UNITED NATIONS DEVELOPMENT PROGRAMME

Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

THE CENTRAL AFRICAN REPUBLIC

Follow-up of OAI Report No. 1896 dated 8 March 2018

Report No. 2088
Issue Date: 8 March 2019

(REDACTED)

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Report on Follow-up Audit of UNDP Central African Republic
(Previous OAI Report No. 1896, 8 March 2018)
Executive Summary

From 11 to 15 February 2019, 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 in Report No. 1896 dated 8 March 2018. 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 20 audit recommendations. OAI conducted appropriate tests of transactions and activities by the Office from 1 April 2018 to 31 January 2019 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 20 audit recommendations, the Office had fully implemented 10 and initiated actions on 10, resulting in an implementation rate of 50 percent as per CARDS on 22 February 2019.

Implementation status	Number of recommendations	Recommendation nos.
Implemented	10	1,3,4,5,6,8,9,15,18,20
In progress	10	2,7,10,11,12,13,14,16,17,19
Total	**20**	**20**

The detailed implementation status of the 20 recommendations has been updated by OAI in CARDS.

The below section summarizes the 20 recommendations that are in progress and implemented. OAI encourages the Office to continue to take appropriate actions to address the remaining recommendations. OAI will continue monitoring the progress of the implementation of the recommendations as and when updates are provided by the Office in CARDS.

Management comments and action plan

The Resident Representative a.i. provided comments and revised implementation dates for the remaining outstanding recommendations.

Helge S. Osttveiten
Director
Office of Audit and Investigations

Rec No.	Issue title	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment
1	Low completion rate of UNDP mandatory training courses	**Medium (Important)** The Office should ensure compliance with the 'UNDP Programme and Operations Policies and Procedures' relating to mandatory trainings by planning for the completion of mandatory courses in a timely manner.	**Implemented** The Office assessed this recommendation as implemented based on the following: (a) A training plan was established to enable staff members to finalize their mandatory training. (b) A circular signed by the senior management was shared with staff members to encourage them in finalizing their remaining mandatory training courses. (c) Completion of the mandatory training was considered as part of the Performance Management and Development process; and training sessions on completing the Management and Development have been provided to staff members.	**Implemented** (a) In 2018, the Office established a training plan to enable staff members to finalize their mandatory training. (b) The audit noted that at least 97 percent of staff members had completed six of the eight required courses. (c) All staff members had completed at least one training course on security.
2	Weaknesses in the implementation of oversight and assurance mechanism	**High (Critical)** The Office should strengthen its oversight and assurance mechanism over nationally implemented projects by clarifying the roles and responsibilities in the management of assurance mechanisms, specifically by: (a) following up timely on audit recommendations and ensuring their timely implementation; and (b) ensuring that the status of prior audit recommendations is	**Implemented** As part of the implementation of this recommendation, the Office took the following actions: (a) A training session was organized on the monitoring of projects in Atlas and off-Atlas. To reinforce the levels of internal controls. Also, a checklist was established that would serve as a control before transmitting program files to operations. (b) Two training sessions were organized; one by the Country Director for the	**In progress** (a) The Office had put in place a monitoring system to remind and encourage partners to implement audit recommendations timely. However, we noted that 33 out of the 112 audit recommendations (29 percent) had not yet been implemented by partners. In 48 percent of cases, planned implementation dates entered in CARDS had not been followed. For 11 recommendations, neither the action plans nor the implementation dates had been entered in CARDS. (b) The Office signed LTA with audit firms to conduct spot-checks.

