

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
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AUDIT

OF

UNDP COUNTRY OFFICE

IN

LIBYA

Report No. 1243
Issue Date: 16 April 2014

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Table of Contents

Executive Summary	i
I. About the Office	1
II. Audit results	1
A. Programme activities	2
1. Project management	2
B. Operations	3
1. Human resources	3
2. Procurement	4
3. Information and communication technology	10
4. Safety and security	11
Definitions of audit terms - ratings and priorities	13

Report on the audit of UNDP Libya Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Libya (the Office) from 11 November to 4 December 2013. 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;
- (b) United Nations system coordination;
- (c) programme activities (programme management, project management, and partnerships and resource mobilization); and
- (d) operations (human resources management, procurement, finance, information and communication technology, and safety and security).

The audit covered the activities of the Office from 1 January 2012 to 30 September 2013. The Office recorded programme and management expenditures totalling \$19 million. The last audit of the Office was conducted by OAI in 2010.

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 human resources management, weaknesses in the Contract, Assets and Procurement Committee review, weaknesses in the Disaster Recovery Plan, [REDACTED] [REDACTED]. The majority of the reported audit issues relate to 2012 and the first half of 2013. OAI took into account improvements in the Office's internal processes and further enhancement of internal controls in the second half of 2013.

Key recommendations: Total = 8, high priority = 4

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:

Weaknesses in human resources management (Issue 2)	The Office did not have an adequate filing system in place, and was therefore unable to provide documentation to support that recruitment of personnel was carried out on a competitive basis. In addition, there were cases where job descriptions were not signed by staff members, mandatory training courses were not completed and performance assessments were not conducted.
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Recommendation: Improve human resource management by: (a) better organizing personnel files; (b) having staff members sign their job descriptions; (c) requiring all staff to complete the UNDP mandatory training courses; (d) and completing performance assessments for all staff.

Weaknesses relating to Contracts, Assets and Procurement Committee processes (Issue 4)

The Office's Contracts, Assets and Procurement Committee provided inadequate review and advice on procurement actions leading to the award or amendment of procurement contracts. In 10 cases with a value of \$1.2 million, the documentation submitted was incomplete and the Contracts, Assets and Procurement Committee meeting minutes did not demonstrate that the procurements were critically reviewed. There were also cases of post facto review and approval.

Recommendation: Strengthen the standard practices of the Contracts, Assets and Procurement Committee by: (a) ensuring that all required supporting documentation is submitted to the appropriate procurement review committee; (b) improving the review process of the Contracts, Assets and Procurement Committee by documenting its discussions and conclusions, and providing justification for the approval of the procurement cases; and (c) improving the planning and timeliness of submissions to the appropriate committees.

Weaknesses in the Disaster Recovery Plan (Issue 7)

The Office's Disaster Recovery Plan was incomplete and still in draft form. Furthermore, the Plan was missing critical information, and was not tested for adequacy.

Recommendation: Improve the Disaster Recovery Plan by: (a) completing relevant sections in accordance with the template issued by the Office of Information Systems and Technology; (b) sharing the Plan with all relevant staff; and (c) testing it on a regular basis.

[REDACTED]

[REDACTED]

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Management comments and action plan

The Resident Representative accepted all recommendations in the areas of safety and security, human resources, procurement, information and communication technology, and project management 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 impact (not included in this report) have been discussed directly with management and actions have been initiated to address them.

A handwritten signature in blue ink is written over a light gray rectangular background. The signature is cursive and appears to read 'H. S. Osttveiten'.

Helge S. Osttveiten
Director
Office of Audit and Investigations

I. About the Office

The Office, located in Tripoli, Libya (the Country), had experienced significant changes in its activities following an extended period of political unrest that started in February 2011, and ended with regime change in October of 2011. During the transition, the programme had been reviewed to take into account the changing priorities of the new Government. This transition continued throughout 2012 and 2013, as programme delivery had increased to \$14 million, compared to \$6 million in 2010. There has been no significant increase in the number of office staff.

II. Audit results

Satisfactory performance was noted in the following areas and sub-areas, as governance, risk management, and internal control systems were adequately established and functioning well, and no reportable issues were identified:

- (a) Governance and strategic management. The control processes were adequate. The Office's allocation of roles and authority levels through Atlas user profiles was in line with the Internal Control Framework.
- (b) United Nations system coordination. Key controls were operating properly. The expenditure was in line with the planned budget.
- (c) Programme management. The review of the Country Programme Document for 2012-2014 approved by the UNDP Executive Board did not result in any reportable issues. The Office changed from the national to direct implementation modality following the regime change. The resource mobilization and partnership strategies were found to be adequate under the given circumstances.
- (d) Finance. Key controls were enhanced and operating more effectively in 2013 as compared to 2012, and this enabled the Office to improve the management of financial transactions.
- (e) General administration. The review of the Memorandum of Understanding for common services signed by United Nations agencies, the approval of the 2013 budget for common services as well as the status of collecting and recording contributions disclosed no reportable issues. Agency contributions for 2012 were fully paid, and for 2013 the contributions were on track.

