



AUDIT

OF

UNDP COUNTRY OFFICE

IN

CENTRAL AFRICAN REPUBLIC

Follow-up of OAI Report No. 1048 dated 30 October 2013

Report No. 1427
Issue Date: 15 April 2015

(REDACTED)

Table of Contents

Executive Summary i

I. Details of recommendations not yet implemented..... 1

II. Other audit issues8

ANNEX Definitions of audit terms – implementation status, ratings and priorities 11

**Report on follow-up audit of UNDP Central African Republic
(Previous OAI Report No. 1048, 30 October 2013)
Executive Summary**

From 19 to 23 January 2015, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an on-site follow-up audit of the UNDP Country Office in the Central African Republic (the Office). This on-site follow-up audit was undertaken, in addition to regular desk reviews, in view of the 'unsatisfactory' audit rating assigned by OAI as a result of an audit per Report No. 1048 dated 30 October 2013. The follow-up audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit scope and approach

The follow-up audit reviewed the implementation of 19 audit recommendations. OAI conducted appropriate tests of transactions and activities by the Office from 1 January 2013 to 31 December 2014 and interviewed management and staff concerned to determine whether the reported corrective actions were indeed implemented, as reported by the office in the Comprehensive Audit and Recommendation Database System (CARDS).

Audit results

Of the 19 audit recommendations, the Office had fully implemented 11 and initiated action on 7, while no action had been taken on 1 recommendation, resulting in an implementation rate of 58 percent as per CARDS on 23 February 2015.

Implementation status	Number of recommendations	Recommendation Nos.
Implemented	11	1, 2, 7, 8, 9, 11, 12, 13, 14, 15, 18
In progress	7	3, 4, 5, 6, 16, 17, 19
Not implemented	1	10
Withdrawn	0	-
Total	19	19

The detailed implementation status of the 19 recommendations has been updated by OAI in CARDS.

Section I summarizes the eight recommendations that have yet to be fully implemented. OAI encourages the Office to take appropriate actions with the intention to close these remaining recommendations. OAI will continue to monitor the progress of the implementation of these recommendations as and when updates are provided by the Office in CARDS.

Section II presents additional audit issues. While checking the implementation status of previous audit recommendations, OAI took note of an additional two audit issues pertaining to governance and strategic management.

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 provided the revised implementation dates for the outstanding recommendations. He also accepted the two new recommendations and is in the process of implementing them.



Helge S. Osttveiten
Director
Office of Audit and Investigations

I. Details of recommendations not yet implemented

[NOTE: Certain parts of this section has been redacted as it is deemed to contain sensitive information.]

