

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

SOMALIA

Report No. 1299
Issue Date: 20 June 2014

Report on the audit of UNDP Somalia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Somalia (the Office) from 24 March to 10 April 2014. 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 and strategic management (organizational structure, leadership, ethics and values, risk management, planning, monitoring and reporting, financial sustainability);
- (b) United Nations system coordination (development activities, support to the Resident Coordinator's Office);
- (c) programme activities (programme management, partnerships and resource mobilization, project management); and
- (d) operations (human resources, finance, procurement, information and communication technology, general administration, asset management, leave management).

The audit covered the activities of the Office from 1 January to 31 December 2013. The Office's premises for both Kenya and Somalia are located in the United Nations complexes in Nairobi, and therefore the audit did not cover safety and security, as this is being managed by the United Nations Office at Nairobi. Additionally, the Harmonized Approach to Cash Transfers as a modality in the Country was also not audited, as it had not yet been introduced by the United Nations Country Team. The Office recorded programme and management expenditures during the audit review period totalling \$59 million. The last audit of the Office was conducted by OAI in 2012.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the Office 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 weaknesses in governance and strategic management, and programme activities.

Some allegations of possible misconduct were brought to the attention of OAI and are being dealt with separately.

Key recommendations: Total = 6, high priority = 2

For high (critical) priority recommendations, 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. All high (critical) priority recommendations are presented below:

Outdated organograms and inconsistent job descriptions (Issue 1)	The Office organogram had not been updated since 2012. Reporting lines were unclear and inconsistent when compared with job descriptions. <u>Recommendation:</u> Review and update the Office's organogram to improve the
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Weak practices in project supervision and assessment of implementing partners (Issue 3)

organizational structure and functioning of all offices, and to clarify roles, responsibilities and accountabilities.

Overall project supervision and capacity assessment of implementing partners were inadequate. At the office level, practices on capacity assessments of implementing partners were inadequate, field verification visits were insufficient and funds provided to partners were not recorded as advances. At the project level, project documents were not signed by and shared with government representatives, project boards did not meet regularly, and project reports were either poorly written or not prepared at all. All of these practices resulted in weak supervision of project implementation, poor risk management, and lack of proper reporting of funds utilization.

Recommendation: Improve programme and project implementation by strengthening the supervision and oversight of projects, assessing and monitoring capacities of implementing partners, and managing related risks.

Implementation status of previous OAI audit recommendations: Report No. 965, 10 August 2012.

Total recommendations: 9

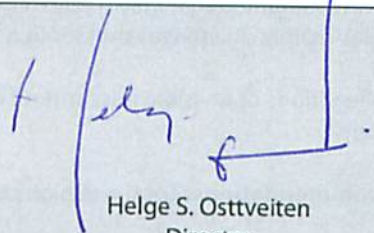
Implementation status: 33 percent.

The low rate of implementation is the result of the difficult operating environment in the Country including the attack on the United Nations compound in Mogadishu in June 2013. This was coupled with successive management change in the Office since the last audit.

Management comments and action plan

The Resident Representative accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less impact (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Osttveiten
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