

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

HAITI

Report No. 1856
Issue Date: 26 October 2017

Report on the Audit of UNDP Haiti Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Haiti (the Office) from 22 August to 1 September 2017. 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, and staff and premises security); and
- (d) United Nations leadership and coordination.

The audit covered the activities of the Office from 1 January 2016 to 30 June 2017. The Office recorded programme and management expenditures of approximately \$74.7 million. The last audit of the Office was conducted by OAI in 2014.

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 / some improvement needed**, which means, "The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to inadequate project closure processes.

Key recommendations: Total = 11, high priority = 1

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

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 project
closure process (Issue 3)

Out of a portfolio of 42 ongoing projects in Atlas (comprising 78 outputs), 15 of the projects (comprising 22 outputs) were set as having been implemented and should have been operationally closed as per the project end dates entered in Atlas. Additionally, 15 projects had "operationally closed" status in Atlas for over 12 months but were not financially closed by the time of the audit. Furthermore, the Office had a practice of transferring funds from one project to another without approval from the donor or the budget owner. This practice was followed to cover deficits in projects' financial statements or to fund future project activities, while expecting donor contributions to be received. This practice created an additional burden when closing the project, as most of the adjustments lacked supporting documentation on the reasons for temporarily covering deficits.

Recommendation: The Office should improve project closure by: (a) operationally and financially closing projects on time; and (b) refraining from transferring funds between projects without the donors' or budget owners' knowledge/written approval.

Implementation status of previous OAI audit recommendations: Report No. 1416, 13 February 2015.


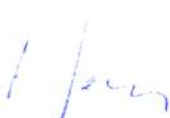
Total recommendations: 12

Implemented: 12

Management comments and action plan

The Senior Country Director accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (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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