

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



**AUDIT**

**OF**

**UNDP HONDURAS**

**PROGRAMA DE APOYO PARA LA EFICIENCIA Y LA TRANSPARENCIA DEL PROCESO  
DE MODERNIZACION DEL DOCUMENTO NACIONAL DE IDENTIFICACION –  
IDENTIFICATE**

**(Nationally Implemented Project No. 118949, Output Nos. 117161 and 115548)**

**Report No. 2280**

**Issue Date: 1 September 2020**

---

**Report on the Audit of UNDP Honduras**  
**Programa de apoyo para la eficiencia y la transparencia del proceso de modernización del documento nacional de identificación en Honduras – IDENTIFICATE**  
**(Nationally Implemented Project No. 118949, Output Nos. 117161 and 115548)**  
**Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 20 July to 7 August 2020, conducted a remote audit of Programa de apoyo para la eficiencia y la transparencia del proceso de modernización del documento nacional de identificación en Honduras – IDENTIFICATE (the Project), which is nationally implemented<sup>1</sup> with support services provided by UNDP Honduras (the Office). This was the first audit of the Project.

The audit aimed to assess the overall project management carried out by the Office in fulfilling the Project's objectives stated in the project document, adherence to UNDP rules and regulations in all programmatic and operational matters and search of opportunities for improvement. Specifically, the audit aimed to assess:

- (a) The governance of the Project.
- (b) Programmatic monitoring and evaluation.
- (c) Financial monitoring and reporting including cash management.
- (d) Operational support to the Project for acquisitions, contracting, engaging of project personnel and administrative services.

The following areas were covered by the audit:

- (a) Governance
- (b) Development activities
- (c) Operations (procurement, finance, human resources and administrative services)

The audit covered the Project's activities from 1 July to 31 December 2019. The Project recorded expenses of approximately \$1.09 million during the audit period.

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) Lack of non-verbal feedback bring limitations to the auditors' ability to assess the information.
- (b) Project visit cannot be remotely conducted.
- (c) Physical verification of assets cannot be performed.
- (d) Review of supporting documents is limited.

### **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.”

---

<sup>1</sup> The responsible units in UNDP facilitate the audits of nationally implemented (NIM) projects. However, this NIM project was audited by OAI following the direct implementation (DIM) modality due to the significant involvement of the Country Office in its implementation, and the subsequent materiality of the amount expensed by UNDP.

**Key recommendations:** Total = **2**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are two 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 weaknesses in project gender mainstreaming and monitoring the support provided by the Office to the Project, and weaknesses in the hiring of project personnel.

The two recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendation 1), and (b) compliance with legislative mandates, regulations and rules policies and procedures (Recommendation 2).

**Management comments and action plan**

The Resident Representative accepted the two 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  
Ostveiten  
2020.09.01  
13:03:07 -04'00'  
Helge S. Ostveiten  
Director  
Office of Audit and Investigations