Recommendation No.	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment recommended action
3	<p>The Office should ensure proper segregation of duties and accountability in managing directly implemented projects by:</p> <ul style="list-style-type: none"> (a) ensuring that staff assigned with the monitoring and assurance role are not the same staff who are entrusted with the day-to-day project implementation; (b) revising its approach to project budgeting to ensure adequate funding to allow the Project Manager to be retained through project closure; and (c) ensuring that the Resident Representative issues written delegations of authority, which specify the roles and responsibilities of Project Managers. 	<p>This recommendation is partially implemented through the new organization chart of the Programme Unit. Delegations of authority have been established by the former Resident Representative, which will be updated and signed by the current Resident Representative. Furthermore, the Office shared project documents showing the remuneration of Project Managers until the closure of the projects.</p> <p>The Internal Control Framework is under review and will be approved by the end of March 2015 with clear delegation of authority to respective Project Managers. The Office indicated that the delegation of authority of Project Managers should be included in the Internal Control Framework.</p>	<p>In progress</p> <ul style="list-style-type: none"> (a) With the new organization chart, the Office was adequately staffed, and the audit did not find any staff holding both the project manager and quality assurance roles in any project. Therefore, this part of the recommendation was considered implemented. (b) A review of project documents of three projects (00089460, 00092037, and 00091257) noted that adequate funding was budgeted to allow the Project Managers to be retained until the projects' closure. This part of the recommendation was considered implemented. (c) The current Resident Representative had not issued written delegation of authority to specify the roles and responsibilities of Project Managers, as stipulated in the UNDP Internal Control Framework (page 20). The Office explained that it was not aware of the requirements to issue delegations of authority to Project Managers. <p><u>Agreed revised implementation date:</u> 31 March 2015</p>
4	<p>The Office should improve its management of donor contributions and agreements, specifically by:</p> <ul style="list-style-type: none"> (a) ensuring that unexpended balances of funds from completed projects are refunded to donors, unless another arrangement has been agreed to in writing; (b) ensuring that signed cost-sharing agreements are uploaded to the Document Management 	<ul style="list-style-type: none"> (a) Supporting documentation for the reimbursement of the Elections Project balances owed to the European Union and the Peacebuilding Fund are available. A voucher for the balance owed to Japan has also been prepared and the reimbursement process is ongoing. <p>Regarding the closure of the four Global Fund grants, discussions with the donor are still ongoing to find a solution to address the cash balance issue.</p>	<p>In progress</p> <ul style="list-style-type: none"> (a) The Office processed the reimbursement of the Peacebuilding Fund and Elections Project balances owed to the European Union. <p>The balance of \$7,321 owed to Japan had not been processed at the time of the audit. Furthermore, the balance owed to the Global Fund had not been settled. The Office provided supporting evidence showing frequent communication with the Global Fund secretariat intended to reach an agreement on the remaining cash</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment recommended action
	System for submission to the Global Shared Service Centre, which will record related revenue in the General Ledger account.	(b) Signed cost-sharing agreements for 2013 and 2014 were uploaded to the Document Management System.	<p>balance owed to the donor since the financial closure of the grants.</p> <p>(b) The audit validated that the signed cost-sharing agreements for the fourth quarter in 2014 were uploaded to the Document Management System. No exception was found. Therefore, this part of the recommendation was considered implemented.</p> <p><u>Agreed revised implementation date:</u> 30 June 2015</p>
5	<p>The Office should ensure that project closure procedures are adhered to, as follows:</p> <p>(a) projects are financially closed within 12 months after being operationally completed; and</p> <p>(b) the project team, particularly the project manager, is not released until all required documents and reports on project closure activities are prepared and submitted to relevant parties.</p>	<p>(a) Some projects were still ongoing even though the project end dates indicated in Atlas (enterprise resource planning system of UNDP) already passed. This was because these projects were extended. The Office will update Atlas accordingly. Most operationally closed, but not yet financially closed projects had some balances which needed to be monitored based on the agreements signed with the donors. The Office will liaise with Headquarters to seek guidance prior to financially closing these projects.</p> <p>(b) Project documents now effectively take into account the remuneration of Project Managers until the closure of the projects. As an illustration, the Office provided the position creation/update forms for Project Managers recruited for new projects. Their salaries were fully budgeted until the closing of the projects.</p>	<p>In progress</p> <p>(a) Delays were still noted regarding the operational and financial closure of projects. There were 34 projects that were to be operationally closed and 9 projects that were to be financially closed.</p> <p>(b) A review of 2 out of 24 closed projects (00074543 and 00074633) since the last audit noted that the financial reports were prepared and submitted to the relevant parties before the core staff of the projects were released. Therefore, this part of the recommendation was considered implemented.</p> <p><u>Agreed revised implementation date:</u> 30 April 2015</p>
6	<p>The Office should strengthen human resource processes by:</p> <p>(a) ensuring that the position creation/update form showing the budget and location of the position in the organization chart is</p>	<p>(a) Position creation/update forms are systematically created for each new recruitment under either fixed-term or temporary appointment.</p> <p>(b) The completion rate of mandatory trainings will be improved during</p>	<p>In progress</p> <p>(a) A review of three recent recruitments revealed that the position creation/update forms showing the budget and location of the positions in the organization chart were created and approved by the Resident Representative. This part of the</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment recommended action