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		independently verified by an audit firm during the Harmonized Approach to Cash Transfers audit exercise.	national partners, and the other with the office staff to explain the Harmonized Approached for Cast Transfer audit requirements. The Office had also signed a Long-Term Agreement (LTA) with audit firms to conduct spot checks on project activities, including monitoring the implementation of the audit recommendations. (c) Some projects were categorized as non-audited in CARDS to facilitate tracking and integration into the 2018 Harmonized Approached for Cast Transfer audit plan.	As part of the terms of references, auditors were required to validate the implementation status of audit recommendations. Agreed revised implementation date: **31 December 2019**
3	Weaknesses in resource mobilization strategy and pipeline management	**Medium (Important)** The Office should enforce the resource mobilization strategy and recover arrears of Government Contribution to Local Office costs by: (a) adopting a customized approach towards traditional and non-traditional donors and pursuing discussions with the Government for the recovery of Government Contribution to Local Office costs; (b) reinforcing staff members accountability on resource mobilization and implementing actions planned in the resource	<u>**Implemented**</u> The Office assessed that the action plan was implemented and provided supporting documents, which showed that the Regional Bureau of Africa had accepted the risk of not recovering the Government Contribution to Local Office costs. The Office's resource mobilization strategy had been updated with a focus on non-traditional donors. Staff accountability has been strengthened with the objective of mobilizing resources included in their Performance Management and Development. A pipeline maturity scoreboard had been designed and was followed up in the same way	<u>**Implemented**</u> (a) In November 2018, the Regional Bureau of Africa accepted the risk of not implementing this recommendation. At the time of the audit follow-up, the Office building provided by the government was valued at $183,000 annually by UNDP. The Regional Bureau estimated that this in-kind contribution (since 2014) should be able to offset the $1.5 million arrears of Government Contribution to Local Office costs. (b) Staff members accountability had been strengthened with the objective of mobilizing resources included in their Performance Management and Development. The Office had developed a resource mobilization plan for the 2018-2021 programmatic cycle. OAI also obtained documented

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		mobilization strategy; (c) maintaining a complete pipeline of projects and intensifying resource mobilization actions to fill project funding gaps.	as the delivery level during program meetings.	evidences for the 2018 and 2019 resource mobilization plans. (c) A pipeline maturity scoreboard had been designed and was followed up similarly to the Office's delivery level during Programme Meetings. At the time of the follow up audit, 50 percent of the projects (7 out of 14) were under category C, "ideas" to be further developed.
4	Lapses in programme and project monitoring	**High (Critical)** The Office should improve programme monitoring by: (a) enforcing the monitoring and evaluation function by putting in place a monitoring framework and a regular monitoring mechanism at the outcome level; (b) ensuring that baselines, targets and indicators are set at the outcome level; and (c) systematically conducting and documenting annual reviews of its programme.	**Implemented** The Office provided evidence on the evaluation plan of the Country Programme Document showing baselines, targets and indicators set at the outcome levels. A final evaluation of the previous programming cycle was also provided in CARDS as of 18 January 2019.	**Implemented** (a) The audit team confirmed that the Office established a monitoring and evaluation framework with staff roles and responsibilities. (b) Baselines, targets and indicators had been set up at the outcome level. (c) The Office provided evidence that annual review was conducted of its programme in December 2018.
5		**High (Critical)** The Office should enhance project monitoring by: (a) requiring project managers to systematically obtain	**Implemented** The following actions were taken by the Office management: (a) All projects of the Office were grouped in two pillars	**Implemented** (a) The Office implemented a dashboard to monitor: (i) report submissions to donors as per agreements signed; and (ii) follow-up on reports to be submitted by implementing partners.

