

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**SENEGAL**

**Report No. 1712**

**Issue Date: 16 December 2016**

## Report on the Audit of UNDP Senegal Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Senegal (the Office) from 11 to 22 July 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 (leadership, corporate direction, corporate oversight and assurance, corporate external relations and partnership);
- (b) programme (quality assurance process, programme/project design and implementation, knowledge management);
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, staff and premises security); and
- (d) United Nations leadership and coordination.

The audit covered the activities of the Office from 1 January 2015 to 30 April 2016. The Office recorded programme and management expenditures of approximately \$51 million. The last audit of the Office was conducted by OAI in 2011.

In June 2016, OAI, through Moore Stephens LLP, conducted an audit (covering financial transactions as well as internal controls and systems) of the *Programme d'urgence de Développement Communautaire* (PUDC) project. That audit covered the period from 1 January to 31 December 2015. The audit firm rendered an unqualified opinion to the financial statements. There were internal control weaknesses noted related to the management of individual contracts, human resources, supporting documentation and filing of transactions, and Treasury management. The audit firm assessed the project internal controls as partially satisfactory. It should be noted that the audit firm reviewed the internal controls pertaining to transactions processed in 2015 only, while the current audit covered 2015 and first four months of 2016. Therefore, the current audit also covered the implementation of activities and transactions processed in 2015.

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 payment processes, deficiencies in the procurement and management of civil works, and improper contracting of a vendor for the supply of agricultural equipment.

**Key recommendations:** Total = 13, high priority = 4

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1, 2, 3, 5, 7	Medium
Reliability and integrity of financial and operational information	4, 8	Medium
Effectiveness and efficiency of operations	6	High
	13	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	12	Medium
	9, 10, and 11	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:

**Weakness in payment process (Issue 6)** The Office had 425 cancelled and reissued vouchers with a total value of \$4 million. This was made up of 155 cancelled and unpaid vouchers amounting to \$0.3 million and 270 reissued and paid vouchers amounting to \$3.7 million. The audit team reviewed a sample of 30 cancelled vouchers amounting to \$1.7 million and noted that the reason for the high number of cancelled vouchers was the weak capacity of the finance staff processing the vouchers and the lack of proper guidance provided to the staff. Also, there was no interface between Atlas (enterprise resource planning system of UNDP) and the local bank in the Country because the banking system could not read the Universal File Format (UFF) files extracted from Atlas.

**Recommendation 6:** The Office should strengthen the management of the payment process by: (a) implementing measures to reduce the number of payment cancellations, such as providing proper guidance and training to staff members to avoid human errors that cause payment cancellations; (b) directing staff to properly complete the request for payment cancellation form, including properly documenting the reasons for payment cancellations; and (c) conducting a survey with the aim to identify if another local bank can provide the Office with better services.

**Deficiencies in procurement and management of civil works (Issue 9)** The audit team visited 6 out of 22 civil works projects managed by the Office and noted weaknesses. Specifically, two of six sites visited related to the construction of water towers and security lodge that were reported as 100 percent completed. However, the field visits disclosed that the work was still in progress. The audit team also noted delays for two of six sites visited related to the drilling works of the PUDC project and the construction of roads. However, contracts were not amended to reflect the delays. Also, the vendor was already working on the additional work that was not included in the original contract for road construction during the OAI field visit in July 2016. The additional work was contracted by a post-facto amendment to the contract in September 2016 and it increased the price by \$76,000 (8.5 percent of original contract price).

In addition, the review of the evaluation and awarding process for the construction of 80.3 km of roads disclosed that proposals received were not fully compliant with the Request for Proposal, that there were unwarranted rejections of bids, and that the awarded vendor was not fully compliant with the Invitation

to Bid.

Recommendation 9: The Office should strengthen management and monitoring of civil works contracts by: (a) properly assessing work completion; (b) amending the civil works contracts with updated dates when delays are noted prior to the additional work; and (c) clearly specifying milestones in the civil works contracts so the completion rate reported in the minutes could be easily aligned to them.

Recommendation 10: The Office should enhance the process of procuring civil works by: (a) complying with the comments from the Advisory Committee on Procurement (ACP) for future bidding processes; and (b) using bidding conditions aligned to market conditions.

Improper contracting of vendor for the supply of agricultural equipment (Issue 10)

For one Invitation to Bid case amounting to \$2.8 million for the supply of road wheel harvesters, the second lowest priced technically responsive vendor was awarded the contract based on the arguments that the equipment brand offered by the lowest priced bidder (procured by the beneficiary during an earlier procurement process) had unfavourable user feedback and poor performance issues. OAI noted that the decision was not based on technical assessments by specialized engineers, but was mainly based on verbal feedback from farmers stating several problems with the equipment.

Recommendation 11: The Office should strengthen procurement management by providing all relevant information for ACP review.

### Management comments and action plan

The UN Resident Coordinator and UNDP Resident Representative accepted 10 out of the 13 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.

The three recommendations were not agreed upon and the Director, Regional Bureau for Africa, accepted the risk of not taking action on the issues identified (refer to issue 9, recommendations 9 and 10; and issue 10, recommendation 11).



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