	<p>created for each recruitment under either fixed-term or temporary appointment;</p> <p>(b) establishing a more effective mechanism to monitor and follow up on staff member's completion of the mandatory trainings and encouraging staff to complete such courses; and</p> <p>(c) ensuring that the Performance Management Development or PMDs (formerly the Results and Competency Assessment) for staff are conducted and completed on time;</p>	<p>2015 with the decision taken by senior management to include mandatory training among staff objectives in the 2015 PMDs. Moreover, the Office will put in place in 2015 a monitoring mechanism to ensure full compliance with key professional certifications during 2015.</p> <p>(c) For the 2013 PMDs, the low completion rate is justified by the serious impact the crisis had on the general management of the Office since December 2012. This situation led to the evacuation of Office staff on two occasions during 2013. In addition, it is important to note that during that period, only essential staff were required to report to work.</p> <p>With regard to the completion of the 2014 PMDs, the one "In progress" was related to the Country Director who was supervised by the Resident Representative. The latter did not have a UNDP contract and was not registered as a supervisor in the PMD system. The Office already contacted Headquarters and the issue is being settled.</p> <p>Regarding the three colleagues whose PMD status was "Not started", one is on unpaid leave, and the other has been out of the country for security reasons since June 2014. The staff member was contacted and will submit the PMD to the supervisor for approval. The third staff member was only recruited in November 2014 and does not have to complete PMD for 2014.</p>	<p>recommendation was considered implemented.</p> <p>(b) The completion rate of mandatory trainings was still very low, particularly for the Legal Framework and Gender courses, which had completion rates of 13 and 25 percent, respectively.</p> <p>Additionally, 53 percent of staff completed the Basic Security training and only 22 percent completed the advanced security training. Two Project Managers and one driver did not complete the Basic Security training even though they were to undertake field missions. The Office released a memo to instruct staff to complete the mandatory trainings, specifically those related to security in the field.</p> <p>The completion rate for security trainings should be improved urgently due to the volatile security situation within the country.</p> <p>(c) A total of 27 out of 32 staff members (84 percent) completed their 2014 PMDs. With regard to the uncompleted PMDs, the Office has taken actions to ensure their finalization.</p> <p>Based on the high completion rate of the PMDs as indicated above, this part of the recommendation was considered implemented.</p> <p><u>Agreed revised implementation date:</u> 30 June 2015</p>
10	The Office should strengthen its procurement management by ensuring that:	(a) The procurement plan for 2015 will be developed after the finalization of the Annual Work Plan by the end of March 2015.	<p>Not Implemented</p> <p>(a) The Office did not establish a consolidated procurement plan for 2014 and indicated that the 2015 procurement plan would be</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment recommended action
	<p>(a) a proper procurement plan covering all the Office's activities is duly established;</p> <p>(b) a mechanism is implemented to monitor the cumulative value of contracts, and further that all cumulative procurement cases valued at \$50,000 or more are submitted to the relevant procurement committee for review; and</p> <p>(c) staff members with buyer profiles as well as members of the Office's Contracts, Assets and Procurement Committee, complete the procurement certification (at the minimum, level one).</p>	<p>(b) A template for monitoring vendors' cumulative thresholds will be designed to analyse vendor thresholds prior to submitting the cases to the Contracts, Assets and Procurement Committee.</p> <p>(c) The procurement certification for all Contracts, Assets and Procurement Committee members and alternates will be organized by the end of the first quarter 2015. Further, Contracts, Assets and Procurement Committee members and alternates will include procurement certification in their 2015 PMDs. As an oversight measure, a monitoring mechanism will be put in place.</p>	<p>established after the finalization of the Annual Work Plan, which was due on 15 January 2015. However, it was still in progress as of the end of January 2015 or during the audit fieldwork.</p> <p>Discussions with the senior management also revealed that the delivery of goods procured abroad generally took the shipping companies a significant amount of time due to security reasons. The Office will be supporting the Presidential Elections planned for July 2015, and any delays in procurement may have a negative impact on the reputation of UN. As a mitigating measure, the Office indicated that the Electoral Project will be implemented with support from the Procurement Support Office and that the Office was authorized to use Fast Track Procedures.</p> <p>In OAI's view, adequate procurement planning along with a defined action plan may result in economy of scale and can reduce delays in the delivery of goods.</p> <p>(b) The Office did not implement a mechanism to monitor the cumulative values of contracts. In four cases, the cumulative value exceeded the threshold; however, these cases were not submitted to the relevant procurement committees for review and approval. The Office acknowledged the above issue and agreed to submit these cases to the adequate procurement committees post facto.</p> <p>All these exceptions occurred prior to the recruitment of the new Procurement Analyst who explained that the lack of understanding of UNDP procedures and the understaffing of the Procurement Unit were the main causes.</p> <p>(c) One staff member with the buyer profile in Atlas and 9 out of 10 members of the Office's Contracts, Assets and Procurement Committee did not complete the procurement certification. The Procurement Analyst was the only one who completed the procurement certification.</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment recommended action
			<u>Agreed revised implementation date:</u> 30 April 2015
16	<p>The Office should strengthen the management of assets by:</p> <ul style="list-style-type: none"> (a) identifying, registering and tagging all unregistered and untagged assets; (b) undertaking a comprehensive asset inventory and subsequent reconciliation with the asset register (repeat of recommendation raised in the 2007 audit); (c) implementing procedures to ensure that assets are registered and tagged upon receipt; and (d) ensuring that all approvals to dispose of assets are followed through expeditiously to facilitate the update of the Atlas asset register in a timely manner. 	<p>This recommendation is being implemented with the recruitment of an international United Nations Volunteer specialist in logistics and two national archivists, which should allow the Office to strengthen asset management. The asset verification was already completed and the next step will be to reconcile the results with the Atlas asset registry and complete the tagging process of the assets.</p> <p>Furthermore, a time bound template/procedure will be prepared for the management of asset disposals in order to update the Atlas asset register in a timely manner.</p>	<p>In progress</p> <ul style="list-style-type: none"> (a) The Office recruited two consultants to identify, register and tag all assets. The process was still ongoing during the audit fieldwork. (b) A comprehensive asset inventory exercise was already completed by the two consultants recruited by the Office. The audit validated 10 assets and noted that 6 could not be identified. Furthermore, the Office did not reconcile the list of assets physically verified with the Atlas asset register. (c) The Office did not implement procedures to ensure that assets were registered and tagged upon receipt. Assets valued at \$460,000 were not capitalized but directly expensed (Project Nos. 10020, 85880, 89429 and 92037). Furthermore, the tagging process of all assets (due to the relocation of the Office one year earlier) had not started as of January 2015. (d) The Office did not dispose of any assets between January 2013 and December 2014. For one vehicle transferred to a national party, the asset disposal request was approved in September 2012; however, as of January 2015, the asset had not been removed from the asset list in Atlas. <p><u>Agreed revised implementation date:</u> 31 May 2015</p>