OAI proposes 8 recommendations that are ranked high (critical) and medium (important) priority.

Low priority recommendations were discussed directly and agreed with the Office and are not included in this report.

High priority recommendations, arranged according to significance:

- (a) Improve human resources management (Recommendation 2).
- (b) Strengthen the standard practices of the Contracts, Assets and Procurement Committee (Recommendation 4).
- (c) Improve the Disaster and Recovery Plan (Recommendation 7).
- (d) Improve safety and security arrangements for the Office (Recommendation 8).

Medium priority recommendations, arranged according to significance:

- (a) Improve selection processes and management of individuals working as service providers and ensure the appropriate use of the individual contract modality (Recommendation 6).
- (b) Improve the opening and evaluation of procurement proposals (Recommendation 3).
- (c) Ensure that purchase orders are raised for all applicable procurement activities and at the full amount of the relevant contract obligation (Recommendation 5).
- (d) Improve project planning and implementation by using Atlas functionalities (Recommendation 1).

The detailed assessment is presented below, per audit area:

A. Programme activities

1. Project management

Issue 1 Gaps in project implementation and management

OAI reviewed a sample of 8 out of 14 active projects, representing 97 and 98 percent of the total project budgets and actual expenditures, respectively, during the period under review. While project implementation generally followed UNDP policies and procedures, OAI noted that:

- The Atlas project module was not fully used to capture activities, milestones and general documentation relevant to project implementation.
- Quarterly expenditure reports were not prepared and duly signed by responsible project and programme personnel to confirm accuracy and consistency of financial reporting for all projects.

Failure to regularly report on project implementation and expenditures, and failure to keep information complete and updated in UNDP's systems may affect the timely delivery of projects and may result in sharing inaccurate information with relevant stakeholders.

Priority	Medium (Important)
Recommendation 1:	
Improve project planning and implementation by using Atlas functionalities more efficiently by capturing all information on the status of project implementation and reporting to relevant stakeholders.	
Management action plan:	
All concerned staff responsible for ongoing projects will update Atlas and prepare/sign quarterly expenditure reports.	
Estimated completion date: June 2014	

B. Operations

1. Human resources

Issue 2 Weaknesses in human resource management

OAI reviewed a sample of 22 personnel contracts, including fixed-term appointments and service contracts, to determine compliance with relevant policies and procedures and to determine the effectiveness of the selection and separation processes.

The significant changes and the instability in the Country made living conditions difficult and less safe. As a result, the Office faced challenges in retaining staff for extended periods of time, and beyond the initial duration of their contracts. Furthermore, the Human Resources Unit did not have the required resources and capacity to handle the high rate of staff turnover, since the Unit only had only one staff member. Despite efforts in 2012 to strengthen the capacity of the Unit by recruiting additional staff for short-term assignments from other UNDP offices, the following weaknesses were noted:

(a) Lack of documentation to support competitive recruitment of personnel

Offices are to maintain complete personnel files, including documents related to recruitment to enable easy tracking or follow-up of necessary actions or decisions.

The Office did not have an organized and adequate filing system for personnel files. For example, individual staff members' files did not contain complete documentation in regard to recruitment and selection processes. Copies of job advertisements were not attached to files, even though doing so would have provided an indication as to how long recruitment processes were taking, and would have made it easier to match the candidate's qualifications to the approved terms of reference.

(b) Job description not signed by staff

Job descriptions represent an important tool in ensuring that staff members have a clear understanding of what is expected from them. OAI noted that in three out of seven reviewed recruitment cases, the concerned staff members did not sign their job descriptions to acknowledge their awareness and acceptance of their duties and responsibilities.

(c) Non-completion of UNDP mandatory training courses

Mandatory training courses are important for ensuring that staff and managers understand the various policies, regulations as well as the goals and objectives of the organization. At the time of the audit, 11 out of 33 staff members had not completed the UNDP mandatory training courses.

(d) Performance assessments not completed for all staff

A performance assessment not only measures a staff member's contributions towards corporate results, but is also a vital tool for career development.

In December 2013, OAI noted that 2012 performance assessments had not been completed for five staff members, despite the October 2013 deadline. Furthermore, the Office had not yet started uploading the targets for 2013 in the new performance management system, despite the delayed deadline of July 2013.

The non-completion of staff performance assessments within the required timeframe may result in the failure to provide timely feedback and the failure to address eventual weaknesses in staff performance. In addition, not having agreed upon performance targets may result in supervisors not having the proper criteria for conducting assessments.

