting to $478,000) would be covered by Direct Project Costing. However, the Office started to charge direct project costs to projects for the first time in 2017, of $171,200 for staff costs and $88,688 for expenses; these amounts were lower than the budgeted amounts in the IWP. The gap was therefore funded from the use of office reserves.

The lack of financial resources may negatively impact the achievement of the Office’s overall mandate in the Country.

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<tr>
<th>Priority</th>
<th>Medium (Important)</th>
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**Recommendation 2:**

The Office should address financial sustainability issues by:

(a) preparing a financial sustainability strategy;
(b) collecting the outstanding Government Contributions to Local Office Costs (GLOC); and
Management action plan:

In accordance with the audit recommendations, the following actions have been planned:

(a) A financial sustainability strategy is being designed, establishing financial scenarios and calculating new break-even points, and will be discussed with the senior management at the Regional Bureau for Latin America and the Caribbean and based on it, the necessary actions will be taken for the 2019 period.

(b) A monthly monitoring will be carried out to achieve the collection of Government Contributions to Local Office Costs (GLOC) for 2017.

(c) A strategy for the collection of direct project costs will be developed to be implemented in all future projects.

Estimated completion date: December 2018

B. Programme

1. Programme/Project Design and Implementation

Issue 3  Inadequate project closure

The focus of closing a project is placed on overall performance, assessing quality, evidence of completion, lessons learned and necessary hand-over to ensure sustainability. The first part is to close a project operationally when the last financed inputs have been provided and the related activities have been completed. Projects should be financially completed not more than 12 months after being operationally completed once UNDP has closed the accounts for the project and the implementing partner have certified a final combined delivery report.

Out of a portfolio of 69 ongoing projects in Atlas (comprising 93 outputs), 14 of them (comprising 15 outputs) were set as being implemented and should be operationally closed as per the project end dates entered in Atlas. Additionally, 5 projects (comprising 5 outputs) were operationally closed in Atlas for over 12 months and should have been financially closed by the time of the audit. The Office management explained that four projects had not been financially closed due to changes in central government which delayed the certification of expenses. The other project was pending financial closure from the UN Coordination Office.

Furthermore, lessons learned were not collected for all projects on a systematic approach during the monitoring activities.

Without adequate project closure, the Office runs the risk of not being able to capture the lessons learned and may not have the necessary hand-over to ensure sustainability.
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<tr>
<th>Priority</th>
<th>Medium (Important)</th>
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**Recommendation 3:**

The Office should improve project closure by ensuring that:

(a) Atlas project end-date correctly reflects project duration and projects are operationally closed when the last financed inputs have been provided and the related activities have been completed;
(b) financial closure of projects is accelerated by the pending actions as agreed in the project documents; and,
(c) timely capturing lessons learned.

**Management action plan:**

The Office has successfully updated the project end-dates in Atlas, and will continuously keep the information up to date. Project closure will be a priority management issue, analyzing and applying lessons learned. A project closure Standard Operating Procedure will be elaborated and communicated to all involving personnel.

**Estimated completion date:** June 2019

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**C. Operations**

**1. Financial Resources Management**

**Issue 4**  
**Weaknesses in the use of E-banking web application**

As stated in the ‘UNDP Financial Regulations and Rules’, all disbursements shall be made by cheque or bank transfer, except to the extent that cash disbursements are authorized by the Treasurer. The purpose of the Electronic Banking Interface is to facilitate the routing of payments to UNDP’s disbursing banks and collection of bank statements from UNDP’s reporting banks. This is the mode of payment whenever possible as it is cheaper, more efficient. According to the UNDP’s Treasury Advisory to all Operations Managers and Deputy Resident Representatives, issued 13 May 2016, procedures for use of the interface should be documented through a Standard Operating Procedure (SOP) reviewed and cleared by Treasury and the agreement with the bank covering the E-banking services should be cleared by UNDP Legal Office.

During the audit period the Office processed 31,276 payments amounting to $100 million. The payments to the bank were made through the E-banking web application or by issuing letters addressed to the bank instructing payments to be effected. The audit identified the following weaknesses:

- The Office ran pay-cycles in Atlas several times a day as opposed to only once or twice, due to, in most cases, the need of processing urgent payments requested from units within the Office or other UN Agencies served by the Office.
- After the pay-cycle was run, it was processed through the E-banking web application; payment information generated from Atlas was saved in a text file (not password protected or encrypted) in a shared folder. Then, the file was converted using a locally developed web application to make it
compatible with the bank web application. Afterwards, a new text file was generated, and it was saved in another shared folder prior to upload it in the E-banking web application. When the file was uploaded in the E-banking web application, the system allowed to manually modify bank account numbers and value of payments to be processed. According to the Office management, the bank performed a control check against the name of the account and the bank account number as a risk mitigation process.

- The agreement with the local bank for using the web banking services was signed in the year 2000 and had not been cleared by the Legal Office.
- The procedures for using E-banking web application were pending approval by UNDP Treasury since August 2016.
- Urgent or high value payments (above $60,000) were authorized to be processed through letters addressed to the bank instructing the payment of a supplier.

The processing of payments outside the Atlas system or deviating from the regular means may lead to financial loss and fraud.

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<tr>
<th>Priority</th>
<th>High (Critical)</th>
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**Recommendation 4:**

The Office should improve the payment process and comply with UNDP Treasury requirements by:

(a) re-assessing the possibility of changing the local bank to process payments through E-Banking directly form Atlas;
(b) requesting approval of the bank agreement by the Legal Office and of the payment process procedure by Treasury; and,
(c) refraining from using or limiting the number of letters issued to the bank when requesting for payments.

