



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**ARGENTINA**

**Report No. 2183**  
**Issue Date: 20 August 2020**

## Report on the Audit of UNDP Argentina Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Argentina (the Office) from 14 May to 3 June 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
- (b) Development activities
- (c) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

The audit covered the activities of the Office from 1 January 2019 to 31 March 2020. The Office recorded programme and management expenses of approximately \$146 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*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) *A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Office for all audit areas reviewed.*
- (b) *Meetings with Office staff and personnel were carried out virtually, which limited the audit team's understanding of the Office's working environment.*
- (c) *Project visits (location, site visits, meeting with counterparts/beneficiaries) were not conducted.*
- (d) *A physical verification of assets was not performed.*
- (e) *Safe and petty cash contents were not verified.*
- (f) *The Information Communication and Technology area was not reviewed on-site.*

### 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 project management.

**Key recommendations:** Total = **4**, high priority = **1**

The four recommendations aim to ensure the following:

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

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:

- Weaknesses in project management (Issue (2))
- (a) Project design (Direct Project Costing):
    - At the time of the audit, full Direct Project Costing requirements had not been implemented.
  - (b) Project implementation:
    - For two of six projects sampled, the annual project board meeting did not take place.
    - Two of the six projects reviewed experienced low delivery as compared to the approved budget for 2019.
  - (c) Project closure:
    - Two projects were operationally closed for more than 12 months but not financially closed.

**Recommendation:** The Office should improve project management by: (a) fully implementing the Direct Project Costing policy; (b) ensuring that project budgets are realistic, project board meetings are conducted at least once a year, and project revisions are realistic; and (c) completing project closures within the stipulated timeframe.

**Implementation status of previous OAI audit recommendations:** Report No. 1756, 21 August 2017.

Total recommendations: 4  
Implemented: 4

**Management comments and action plan**

The 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.

  
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