Priority	High (Critical)
Recommendation 2:	
Improve human resources management by:	
<ul style="list-style-type: none"> (a) keeping on file adequate documentation to support the competitive recruitment of personnel and organizing personnel files using the human resources file checklist; (b) having staff members sign their job descriptions as an acknowledgement of their awareness and acceptance of their duties and responsibilities; (c) requiring all staff to complete the UNDP mandatory training courses; and (d) completing without delay the performance assessments for all staff, which should include targets for the coming year that should be uploaded in the performance management online system. 	
Management action plan:	
As the Job Fair was launched in February 2014, all job descriptions will be signed once candidates have been selected for posts. The filing system will be well-organized and all mandatory courses will be completed by all staff.	
All performance assessments for 2013 will be completed. Pending performance assessments from 2012 will be completed off-line. In addition, all performance targets for the coming year will be set.	
Estimated completion date: September 2014	

2. Procurement

Issue 3 Weaknesses in the opening and evaluation of proposals

UNDP policies and procedures require that business units ensure that adequate controls are in place for the entire procurement process, including the receipt and evaluation of offers. Regardless of how effectively each phase of the procurement process is executed, if the offers are not evaluated in a fair and transparent manner, the overall process fails. The purpose of evaluation in accordance with UNDP principles is to ensure that the selected proposal is the one that best meets the necessary qualifications and provides the best value for money to the organization. The Office recorded 944 purchase orders valued at \$17.8 million during the review period.

OAI noted the following deficiencies in the opening and evaluation of technical proposals for two procurement cases valued at \$135,000 and \$99,000:

- The opening of offers was done in the presence of the Evaluation Committee instead of an ad-hoc committee. The policies stipulate that, for greater independence and transparency, the opening of offers must be done in the presence of an ad-hoc committee, with at least two members who are not members of the procurement committee.
- Three offers were rejected during the opening stage and the proposals were not opened given that (a) an offer was submitted electronically, (b) a vendor did not have a permission to operate locally, and (c) poor past performance by the vendor. Two offers were rejected due to non-compliance with the administrative requirements set out in the 'Request for Proposal' and thus, the technical proposals were not evaluated. However, the criteria used in the assessment of the administrative requirements were not clearly stated in the solicitation documents and there was no evidence that all of the proposals were evaluated against these criteria. The policies stipulate that, except for late submissions (which shall be returned unopened to the offeror), no offer may be rejected at the opening stage. Thus, the offers should have been opened, duly evaluated and rejected only if warranted by the results of the evaluation process.
- In one case reviewed, the 'Request for Proposal' required that the proposals be in English. For cases where there was printed literature in a language other than English, a translation was required. However, some documents reviewed were written in Arabic, with no translations available.

Five cases valued from \$55,000 to \$700,000 indicated that between 42 and 194 days were spent on the evaluation and review processes. OAI noted that in all cases, most of this time was spent between the evaluation of proposals and the dates of submission to the Contracts, Assets and Procurement Committee.

When the opening and evaluation of proposals, including documentation and translations thereof, are not done in accordance with prescribed procedures, it may cause delays and obstruct proper review and evaluation of proposals, which could then result in inadequate procurement decisions.

Priority	Medium (Important)
Recommendation 3:	
Improve the opening and evaluation of procurement proposals by:	
<ul style="list-style-type: none"> (a) establishing an ad-hoc committee for the opening of offers, in cases of 'Request for Proposal' and 'Invitation to Bid' procurement processes, and following the procurement policies and procedures stipulated for the opening stage; (b) properly documenting and assessing the administrative requirements of offers against criteria stated in the solicitation documents; (c) complying with the language requirements established in the solicitation documents in order to enable all parties involved to easily review and evaluate proposals; and (d) ensuring the timely evaluation of proposals and submission of recommendations to the appropriate procurement review committee. 	

Management action plan:

- (a) In the second half of 2013, a procedure was put in place for the receipt and opening of offers, delegating the responsibility to an ad-hoc panel with a minimum of two members and a staff member from the Procurement Unit, who is not involved in the evaluation process. The procedure includes the receipt of offers submitted electronically.
- (b) The latest corporate sourcing documents for 'Request for Proposal', 'Invitation to Bid', and 'Request for Quotation' are being used to indicate the minimum administrative requirements and the evaluation criteria. A staff member from the Procurement Unit is participating as secretary of the evaluation process, in order to ensure that the evaluation is done based on the criteria previously defined in the sourcing documents.
- (c) English is the required language for proposals, however, it is important to highlight that some original legal documents and reference letters might be submitted in other languages. Every document used in the evaluation will be accompanied by an English translation.
- (d) The turnaround time of proposals in the Contracts, Assets and Procurement Committee on-line report will be reviewed on a regular basis.