17	<p>The Office should design and implement control procedures to manage fuel by:</p> <ul style="list-style-type: none"> (a) implementing an automated vehicle management system similar to that used by the Multidimensional Integrated Stabilization Mission in the Central African Republic or MINUSCA (formerly known as BINUCA) to facilitate control and monitoring of vehicle fuel usage; (b) considering the use of a fuel card per vehicle and ensuring that relevant data is recorded and reviewed periodically; (c) separating the delivery of fuel to the depot and to the main building; (d) ensuring that bulk fuel issued for field missions in jerry cans and drums is accounted for at the end of the mission; (e) installing meters from the gas reservoir at the main office to the two generators to facilitate control of fuel distribution; (f) implementing a monthly management review of fuel consumption for each vehicle and generator to identify variances warranting further action; and (g) ensuring adequate controls are in place over the performance of key activities relating to management of fuel, including proper segregation of duties. 	<ul style="list-style-type: none"> (a) The Office will liaise with MINUSCA to analyse their automated vehicle management system and possibly implement it in UNDP or find another system that better fits the Office's needs. (b) Action was already taken on 21 November 2012 with each vehicle provided with its own fuel card. However, due to the damages encountered by our fuel supplier during the recent crisis, the management of the fuel cards has been centralized by the fuel company until further notice. (c) The fuel depot is no longer used. (d) Requests for fuel are now reviewed by the Finance Unit and approved by Project Managers. Accounting for fuel used during missions will be the responsibility of the Chief of Mission. This mechanism will be reviewed and strengthened in the future when field missions will be authorized again based on the security situation. (e) Action will be taken and meters will be installed on the reservoirs to facilitate the control of fuel consumption on the two generators at the main office. Pending the purchase and installation of the automatic meter, a stick meter will be purchased locally and used by the end of March 2015. (f) A new template has been prepared in order to track fuel consumption of each vehicle. The new template is presently being used and covers fuel consumption during the first quarter 2015. (g) A new fuel request template has been designed that strengthens the controls. The validation process involves the requester, the logistician, the Programme/Project Manager as well as the head of the Finance Unit. 	<p>In progress</p> <ul style="list-style-type: none"> (a) The Office had not implemented an automated vehicle and fuel management system similar to the one used by MINUSCA. (b) The Office was using only one fuel card for all vehicles but relevant consumption data was adequately recorded. It was also noted that some vehicles continued to procure fuel directly from the gas reservoir located near the generator and there was no evidence showing that consumption was adequately recorded and charged to respective projects. (c) The Office no longer uses the fuel depot. Therefore, bulk fuel is now only delivered in the new compound. This part of the recommendation was considered withdrawn. (d) Due to the prevailing security situation, no field mission took place during 2014, thus the Office did not issue bulk fuel in jerry cans. (e) A meter was not installed from the gas reservoir at the main office to the two generators to facilitate control of fuel distribution. (f) The monthly management review of fuel consumption for each vehicle and generator to identify variances was not fully implemented. The generator's meter was broken and needed to be repaired to allow for the review of fuel consumption. (g) The Office initiated actions to strengthen the segregation of duties over the management of fuel cards. It was noted that prior to refueling the vehicles, project staff members had to submit a completed fuel request form to be validated by the Project Manager. Subsequent to the validation, the Logistics Unit processes the refueling of the vehicle(s), records the quantity delivered and files the receipt with the fuel request form. However, the distribution of fuel from the gas reservoir needs to be managed also by the Logistics Unit to ensure proper segregation of duties. <p><u>Agreed revised implementation date:</u> 30 April 2015</p>
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Recommendation No.	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment recommended action
19	<p>The Office should improve its security and safety management by:</p> <p>(a) ensuring that the business continuity plan is finalized and approved alongside an action plan to facilitate its implementation;</p> <p>[REDACTED]</p> <p>(c) developing and implementing an action plan to mitigate the risks identified in the UNDSS report (issued in December 2011) on the evaluation of the security and safety of the main building.</p>	<p>(a) The business continuity plan is in the process of being finalized.</p> <p>(b) Assets have been removed from the PACE warehouse to BASE II. The disarmament, demobilization and reintegration project office was vacated as planned.</p> <p>(c) The Office moved to a new location called BASE II. Therefore, efforts were concentrated to improve the security and safety of BASE II. UNDSS has already assessed BASE II and submitted its recommendations, which are included in the specifications for rehabilitating BASE II to mandatory standards.</p>	<p>In progress</p> <p>(a) As of January 2015, the business continuity plan was still in draft form and it had not been tested. Furthermore, the business continuity plan was outdated and included procedures and contact information of staff that had already left the organization, including senior management. The previous management team committed to close the recommendation by December 2013.</p> <p>(b) The Office confirmed that the assets had been removed from the PACE warehouse and the disarmament, demobilization and reintegration project office to BASE II.</p> <p>[REDACTED]</p> <p><u>Agreed revised implementation date:</u> 30 June 2015</p>