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		contractual reports from project partners and draft required reports for the project board; (b) organizing annual review of projects; and (c) using Atlas as a project monitoring tool and systematically updating the risk, issue, and monitoring logs.	(governance and resilience pillars). The Office has also opted for a portfolio approach in establishing a Steering Committee for each pillar. (b) Two training session had been held, one on the streamline of Operations procedures and the other on the pipelines and project management (c) Based on the new Programme and Project Management requirement, the Atlas update should be undertaken on annual basis.	(b) The Office organized two training sessions on the efficient use of the Atlas project management module**.** (c) At the time of the audit, project risks had been updated in Atlas.
6	Weaknesses in project definition, initiation and implementation	**High (Critical)** The Office should improve project definition, initiation and implementation by: (a) systematically holding Local Project Appraisal Committee meetings before project implementation, and signing all work plans before starting to implement project activities; (b) assessing implementing partners' capacities before entrusting them with activities to be implemented and having all agreements signed in the appropriate format; and (c) improving project closure in Atlas by	**Implemented** As part of the implementation of this recommendation, the following actions had been taken in accordance with the Office's action plan: (a) Project Approval Committees were held by the Office for all new projects signed in 2018. All project work plans were signed by UNDP and the Government in early 2018. (b) The Office established LTA for micro-evaluation. The partners' micro-evaluations had also been finalized. (c) Projects closure were completed according to a new checklist and before	**Implemented** (a) Local Project Appraisal Committee meetings were being held before implementation of projects. Based on the sample of four projects reviewed, the audit team noted that the Office signed all work plans before starting to implement project activities. b) The Office established LTAs for micro-assessment. At the time of the audit, micro-assessment of partners had been completed. c) The Office established a Project Committee and reviewed all project implementations, including project closure to ensure that required supporting documents had been obtained.

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		keeping record of all required supporting documents.	financial closure of projects process All supporting evidence had been uploaded into CARDS.	
7	Weaknesses in project definition, initiation and implementation	**Medium (Important)** The Office should improve the financial management of projects by: (a) conducting a regular review of transactions to ensure that they are intended for project activities only; and (b) improving the record keeping system to justify all transactions and regularizing all exceptions noted by the audit.	**Implemented** As part of the implementation of this recommendation, the following actions had been taken in accordance with the Office's action plan: (a) All Combined Delivery Reports for the first semester had been signed by UNDP. Examples of reconciliations done at project level had been uploaded into CARDS. (b) Vouchers were currently being scanned and stored on two media, one of which served as a back-up.	**In Progress** (a) The audit team noted that for a sample of four projects, Combined Delivery Reports were signed, and financial reconciliations were done at project level. (b) At the time of the audit, not all financial exceptions noted had been addressed by the Office. For example, the Office did not take action on the amount of $15,627 charged to Project 94730 that needed to be reimbursed. Also, an advance of $4,692 charged to Project 94730 had not been properly liquidated, and vouchers totaling $681,070 charged to Project 89429 had inadequate supporting documents. The audit team noted that the Office had implemented, through SharePoint, an archiving mechanism to keep digital copies of vouchers. Agreed revised implementation date: **30 June 2019**
8	Weaknesses in the Managing Agent function	**High (Critical)** The Office should strengthen its oversight of the Common Humanitarian Fund by: (a) establishing a capacity assessment framework to allow for	**Implemented** In accordance with the management action plan, the Office took the following actions: (a) Three LTAs were signed with audit firms for micro-assessments, spot checks and	**Implemented** (a) In 2018, micro-assessments and spot checks were successfully conducted by audit firms for partners that received cash transfers. Furthermore, outcomes of the micro-assessment were considered when selecting implementing partners.

