

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



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**AUDIT**

**OF**

**UNDP COLOMBIA**

**RED DE OBSERVATORIOS REGIONALES DEL MERCADO DE TRABAJO (Red ORMET)**  
**(Directly Implemented Project, Output No. 83324)**

**Report No. 1356**

**Issue Date: 12 August 2014**

**Report on the audit of UNDP Colombia**  
**Red de Observatorios Regionales del Mercado de Trabajo (Red ORMET), Output No. 83324**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 19 to 23 May 2014, through Moore Stephens LLP (the audit firm), conducted an audit of Red de Observatorios Regionales del Mercado de Trabajo (Red ORMET), Output No. 83324 (the Project), which is directly implemented and managed by the UNDP Country Office in Colombia (the Office).

The audit firm conducted a financial audit to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenditure for the period from 1 January to 31 December 2013 and the accompanying Funds Utilization statement<sup>1</sup> as of 31 December 2013 as well as Statement of Assets as of 31 December 2013. The audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

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

#### **Audit results**

Based on the audit report and corresponding management letter submitted by the audit firm, the results are summarized in the table below:

| <b>Project Expenditure</b>     |                | <b>Project Assets</b>          |                |
|--------------------------------|----------------|--------------------------------|----------------|
| <b>Amount<br/>(in \$ '000)</b> | <b>Opinion</b> | <b>Amount<br/>(in \$ '000)</b> | <b>Opinion</b> |
| 3,973                          | Unqualified    | 17                             | Unqualified    |

The audit firm issued an unqualified opinion on the Funds Utilization statement.

#### **Key recommendations:** Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." These recommendations require action at the corporate level and call for improvements in the policy and guidance regarding the accounting and control of micro capital grants.

<sup>1</sup> The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

### Management comments and action plan

The UN Resident Coordinator/UNDP Resident Representative accepted both recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated into the report, where appropriate.



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Director  
Office of Audit and Investigations