

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



**AUDIT**

**OF**

**UNDP OFFICE OF FINANCIAL MANAGEMENT**

**Audit Report No. 2582**

**Issue Date: 1 November 2023**

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## Report on the Audit of UNDP Office of Financial Management Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the Office of Financial Management (the Office) from 18 September to 11 October 2023. 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 – organizational structure, roles and responsibilities, policies and procedures.
- (b) Services provided to the Country Offices and the Office’s oversight role.
- (c) Operations – including procurement and payments processed under the Office’s chart of accounts.

The human resources processes were excluded from the audit scope as they fall under the responsibility of the Global Shared Services Centre, Bureau for Management Services.

The audit covered the activities of the Office from 1 January 2022 to 30 June 2023. During this period, the Office recorded expenses of approximately \$17.9 million. This was the first audit of the Office, with the exception of the treasury and the write off processes audited in 2019 and 2021, respectively.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (The IIA).

### 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.” This rating was mainly due to the fact that no recommendations were rated high (critical) priority.

**Key recommendation:** 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.” This recommendation includes actions to address the lack of an annual procurement plan.

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

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**Management comments and action plan**

The Chief Financial Officer and Director of the Office of Financial Management 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.

A handwritten signature in black ink, appearing to read 'Guillermo Munoz'.

Guillermo Munoz  
Deputy Director (Audit) a.i.  
Office of Audit and Investigations