



AUDIT

OF THE

UNDP AMKENI WAKENYA PROGRAMME

IN

KENYA

Report No. 1246
Issue Date: 10 January 2014

Report on the audit of UNDP Amkeni WaKenya Executive Summary

From 16 to 26 September 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the “Amkeni WaKenya” Programme (the Programme) in Kenya (the Country). The audit covered the activities of the Programme during the period from 1 January 2012 to 30 June 2013. During the period reviewed, the Programme recorded programme and management expenditures totalling \$14 million. The last audit of the Programme as part of the audit of the UNDP Country Office in Kenya (the Office) was conducted by OAI in 2011.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit rating

OAI assessed the Programme as **partially satisfactory** which means “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.” This rating was mainly due to delays in the processing of grants and inadequate programme monitoring. Ratings per audit area are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				
2. Programme/project management				
3. Monitoring and evaluation				

Key issues and recommendations

The audit raised two issues and resulted in two recommendations, both ranked high (critical) priority, meaning “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 and may affect the organization at the global level.” These recommendations include actions to address delays in the processing of grants and to improve the monitoring of the Programme.

The high priority recommendations are as follows:

Programme/project management (Issue 1)	<u>Delays in the processing of grants.</u> There were significant delays in the contracting of and disbursement of grants to Civil Society Organizations (CSOs). As a result, some CSOs were pre-financing activities from their own sources of income (public donations, other donor funds) and the delivery of the activities was impacted with the risk that they would not be relevant anymore. The delay also resulted in administrative costs for numerous no-cost Project Cooperation Agreement (PCA) extensions processed by the Office. OAI recommends that the Office review the grant making process, particularly
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the drafting of contracts and disbursements of funds, to expedite the process and comply with the terms and conditions of the PCA.

Monitoring and
evaluation
(Issue 2)

Inadequate programme monitoring. OAI noted shortcomings in the monitoring of CSOs and grants, as follows: The frequency of project field visits was insufficient as projects were visited once or twice in a lifetime while quarterly visits were foreseen in the Programme Monitoring and Evaluation (M&E) Framework. The central progress tracking system envisaged in the Project Document in 2008 was not yet in place, making it unclear how data gathered at the CSOs level fed into the more strategic outcome at the Programme level. Baseline data was missing or insufficient to allow proper assessment of the results. OAI recommends that the Office: (a) review the Programme's structure and capacity to improve field visit coverage; (b) introduce a central tracking database which allows the consolidation of CSO data, in line with the M&E Framework at the activity, output and outcome level; and (c) develop quantitative baseline data to facilitate the measurement of the results achieved at the end of the programme cycle in 2015.

The implementation status of previous OAI audit recommendations (Report No. 861, 21 March 2012) was also validated. All three recommendations were noted to be fully implemented.

The Resident Representative accepted both recommendations and is in the process of implementing them.



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