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		the proactive identification, monitoring, and response to risks; and (b) establishing a mechanism to rate and adjust NGO risk ratings based on the results of the capacity assessments, audits, and spot checks; (c) and conducting spot checks in accordance with the plan and HACT Framework requirements.	HACT audits. All micro-assessments had been finalized and uploaded into CARDS. (b) In April 2018, the Humanitarian Funds Advisory Committee recommended full consideration of micro-assessment results among the eligibility criteria of implementing partners. (c) Spot checks were conducted, and reports uploaded both in CARDS and in the Harmonized Approach to Cash Transfer platform.	(b) NGO risk ratings were currently based on the results of the micro-assessments. (c) The Office prepared a spot-check plan and missions were conducted by the audit firms contracted through the LTA. Furthermore, the new Harmonized Approach to Cash Transfer platform in SharePoint set up by UNDP headquarters made it possible to flag all partners who received funds beyond the threshold of $300,000. As a result, the establishment of spot check plans was facilitated through this platform.
9		**High (Critical)** The Office should strengthen oversight of fund transfers to NGOs by: (a) establishing a mechanism to review NGO's financial transactions prior to any transfer of funds – the extent of the review should be based on NGO's risk rating; and (b) requesting NGOs to provide the necessary justifications for the transactions not adequately documented. Due consideration to discontinue the working relationships with the two NGOs of concern should be envisaged, if	**Implemented** A memorandum to formalize internal controls within the Common Humanitarian Fund unit had been established. Also, a checklist had been put in place for the validation of Funding Authorization and Certificate of Expenditures (FACE) forms. It allowed to trace the type of controls and individuals involved in the control process. This check was systematically performed for all payment requests submitted by partners. Results of the audit conducted by OAI were shared with partners. Based on discussions with the Office for the Coordination of Humanitarian Affairs, the two NGOs flagged by OAI were	**Implemented** (a) The audit reviewed a sample of five transactions and noted that internal controls put in place by the Office were adequate and effective. (b) The checklist established by the Office was systematically prepared and described all the different controls performed prior to validating the FACE forms. (c) The Office shared evidences attesting that the two NGOs were excluded from Common Humanitarian funding.

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		no satisfactory explanation is received.	suspended from humanitarian funding.	
10	Lapses in monitoring and recording of advances to implementing partners.	**High (Critical)** The Office should strengthen its oversight and recording of advances to implementing partners by: (a) recording expenses to the appropriate accounting period and only after receiving, verifying and accepting the supporting documents; (b) ensuring that vouchers are paid prior to recording their corresponding advance; and (c) monitoring closely and actively engaging with the implementing partners on long outstanding advances not reconciled within six months.	**Implemented** The Office organized training sessions for implementing partners on the proper completion of FACE forms and the requirement of reporting expenses on a quarterly basis. A control checklist was also put in place to ensure that relevant supporting documents were verified and certified prior to recording expenditures in Atlas. With the new control checklist, the verification was systematically done to ensure that at least 80 percent of the previous advance and 100 percent of all earlier advances had been liquidated prior to the release of the next installment. The Office set up a systematic follow-up of cash advance ageing (between four and six months). Email reminders were sent out, and close monitoring was performed with respective partners. As of the follow-up audit, the Office did not record any cash advance outstanding for more than six months.	**In progress** (a) The audit team noted that expenses were recorded within the appropriate accounting period and only after receipt, verification and acceptance of the supporting documents. (b) The review of a sample of transactions of nationally implemented projects did not show inadequate advance payments**.** (c) The Office established a monitoring system to send reminder to implementing partners on long outstanding advances. However, the audit team noted that five long outstanding advances were still not liquidated within six months. Also, evidence of reminders was not shared with the audit team in three cases. Furthermore, in two cases, reminders had not been sent in a timely manner. Agreed revised implementation date: **31 December 2019**
11	Weaknesses in financial management. oversight and controls	**High (Critical)** The Office should strengthen financial management by: (a) providing remedial training to finance staff	**Implemented** As part of the implementation of this recommendation, the following actions had been	**In progress** (a) The finance staff member had registered for professional certification. One staff had already taken the exam and two staff