II. Other audit issues

While checking the implementation status of the previous audit recommendations, OAI took note of additional audit issues, under the area of governance and strategic management, as described below:

Issue 1 Lack of accountability and commitment in management of audits

Audit is an integral part of the 'UNDP Accountability Framework and Oversight Policy'. Recommendations aim at addressing weaknesses that could jeopardize the achievement of office objectives. Furthermore, inadequate management or delays in the completion of audits of projects nationally implemented by government and non-governmental organizations (NIM/NGO) could have an impact on the opinion that will be expressed by the Board of Auditors on UNDP financial statements.

A review the Office's management of audit recommendations conducted in 2012 (for both directly and nationally implemented projects) noted deficiencies in monitoring and oversight, as follows:

- Delays in implementing audit recommendations – For audits conducted in 2012, the completion rate of audit recommendations was only 53 percent as of January 2015. An analysis of the root cause revealed the lack of accountability and commitment in addressing the audit recommendations. Further, as of January 2015, the status of one recommendation pertaining to the finalization and testing of the business continuity plan remained unchanged since the audit took place in 2012. The continuity of the Office's operations may be put at risk, if the business continuity plan is disregarded or not updated to take into account new constraints.
- Content of the audit report unknown to the implementation units – Through discussions with several units, it was noted that the contents of the audit reports, as well as the essence of the audit recommendations, were not clearly understood by the staff members in charge of implementing the recommendations. As a result, there was no correlation between the audit recommendations and documentation or comments provided by the units in addressing the recommendations. This happened because of a lack of clearly defined roles and responsibilities and inadequate oversight in the management of audit recommendations. The Office explained that the audit recommendations' action plans were agreed upon with the previous management team; however, the current management team had not prioritized the closure of the recommendations.
- Weak management of NIM/NGO audits – Unsatisfactory performance was noted in the management of NIM/NGO audits for the past three years. There was insufficient knowledge of the NIM/NGO audit terms of reference among staff. Consequently, the audit plans and reports were submitted late for the past three years, and the Office was unable to timely address inquiries raised by OAI. As an illustration, the reports for the fiscal year 2013 NIM/NGO audit exercise were only uploaded to CARDS in December 2014, even though the deadline was April 2014. The Office explained that staff members were evacuated twice because of the crisis and could not complete uploading the reports to CARDS. However, the audit reports were issued by the external auditors more than seven months before they were uploaded in CARDS, and no evacuation took place during the period indicated by the Office. Inadequate management of NIM/NGO audits could negatively affect donor confidence to UNDP, and could significantly impact its capacity and ability to mobilize resources.

