



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**PERU**

**Report No. 2431**  
**Issue Date: 20 June 2022**

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## Report on the Audit of UNDP Peru Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Peru (the Office) from 21 March to 5 April 2022. 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)

In addition, OAI assessed the performance of the Office in the following areas: governance, development activities and finance.

Performance auditing is an independent, objective and reliable examination of an entity or process to assess whether economy, efficiency and effectiveness in the employment of available resources is being achieved.

OAI designed the following performance audit questions based on a risk assessment undertaken:

- (a) Governance:
  - 1. Was the Office’s organizational structure appropriate to achieve the agreed Country Programme results?
- (b) Development activities:
  - 2. Was project management, project design, implementation, and closure, carried out effectively?
- (c) Finance:
  - 3. Were financial transactions processed timely and accurately?

The audit covered the activities of the Office from 1 January 2020 to 31 December 2021. The Office recorded programme and management expenses of approximately \$67.9 million. The last audit of the Office was conducted by OAI in 2018.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to the COVID-19 pandemic, some audit tests and procedures were conducted remotely. Scope limitations due to the nature of some audit tests and procedures conducted remotely related to the following activities:

- (a) A review of original supporting documentation could not be carried out for the audit areas on procurement, human resources and administrative services, and therefore the audit team relied on scanned copies of documents provided by the Office.
- (b) Project visits (location, site visits, meeting with beneficiaries) were not conducted as the COVID-19 lockdown remained in force at the project sites at the time of the audit.

### Overall audit rating

OAI issued an audit rating for the Office of **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.”

Conclusions on the performance audit areas reviewed:

Governance:

Was the Office’s organizational structure appropriate to achieve the agreed Country Programme results?  
The organizational structure was adequate to achieve the agreed Country Programme results.

Development activities:

Was project management, project design, implementation, and closure, carried out effectively?  
The audit team concluded that project management was undertaken effectively for project design, implementation, and closure.

Finance:

Were financial transactions processed timely and accurately?  
Payments reviewed were completed on time and in accordance with the terms and conditions.

**Key recommendations:** Total = **1**, high priority = **0**


The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, 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.”

The recommendation aims to ensure compliance with legislative mandates, regulations and rules, policies and procedures.

**Management comments and action plan**

The Resident Representative accepted the recommendation and is in the process of implementing it. 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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