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		and ensuring that they obtain the required certification, as well as providing adequate oversight and controls of financial operations;(b) submitting missing supporting documents related to the payment vouchers amounting to $801,405 to the audit team for review; and (c) implementing the Direct Project Costing for all projects and programmes in the implementation of a development activity or service provided by UNDP.	taken in accordance with the Office's action plan: (a) The staff in the Finance Unit had been registered to take the professional finance certification. (b) The vouchers and supporting documents related to the payment amounting to $801,405 had been submitted to OAI. (c) An administrative note on the implementation of Country Programme Document had been instituted and signed. Also, the implementation of the Direct Project Costing policy had been configured in Atlas.	members were waiting for their schedule. (b) Although the audit team was able to obtain supporting documents for some of the missing vouchers noted during the November 2017 audit, the Office was still not able to provide adequate evidence on three vouchers amounting to $219,334. This included one duplicate payment of $896 (where the vendor has not reimbursed the Office), one missing voucher of $3,341, and one payment of $215,097 for generators purchased. In addition, there was no valid explanation for the $30,000 shipping fees paid. The delivery note received by the audit team did not confirm that all items listed in the purchase orders were received. At the time of the Audit, the Office was still trying to locate the missing documents. (c) The Office management had established a Direct Project Costing strategy for 2019. Even though the process was not yet fully implemented, the Office agreed with several donors and the Government the implementation of Direct Project Costing policy for their projects with UNDP. Agreed revised implementation date: **30 June 2019**
12	Weaknesses in assets management	**High (Critical)** The Office should	**Implemented** As part of the second quarter 2018 asset certification, the	**In progress**

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		improve asset management by: (a) maintaining accurate and up-to-date records of assets in Atlas, including establishing a mechanism to ensure that assets are properly tagged, recorded and updated with the names of custodians and asset IDs matching the Atlas records; (b) complying with the policies related to missing/stolen assets which require the Office to conduct a fact-finding inquiry for assets over $1,000; and (c) ensuring that all assets including those located within the projects are physically verified and that a complete and accurate list of custodial items is maintained.	Office completed a comprehensive inventory of all office and projects assets. In accordance with UNDP procedures, the Office finalized its physical inventory and requested another UN agency to investigate on items declared as missing or stolen. As a result, several assets were found, and adjustments were made in Atlas. The comprehensive inventory conducted in May 2018 covered all assets, including those belonging to projects as well as those located in two project offices. All these assets had been correctly registered in the Atlas In-Service-Report.	(a) The Office did not provide OAI with the comprehensive list of custodial items in use. (b) Investigations by the other UN agency on items declared as missing or stolen were still pending**.** The Atlas In-Service-Report was still not up-to-date as the audit team noted the following exceptions during the physical verification of 12 assets: • Three assets were not found. • The asset focal point was involved in the physical verification of assets, which was not in compliance with the Internal Control Framework. • Locations for six assets entered in Atlas did not match with those noted by the audit team during the physical verification. Agreed revised implementation date: **31 December 2019**
13	Weaknesses in fuel and vehicle management processes	**Medium (Important)** The Office should strengthen fuel and vehicle management by: (a) implementing an effective monthly reconciliation of fuel consumption for each vehicle and generator to reconcile consumption and identify variances warranting further action; and (b)	**Implemented** As part of the implementation of this recommendation, the following actions had been taken in accordance with the Office's management action plan: After consultation with the Bureau for Management Services and in accordance with the UNDP policy on vehicle management, it was	**In progress** (a) Monthly reconciliations of fuel consumption were not regularly prepared by the Office. Also, the Office did not establish standard operating procedures to formalize controls put in place on fuel management. The audit team reviewed the generator consumption report. Several inconsistencies were noted. Further, operating hours of the generator were not

