



AUDIT

OF

UNDP COUNTRY OFFICE

IN

MONTENEGRO

Report No. 2309
Issue Date: 19 May 2021

Report on the Audit of UNDP Montenegro Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Montenegro (the Office) from 19 April to 4 May 2021. 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 and communication technology (ICT)

OAI designed the following performance audit questions to guide the review of the following areas and sub-areas:

Main audit question: *Are the programme and operations activities effectively supporting the achievement of agreed results?*

- (a) Governance
 - i. *Was the Office's organizational structure adequate to achieve the agreed results in its portfolio of projects?*
- (b) Development activities
 - ii. *Was project management undertaken effectively?*
 - a. *Were projects designed with clear and measurable results linked to strategic objectives of the Country Programme?*
 - b. *Were project monitoring and change management activities timely undertaken?*
- (c) Procurement
 - iii. *Were procurement activities conducted effectively and in accordance with applicable policies?*
- (d) Finance
 - iv. *Were financial transactions processed timely?*

The audit covered the activities of the Office from 1 January 2020 to 31 March 2021. The Office recorded programme and management expenses of approximately \$12.2 million. The last audit of the Office was conducted by OAI in 2015.

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 and communication technology area was not reviewed on-site.


Overall audit rating

OAI assessed the Office's performance as **fully 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."

Key recommendations:

The audit did not result in any recommendations.

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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