

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

RWANDA

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Report on the Audit of UNDP Rwanda Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Rwanda (the Office) from 14 to 24 March 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 [HACT]);
- (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 \$17.1 million. The last audit of 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*.

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 due to flawed recruitment processes, inadequate controls over the disbursement of project funds, procurement procedures not being adhered to, and inadequate vendor management.

Key recommendations: Total = 4, high priority = 1

The four recommendations aim to ensure the following: (a) reliability and integrity of financial and operational information (Recommendation 2 – high priority); (b) effectiveness and efficiency of operations (Recommendations 1 and 4 – medium priority); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 3 – medium priority).

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. The high (critical) priority recommendation is presented below:

Inadequate controls over disbursement of project funds (Issue 2)

The audit reviewed a sample of 25 vouchers valued at \$2 million (11 percent of the total amount of vouchers processed during the audit period), all of which were requests for the disbursement of project funds to implementing partners. For 7 of the 25 vouchers reviewed (\$342,310), there was no evidence that the

Finance Unit verified cash book balances submitted by the implementing partner against the cash balance reported in the completed Funding Authorization and Certificate of Expenditure form before payments were processed.

Recommendation: The Office should strengthen controls over the disbursement of project funds by ensuring that: (a) the verification of documents supporting the request for project funds takes place consistently; (b) any missing documents or balances that do not tally are questioned; and (c) payment vouchers are not processed until all documents are submitted and enquiries are satisfactorily addressed.

Management comments and action plan

The Resident Representative accepted all four 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.



Helge S. Osttveiten
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