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		obtaining the adequate authorization from the Resident Representative and the Bureau for Management Services for the use of vehicles after three months.	clearly established that international personnel are authorized to use the office vehicles for personal use only for a period of three months from the date of arrival at the duty station. Therefore, a memo has been signed by the Resident Representative to suspend the use of vehicles by the staff members from January 2019.	systematically reported in the logbook. (b) A memo was signed by the Resident Representative a.i. to suspend the use of vehicles by international staff members from January 2019. Agreed revised implementation date: **31 December 2019**
14	Weaknesses in travel management	**Medium (Important)** The Office should strengthen travel management by: (a) providing adequate training to staff involved in travel management and requesting that trip analyses with alternate routes are undertaken and properly documented; (b) completing F10 forms with adequate supporting documents, and submitting them within the required timeframe; and (c)collecting from the relevant staff members the overpaid travel entitlements and obtaining approval from the Bureau for Management Services for business class upgrade in the future.	**Implemented** As part of the implementation of this recommendation, the following actions had been taken in accordance with the Office's management action plan: (a) A training session on e-travel was organized. Also, a travel trip analysis was systematically done and documented for each travel. (b) A tracking table had been set up for travel claims and travel claim forms were systematically collected within 15 days of return from the travel. (c) The two staff members, who were overpaid with travel entitlements, have refunded the related amounts.	**In progress** (a) The Office shared with the audit team evidence that a training session on e-travel had been organized in April 2018. Furthermore, travel trip analyses had systematically been done and documented in all of the cases tested by the audit team**.** (b) On a sample of three travels involving 14 people from the national counterpart, five travel claims forms were not provided. In four cases, 100 percent of daily subsistence allowance were paid to national counterpart meeting participants, while only 80 percent should have been paid. Also, four forms were not completed properly. As such, there was no assurance that advances were properly liquidated. (c) The Office had not recovered from the relevant staff members and implementing partners overpaid travel entitlements totalling approximatively $2,000. Agreed revised implementation date: **31 December 2019**

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15	Procurement functions not efficiently set up	The Office should strengthen its procurement functions by: (a) completing a consolidated procurement plan and taking into account requisitions from projects, identifying economy of scale, and using the plan as a strategic tool to timely initiate procurement activities; (b) developing effective sourcing practices (rosters, Long Term Agreements, pre-qualification of suppliers and consultants) and risk management based on the outcome of the consolidated procurement plan; and (c) centralizing procurement activities, developing SOPs for procurement processes, and clarifying roles and responsibilities.	**Implemented** The following actions had been taken by the Office: (a) Project procurement plans had been entered into the new procurement planning system, which automatically generated the consolidated procurement plan for the Office. (b) Rosters and pre-qualification of consultants had been established. (c) A standard operating procedure on procurement activities had been prepared and disseminated to all staff members.	**Implemented** (a) The 2018 procurement plan had been prepared and entered in the new procurement planning system. Processes related to preparation and updating of the procurement plan had been documented as per the Office's standard operating procedure on procurement. A memo signed by the Office senior management in February 18 had been sent to the different units requiring submission of procurement plans no later than 31 March 2019. b) The Office established a roster of consultants. c) The standard operating procedure on procurement had been implemented and included adequate description of staff roles and responsibilities.
16	Weaknesses in procurement oversight and vendor management	**High (Critical)** The Office should improve its oversight mechanism over procurement activities by: (a) ensuring that all procurement cases are submitted to the appropriate procurement review committees for approval before awarding contracts; (b)	**Implemented** (a) The 2018 Contracts, Assets and Procurement Committee (CAP) members had been nominated. As part of the new practices introduced by the Bureau for Management Services, cases eligible for direct submission were directly submitted to the CAP Chairman's for review.	**In progress** a) The Office failed to submit to the procurement review committees seven cases that exceeded the procurement thresholds. b) Roles and responsibilities of CAP members were clarified in the Terms of Reference of the Committee. c) The audit team noted that the vendor database was free of

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		clarifying roles and responsibilities of Contracts, Assets and Procurement Committee members to ensure that procurement cases are adequately reviewed; and (c) exercising due diligence when creating vendors in Atlas, and periodically reviewing the vendor database to ensure no duplicate or invalid records.	Furthermore, meetings were held online to review cases submitted to the CAP. All procurement cases eligible for the review of the Regional Advisory Committee on Procurement had been submitted timely. (b) An internal memorandum had been prepared to remind staff members on the importance of requisitions. The memo clearly indicated staff roles and responsibilities and their respective delegations of authority. (c) A control checklist had been put in place to ensure that all required documents were provided prior to creating or approving new vendors. Also, reviews of vendors were regularly performed. At the time of the audit, the Office did not have duplicate vendors or vendors sharing the same banking details.	duplicate vendors and vendors with the same bank details. Agreed revised implementation date: **31 December 2019**
17	Deficiencies in contract management	The Office should strengthen its contract management oversight by: (a) undertaking competitive procurement processes for all procurement of goods and services above $2,500 and properly justifying any exceptions; (b) properly justifying adherence to Financial Rule 121.05 when recruiting consultants; and (c)	**Implemented** a) A standard operating procedure on procurement processes had been established to clarify roles and responsibilities of the various stakeholders. In addition, procurement thresholds were reviewed by the Bureau for Management Services as part of its streamlining processes. (b) Processes for adequate management of Individual Contracts were also included in the standard operating	**In progress** a) Three out of the five direct contracting cases tested by the audit team were not sufficiently documented by the Office. b) The audit team reviewed records of five Individual Contracts and noted that all recruitments underwent a competitive process. c) The audit team reviewed four purchase orders on civil works and noted that payments were based

