

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



*Empowered lives.  
Resilient nations.*

**AUDIT**  
  
**OF**  
  
**UNDP COUNTRY OFFICE**  
  
**IN**  
  
**EL SALVADOR**

**Report No. 2044**  
**Issue Date: 6 February 2020**

## Report on the Audit of UNDP El Salvador Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP El Salvador (the Office) from 11 to 22 November 2019. 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<sup>1</sup>.

The audit covered the activities of the Office from 1 January 2018 to 30 September 2019. The Office recorded programme and management expenses of approximately \$32 million. The last audit of the Office was conducted by OAI in 2016.

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 major improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area”. This rating was mainly due to weaknesses identified in the areas of governance, project management, specially risk management and project closure, ICT and procurement.

**Key recommendations:** Total = 5, high priority = 1

The five recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	Medium
Effectiveness and efficiency of operations	2, 4, 5	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3	High

For high (critical) priority recommendations, 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:

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<sup>1</sup> The audit covered the activities under this area only for 2018.

Inadequate project  
closure (Issue 3)

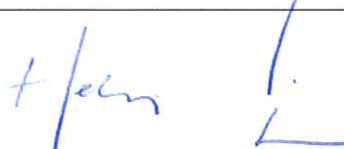
At the time of the audit, 10 out of 32 ongoing projects had expired project duration and should have been operationally closed as per the project end date in Atlas. Additionally, 11 projects had been operationally closed in Atlas for more than 12 months, pending financial closure. And 5 out of those 32 projects had no budget for the current year indicating that those projects should have also been closed. Although the Office conducted financial closure of 30 development projects from 2018 to 2019, it failed to conduct the Quality Assessments for closure. In addition, from the review of 4 out of the 30 closed projects, 3 of them had no final lessons learnt report.

Recommendation 3: The Office should improve project closure by (a) timely conducting quality assessment for project closure to ensure that lessons learnt are duly captured; and (b) ensuring that project closure (operationally and financially) is conducted within the required timeframes and expediting the pending closure of projects.

**Management comments and action plan**

The Resident Representative of UNDP El Salvador accepted all 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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