UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

PERU

Report No. 1482
Issue Date: 9 September 2015
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Peru (the Office) from 1 to 12 June 2015. 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, 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 2014 to 30 April 2015. The Office recorded programme and management expenditures totalling $218 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, “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 Office received the Silver Gender Award, which denoted good practices in promoting gender equality and the empowerment of women.

The Office was making available invoices relating to expenses of the common premises that are shared with other United Nations agencies through a dedicated website where tenants could verify all UNDP expenses on a monthly basis.

Key recommendations: Total = 4, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are four 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 include actions to address deficiencies in the Office’s organizational structure, implementing partner capacity assessments not carried out as required, weaknesses in the management of service contracts, and deficiencies in vendor management and voucher entries.
The four recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendation 4); (b) effectiveness and efficiency of operations (Recommendation 1); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 2 and 3).

**Implementation status of previous OAI audit recommendations:** Report No. 865, 29 December 2011.
- Total recommendations: 7
- Implemented: 7

**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 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.

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