



AUDIT

OF

UNDP COUNTRY OFFICE

IN

MALI

Report No. 1569

Issue Date: 19 May 2016

Report on the audit of UNDP Mali Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Mali (the Office) from 10 to 26 February 2016. 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 and delegations of authority, leadership/ethics and values, risk management, planning, business continuity, monitoring and reporting, financial sustainability);
- (b) United Nations system coordination (development activities, Resident Coordinator Office, role of UNDP – “One UN”, Harmonized Approach to Cash Transfers);
- (c) programme activities (programme management, partnerships and resource mobilization, project management); and
- (d) operations (human resources, finance, procurement, information and communication technology, general administration, safety and security).

The audit covered the activities of the Office from 1 January to 31 December 2015. The Office recorded programme and management expenditures of approximately \$51 million during the period under audit. The last audit of the Office was conducted by OAI in May/June 2013.

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 mandatory training courses not being completed, ineffective oversight over pending transactions, and ineffective oversight over procurement practices.

Good practice

The Office developed an e-application system to better monitor its operations, which offered the following: (1) an asset module to control all assets, regardless of their costs; (2) a database recapitulating all HR information of staff members, including security and health-related information; and (3) a service request tracking system for the online follow-up of all requests. This database also allowed for locating staff members at any time and a Global Positioning System (GPS) for locating their residences. This module was accessible to requestors and all operations staff, which contributed to improving workflow. These innovations should strengthen internal controls and improve the performance of the Office.

Key recommendations: Total = **11**, high priority = **3**

The 11 recommendations aim to ensure the following objectives:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	3, 4, 6	Medium
Effectiveness and efficiency of operations	10	Medium
Safeguarding of assets	1, 11	Medium
	8	High
Compliance with legislative mandates, regulations and rules, policies and procedures	2, 7	Medium
	5, 9	High

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:

Mandatory training courses not completed (Issue 5)

The review of the human resources statistics showed that only two staff members completed all of the mandatory courses and none of the service contract holders completed the security training courses required by UNDP.

Recommendation: The Office should set up a timetable for all staff members and service contract holders to complete all mandatory training courses and monitor and track completion.

Ineffective oversight over pending transactions (Issue 8)

The Office had not reviewed or followed up on 165 transactions amounting to \$0.8 million that were pending finalization in Atlas (enterprise resource planning system of UNDP) from 2010 to 2015. These pending transactions comprised of vouchers with missing supporting documentation, vouchers that were to be cancelled or reprocessed, vouchers with cheques to be printed, and vouchers without sufficient details to be investigated.

Recommendation: The Office should strengthen oversight over pending transactions by: (a) regularly and timely reviewing pending transactions and taking appropriate actions based on the review of these transactions; and (b) ensuring cancellations of transactions are fully processed, leaving no option in Atlas to reprocess payments on cancelled vouchers.

Ineffective oversight over procurement practices (Issue 9)

The review of the procurement function through a sample of 20 procurement cases, amounting to \$6.9 million, identified the following exceptions: (a) negotiation and splitting of a contract, which resulted in bypassing a higher-level procurement review committee (Regional Advisory Committee on Procurement); and (b) a lack of evidence of substantive review of procurement cases by the Contracts, Assets and Procurement Committee.

Recommendation: The Office should strengthen oversight over procurement practices by:
(a) submitting procurement cases to the appropriate review committee;

(b) providing evidence of substantive review from the Contracts, Assets and Procurement Committee to support the evaluation results.

Implementation status of previous OAI audit recommendations: Report No. 1143, 11 December 2013.

Total recommendations: 15

Implemented: 15

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

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Helge S.
Osttveiten
2016.05.19
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Helge S. Osttveiten
Director
Office of Audit and Investigations