

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

MEXICO

Report No. 2181
Issue Date: 29 April 2020

Report on the Audit of Mexico Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Mexico (the Office) from 10 to 21 February 2020. 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.¹

The audit covered the activities of the Office from 1 January 2018 to 31 December 2019. The Office recorded programme and management expenses of approximately \$54.7 million. The last audit of the Office was conducted by OAI in 2017.

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." This rating was mainly due to weaknesses in travel management, and weak pipeline management and low projected delivery.

Key recommendations: Total = 6, high priority = 2

The six recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	Medium
	2	High
Reliability and integrity of financial and operational information	4	Medium
Effectiveness and efficiency of operations	5	High
Compliance with legislative mandates, regulations and rules, policies and procedures	6	Medium
	3	Medium

¹ The audit covered the activities under this area only for 2018.

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. All high (critical) priority recommendations are presented below:

Weak pipeline management and low projected delivery (Issue 2)

The funding pipeline budgets consisted of three Class A projects (\$6 million), four under Class B (\$3.5 million) and three under Class C (\$6 million). Considering the total programme delivery of \$47 million of the prior two years, the resources in the pipeline were insufficient for the current level of delivery to be maintained. Furthermore, the review of the pipeline showed that it focused on existing projects but lacked funding for interventions included within the new programme cycle.

Recommendation: The Office should improve its pipeline management by: (a) increasing the volume of the project portfolio through continued efforts and ideas for new projects and partnerships; and (b) ensuring that the Atlas system is regularly updated with the Office's pipeline information as required.

Weaknesses in travel management (Issue 5)

The audit team reviewed 40 travel requests processed during the audit period. The following weaknesses were noted:

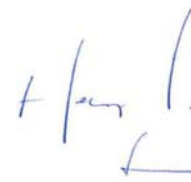
- There was a lack of adequate medical insurance coverage for service contract holders who travelled outside the Country.
- In 12 cases relating to local travel, project personnel had insufficient time to solicit a travel advance, due to lack of planning.
- Travel claims were submitted more than two weeks after travel was completed.
- Different Daily Subsistence Allowances were established for 11 projects out of 38 projects that recorded travel requirements.

Recommendation: To improve travel management, the Office should: (a) comply with the UNDP travel policy, ensuring that appropriate insurance coverage is obtained, travel advances/claims are processed in accordance with policies and uniform Daily Subsistence Allowance rates are established; and (b) provide further training on the Atlas Travel Module to staff members involved in the processing, review and approval of travel.

Management comments and action plan

The Resident Representative of UNDP Mexico 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.

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Osttveiten
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Helge S. Osttveiten
Director
Office of Audit and Investigations