Priority	High (Critical)
Recommendation 1:	
Strengthen the management of audits by:	
<ul style="list-style-type: none"> (a) developing an action plan with defined responsibilities and target dates to address the outstanding audit recommendations; and (b) providing training and defining clear accountability for the submission of NIM/NGO audit plan, addressing OAI inquiries in a timely manner, and ensuring audit reports are uploaded according to the annual target date set in OAI's annual call letter for the NIM/NGO audit plan. 	
Management action plan:	
<ul style="list-style-type: none"> (a) The Office will develop an action plan for each outstanding audit recommendation, which will be shared with OAI and monitored through the Office's mandatory meetings. (b) The Office will develop a training plan to be implemented for the Common Humanitarian Fund and oversight unit staff responsible for the development of NIM/NGO audits. The training will focus on audit administration, follow-up and monitoring. An audit focal point will be designated. 	
Estimated completion date: 30 April 2015	

Issue 2 Incomplete Internal Control Framework

The Internal Control Framework stipulates that the Resident Representative has overall accountability for establishing and maintaining adequate internal controls within the office. It further states that there must be a segregation of duties to minimize the risk of error and fraud, and each staff member has to be assigned only one Atlas profile that is consistent with their role.

A review of the Office's organizational structure showed weaknesses in terms of delegation of authorities and Atlas profiles. Illustrative examples are as follows:

- The Office had not completed a local Internal Control Framework with a clear definition of roles and responsibilities. As a result, accountability was not reinforced.
- Five staff members were holding both project manager and approving manager profiles, which would allow them to approve the requisition and the purchase order on the same transaction. Consequently, a total of \$104,000 of expenditures was approved by two staff members who approved both the requisitions and the purchase orders.
- Two staff members had both the human resource administrator and global payroll administrator profiles in Atlas. One other staff member had the global payroll administrator and disbursement officer profiles. The set-up of these profiles was contrary to the Internal Control Framework, which states that one person cannot exercise the human resource administrator (First Authority), the global payroll administrator (Second Authority), and the disbursing officer – payroll (Third Authority) roles.
- Four staff members held the profile of vendor approvers instead of two without seeking for a waiver from the Regional Bureau as required in the Programme and Operations Policies and Procedures.

There was an inadequate oversight by the Office. Failure to establish adequate control environment could lead to override of internal controls and untimely detection of errors and irregularities.

Priority	High (Critical)
Recommendation 2: Strengthen the Office's control environment by: <ul style="list-style-type: none"> (a) finalizing, implementing and enforcing the UNDP Internal Control Framework in the Office; (b) revising the Atlas profiles to align them with the Framework; and (c) ensuring that no staff member exercises more than one role, and there is a clear segregation of duties. 	
Management action plan: <ul style="list-style-type: none"> (a) The new Internal Control Framework is being approved. It includes the delegation of authority to Project Managers as well as clear segregation of duties among staff. (b) The revision of Atlas profiles will start after the approval of the Internal Control Framework. (c) The Office will establish a review mechanism to ensure that segregation of duties are adhered to. 	
Estimated completion date: 30 April 2015	

ANNEX Definitions of audit terms – implementation status, ratings and priorities

A. IMPLEMENTATION STATUS

- **Implemented** The audited office has either implemented the action as recommended in the audit report or has taken an alternative solution that has met the original objective of the audit recommendation.
- **In progress** The audited office initiated some action to implement the recommendation or has implemented some parts of the recommendation.
- **Not implemented** The audited office has not taken any action to implement the recommendation.
- **Withdrawn** Because of changing conditions, OAI considers that the implementation of the recommendation is no longer feasible or warranted or that further monitoring efforts would outweigh the benefits of full implementation. A recommendation may also be withdrawn when senior management has accepted the residual risk of partial or non-implementation of recommendation.

B. AUDIT RATINGS

- **Satisfactory** Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

C. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** 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.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.