

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

BOTSWANA

Report No. 1893
Issue Date: 21 November 2017

Report on the Audit of UNDP Botswana Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Botswana (the Office) from 18 to 29 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 expenses of approximately \$7.9 million. The last audit of the Office was conducted by OAI in 2011 and a follow-up audit was conducted 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/major improvement needed** which means, "The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to inadequate planning for programme resources and sub-optimal delivery rates, and inadequate procurement controls and contract management.

Key recommendations: Total = 4, high priority = 3

Objectives	Recommendation No.	Priority Rating
Effectiveness and efficiency of operations	1,2,3	High
	4	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 recommendations are presented below:

Inadequate planning for programme resources and sub-optimal delivery rates	Since 2014, the Office has not budgeted adequately for programme funds and had sub-optimal delivery rates. For the current programme cycle, out of a portfolio of 12 projects, only 8 projects representing 58 percent of the Office's programme portfolio had signed annual work plans and were being
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(Issue 1)	<p>implemented.</p> <p>Over the years, the Office has had challenges of delays with the finalization and signing of annual work plans, which led to programme implementation only starting in the second or third quarter of the year. Further analysis of the 2017 delivery rate showed that the recorded delivery of \$2.7 million included \$0.39 million of direct project costs. Actual programme delivery was \$2.4 million, giving an actual delivery rate of 44 percent.</p> <p><u>Recommendation:</u> The Office should improve planning for programme resources by: (a) adequately planning activities in advance to increase delivery and implement the current programme cycle (2017-2021) objectives; and (b) engaging with the national counterpart to introduce multi-year planning and budgeting.</p>
<p>Inadequate procurement controls (Issue 2)</p>	<p>The review of a selected sample of 20 purchase orders with a total value of \$732,836 (representing 20 percent of total procurement value of goods and services between 1 January 2016 and 30 June 2017) identified several weaknesses such as: (i) in all sampled cases, the initiation of procurement process in Atlas (enterprise resource planning system of UNDP) was completed after the suppliers had been sourced, contrary to the 'UNDP Programme and Operations Policies and Procedures'; (ii) in 15 out of the 20 cases reviewed, procurement was not completed by the Procurement Unit, but instead by the requesting unit, which was not always familiar with the relevant rules and regulations; (iii) in 10 cases there was inadequate proof of competitive selection; (iv) specifications and/or terms of reference in 3 out of the 20 selected cases were weak and did not clearly describe what was required from the supplier; (v) in three cases where changes in specification, quantity and submission dates, these were done with no justification and no clear documented evidence that the changes were communicated to the suppliers; and (vi) in two cases, procurement documents (e-requisition & purchase order) were prepared after the services were provided and invoices had been presented by the supplier for payment.</p> <p><u>Recommendation:</u> The Office should strengthen the procurement process by: (a) limiting procurement activities to the appropriate operations unit this is knowledgeable on the various rules that govern procurement; (b) considering the decentralization of the procurement function for goods and services that fall within the threshold for micro-purchasing; and (c) conducting training sessions that will ensure that staff are knowledgeable on the correct procurement processes to be followed.</p>
<p>Inadequate controls over contract management (Issue 3)</p>	<p>The review of 9 individual contracts out of 21 individual contracts issued between January 2016 and 30 June 2017, with a total value of \$206,530, noted weaknesses such as: (i) payments made for eight contracts amounting to \$193,335 without certification of services being completed; (ii) certification of two lump sum contracts amounting to \$35,731.60 was based on days worked and not on milestones achieved; (iii) three contracts of \$83,118.26 were renewed after the contracts' expiration date; (iv) payments made for two contracts totalling \$29,748, were not based on stated milestones or contract terms. In the case of one contract of \$13,195, 50 percent of the contract amount was to be paid when the last milestone had been achieved; however, upon request from</p>


the contract holder, the Office paid 40 of the remaining 50 percent without any certification of services rendered. In the second contract, travel costs of \$3,664 incurred by the individual contractor were not paid at the UNDP per diem rate as stated in the contract.

Recommendation: The Office should ensure that programme managers are fully knowledgeable on rules developed for the management of individual contracts and their roles in the process.

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 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.



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Director
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