**Management action plan:**

Based on the audit recommendations, the following actions have been undertaken or planned:

(a) Treasury has been contacted in order to confirm the possibility to conduct a bank tender, however, the Office received instructions that we will not be able to change the local bank in the short term. The Office has also asked Treasury for advice on an alternative for a direct banking interface. They confirmed that they are implementing a host-to-host project with the local banking offices. The host-to-host solution has not yet been developed with other banks for a 2019 project plan, therefore, we will not be able to implement this in the short term either. In the meantime, we are updating our electronic banking SOP and will send it to Treasury for clearance.

(b) The Office will seek approval from the Legal Office on the bank agreement.

(c) The Office is limiting the use of bank instruction letters strictly to the indispensable cases. When the new policy is finished, a memorandum will be issued to the staff regarding the cases for which the Office can use this payment method. All other exceptions will have to be previously approved by the Operations Manager or Deputy Resident Representative.

**Estimated completion date:** March 2019
OAI Response:

OAI acknowledges the actions already taken by management regarding bank arrangements and direct banking interface for the payment process. These will be reviewed at a later stage as part of the standard follow-up processes of OAI.

2. Procurement

Issue 5  Deficiencies in the management of individual contracts

The individual contract modality is used for the procurement of services of an individual to perform time-bound and non-staff related tasks aimed at delivering clear and quantifiable outputs, which must be clearly identified in the contract and directly linked to payment. The engagement of individuals as contractors under the individual contract modality is subject to the general procurement principals of: (i) best value for money; (ii) fairness, integrity and transparency; (iii) effective competition; and (iv) the protection of the interests of UNDP. Where the cost of undertaking a competitive procurement process outweighs the benefits, there is some scope for applying non-competitive methods, known as direct, sole source or single source contracting, provided certain conditions are met as stipulated in UNDP Financial Rule No. 121.05.

The audit review of a sample of 32 individual contracts identified the following:

- Direct contracting of individual contractors was prevalent. The justification for the use of direct contracting was outside the prescriptions of Financial Rule 121.05 and referred to ‘standardization’ purposes, however standardization is justified for the procurement of goods, not services.
- Terms of reference did not identify deliverables that were time bound and measurable.
- All-inclusive proposals were not received for individual contracts: a proposal for a consultancy did not include fee and travel expenditures for an international consultant to be at work site; therefore, Best Value for Money could not be determined.
- Offers were submitted with incomplete documentation yet accepted. Specifically, a Request for Proposal/Request for Quotation would stipulate the documentation required to present a proposal/quote. Subsequent action taken by the procurement unit was to follow-up with the supplier to submit missing documentation and extend the submission period, rather than disqualification.
- Consultancies were awarded for recurrent functions, which led to question if the contract was the correct contract modality; contract should have been awarded as a service contract rather than an individual contract.
- Invitations to Bid requests were sent to only three suppliers rather than to a qualifying number of consultants from a roster of consultants.

Deficiencies encountered in the contracting of consultants may entail reputational risks for the Office.

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<tr>
<th>Priority</th>
<th>Medium (Important)</th>
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<tr>
<td><strong>Recommendation 5:</strong></td>
<td>The Office should comply with the UNDP individual contract policy.</td>
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</table>
Management action plan:

The following action will be taken to address this recommendation:

(a) A training course will be given to the Programme Unit, Project Coordinators and Project Managers on the correct use of the individual contracts and the rules that govern their hiring.
(b) A Standard Operating Procedure will be developed for the Direct Contracting of Individual Contracts, establishing that the Note to the File must go through the Procurement Unit for quality control and to verify if the appropriate financial rule has been chosen, before the approval of the Resident Representative.
(c) A memorandum will be sent to buyers, highlighting the issues that require attention and improvement when hiring individual contractors.

Estimated completion date: June 2018

3. Human Resources Management

Issue 6  
Lack of evidence of pension fund payments by service contractors

A UNDP Office must receive adequate evidence that the individual has paid into a pension fund, whenever the pension fund premium is added to the remuneration package of a service contract holder. Applicable termination criteria, for the non-compliance of payment into a pension fund and/or lack of evidence of payment, would be (i) violation of terms of the contract, or (ii) other circumstances as deemed appropriate by the Office management.

The audit noted that despite a diligent follow-up process by the Human Resources Unit in soliciting service contract holders to provide evidence of payment/coverage, as well as reminders, 27 service contract holders out of 103 in 2017 and 54 out of 90 in 2016, either (i) did not provide the evidence at all and therefore it was unknown if the pension fund was in fact paid, (ii) consistently delayed payment which resulted in untimely submission of evidence, (iii) questioned the Human Resources unit follow-up actions on this matter, or (iv) did not comply with this requirement on a monthly basis and timely submission of evidence.

The Office is at risk of non-compliance with the service contract guidelines and potential fraud/misrepresentation by service contracts holders who are not covered by a pension fund scheme.

Priority  Medium (Important)

Recommendation 6:

The Office should ensure service contractors provide evidence of pension fund payments.

Management action plan:

The Office has taken note of the audit observation and will implement the recommendation.

Estimated completion date: December 2018
Definitions of audit terms - ratings and priorities

A. **AUDIT RATINGS**

- **Satisfactory**
  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.

- **Partially Satisfactory / Some Improvement Needed**
  The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.

- **Partially Satisfactory / Major Improvement Needed**
  The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.

- **Unsatisfactory**
  The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

B. **PRIORITIES OF AUDIT RECOMMENDATIONS**

- **High (Critical)**
  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.

- **Medium (Important)**
  Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP.

- **Low**
  Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are **not included in this report**.