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		making payments based on valid civil works contracts and ensuring bank guaranties are obtained for advance payments to the suppliers and undertaking suppliers' evaluation at the completion of the civil works.	procedure. The Office ensured that the required consultations were conducted during the selection of consultants. (c) For civil works contracts that required advance payments, the Office ensured that bank guarantees were provided. Also, the Office systematically prepared suppliers' evaluation at the completion of civil works contracts.	on valid contracts and bank guarantees were obtained. Agreed revised implementation date: **31 December 2019**
18	Incorrect payments of danger pay allowance and inadequate recovery of salary advances	**Medium (Important)** The Office should enhance controls when paying danger pay allowances and salary advances by: (a) not paying danger pay allowances when the staff member is on annual leave and away from the duty station for more than seven calendar days; (b) recovering all identified 2016 and 2017 overpayments of danger pay allowances as well as salary advances from relevant staff; and (c) establishing a mechanism to monitor recovery of salary advances.	**Implemented** As part of the implementation of this recommendation, the following actions had been taken by the Office: (a) A memorandum clarifying the policies and procedures for payments of danger pay allowance was uploaded into CARDS. (b) The overpayment of danger pay allowances was recovered from the staff in January and February 2018. (c) A salary advances recovery table was established to follow up on outstanding payments.	**Implemented** (a) The Office established a memo clarifying requirements and eligibility of personnel to danger pay allowances. (b) The Office took the necessary actions to recover $28,098 out of the $33,148 (85 percent) danger pay allowances that were incorrectly paid. The remaining balance of $5,050 pertained to seven terminated staff members who did not respond to the Office request for refund of overpayments. The supporting evidence was provided to the audit team. (c) As of February 2019, the Office had only one long outstanding salary advance amounting to $3,624. The Global Shared Service Unit was attempting to recover the amount through the staff pension fund.

Rec No.	Issue title	Recommendation	Implementation status reported by UNDP Central African Republic	OAI assessment
[**NOTE**: This section has been redacted as it is deemed to contain sensitive information.]				
█	██████	██████	██████	██████
20	Lapses in management of Resident Coordinator's Office budget	**Medium (Important)** The Office should improve the management of the Resident Coordinator's Office budget by: (a) proving adequate training to the Resident Coordinator's Office staff on budget allocation and enhancing oversight on expenses; and (b) reconciling all expenses and making appropriate adjustments to the Resident Coordinator's Office budget.	**Implemented** The Office provided evidence that: (a) A capacity-building session of the Resident Coordinator Office team was organized to present the financial monitoring tools for projects in Atlas. (b) The Resident Coordinator Office annual work plan was entered on two specific outputs and reflected in the budget set up in Atlas.	**Implemented** (a) The Office provided evidence that the Resident Coordinator Office staff members had been provided a training on project financial management. (b) The Office established a log book for all payment requests by Resident Coordinator Office, which was used to follow up, monitor, and reconcile transactions.

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**   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.

▪ **Partially Satisfactory / Some Improvement Needed**   The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.

▪ **Partially Satisfactory / Major Improvement Needed**   The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.

▪ **Unsatisfactory**   The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

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. Failure to take action could result in 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.