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

**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**ARMENIA**

**Report No. 1916**

**Issue Date: 28 June 2018**

# Report on the Audit of Armenia
## Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Armenia (the Office) from 30 April to 11 May 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 March 2018. The Office recorded programme and management expenses of approximately $39.6 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 "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 practice**

The Office had developed software to charge cost recovery from projects for activities carried out by the Office. The software was linked to Atlas (the enterprise resource management system of UNDP) and it collected information on each transaction per project and per UN agency, as applicable. At the end of each quarter, all accounting charges were transferred from the software to Atlas, where all the accounting entries were automatically recorded, thus allowing for an effective recharge of costs borne to projects.

**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. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address: the low completion rate of UNDP mandatory training courses, weaknesses in project monitoring and risk management, weaknesses in the payment cycle, and projects with deficits.

The four recommendations aim to ensure the following:

| Objectives | Recommendation No. | Priority Rating |
|---|---|---|
| Reliability and integrity of financial and operational information | 4 | Medium |
| Safeguarding of assets | 3 | Medium |
| Compliance with legislative mandates, regulations and rules, policies and procedures | 1,2 | Medium |

**Implementation status of previous OAI audit recommendations**: Report No. 1131, 25 October 2013.
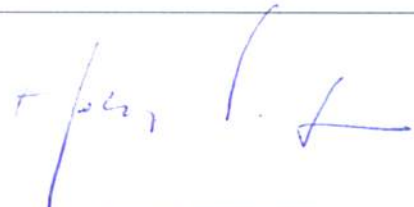
        Total recommendations: 2

        Implemented: 2

## Management comments and action plan

The Resident Coordinator / Resident Representative accepted all four 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. Osttveiten
Director
Office of Audit and Investigations