Estimated completion date: April 2014

Issue 4 Weaknesses relating to Contracts, Assets and Procurement Committee processes

The Contracts, Assets and Procurement Committee, as the local review committee, is established to provide written advice on procurement actions leading to the award or amendment of procurement contracts. This Committee ascertains whether or not appropriate procurement principles and procedures have been followed, and ensures that the UNDP official entrusted with the delegated procurement authority is provided with all material information required to be able to make an informed procurement decision and award a contract. In addition, the Chairperson is required to perform a quality check and ensure the adequacy and completeness of submissions made to the higher level review committees, such as the Regional Advisory Committee on Procurement/Advisory Committee on Procurement, as applicable.

The following weaknesses were noted regarding the review process by the Contracts, Assets and Procurement Committee:

- OAI reviewed 10 cases with a total value \$1.2 million out of 32 cases amounting to \$4 million that were submitted for review during the audited period. OAI noted that submissions from the Evaluation Committee were incomplete. Key supporting documents from the procurement process were missing, such as: published advertisements seeking offers or invitations sent to providers; technical proposals from rejected offers; and minutes of meetings of the Evaluation Committee. In addition, there was no evidence that the Contracts, Assets and Procurement Committee requested to be provided with the missing information that would allow a diligent and comprehensive review of the proposals under review. Consequently, there were indications that all submissions by the Contracts, Assets and Procurement Committee to the Regional Advisory Committee on Procurement were incomplete and inadequate, since the latter had requested the submission of additional documentation and, in various instances, extensive clarification.

- In all 10 cases, there was no evidence that the Committee conducted critical review and had discussions to support their conclusions. Most of the comments simply rephrased the statements of the requester submitting the case.
- There were three cases valued \$145,000 submitted for review. However, the contract had already been issued and the review was done on a post facto basis. In another instance, a proposal was submitted on time. However, by the time the case was reviewed and recommended for approval, the service was already provided, requiring post facto approval.

As the independent review process is an important phase of the procurement cycle, inadequate evaluations and incomplete submissions may result in delays, and may increase the risk that the best value for money will not be obtained.

Priority	High (Critical)
Recommendation 4:	
Strengthen the standard practices of the Contracts, Assets and Procurement Committee by:	
<ul style="list-style-type: none"> (a) ensuring that all required supporting documentation is submitted to the appropriate procurement review committee; (b) improving the review process by documenting its discussions and conclusions, and providing justification for the approval of the procurement cases; and (c) improving the planning and timeliness of submissions to the appropriate committees. 	
Management action plan:	
All Contracts, Assets and Procurement Committee members will participate in procurement training organized by the Procurement Support Office in Copenhagen. In addition, the Committee has been restructured to include both national and international staff, with the Deputy Country Director as Chair.	
Furthermore, the secretary of the Committee will prepare a checklist to ensure that all required documents are attached to submissions.	
Estimated completion date: April 2014	

Issue 5 Incorrect use of purchase orders

Purchase orders represent legally binding commitments, entered into with third parties within a relevant period, for goods and services required by UNDP. Thus, purchase orders are to be raised in Atlas for the full amount of the contract, and at the time the contract is signed by both parties to reserve the necessary funds. UNDP policies and procedures prescribe that purchase orders be raised for all procurement exceeding \$5,000.

OAI noted the following weaknesses in the use of Atlas purchase orders:

- In four cases reviewed with total value of \$202,000, the Office did not create purchase orders when the contracts were signed and for the full amount of the contract. Instead, the Office created purchase orders when payment was due and only for the amount that was due at the time of payment.

- The practice of raising several purchase orders for one contract gives the appearance of splitting of purchase orders, which may result in not having the purchase order approved by the required level of procurement authority. Finally, in addition to creating significant additional administrative workload, the practice impedes the process of tracking the cumulative amount procured from vendors.
- The Office did not raise purchase orders for all transactions where this type of document was required (e.g. travel tickets and Daily Subsistence Allowance). OAI also noted two cases in which the Office did not raise purchase orders for the procurement of goods valued at \$19,000 and extension of a lease contract valued at \$396,000.

The practice of raising purchase orders based on several tranches of payments for a single contract, and the practice of not raising purchase orders at all may increase the risks of not having sufficient funds when payments are due. In addition, by not using purchase orders when required, the Office significantly weakens the controls set up for payment of procurement actions in Atlas.

Priority	Medium (Important)
Recommendation 5:	
Ensure that purchase orders are raised for all applicable procurement activities in compliance with UNDP policies and procedures and at the full amount of the contractual obligation when contracts are signed.	
Management action plan:	
All applicable procurement activities with the full committed amount have been registered properly in Atlas since the end of 2013.	
As for travel purchase orders, the Office is reviewing the implementation of the Travel Standard Operating Procedures to ensure implementation of the e-procurement module for travel services. Tickets will only be issued based on approved e-requisitions to raise one purchase order for a ticket and one purchase order for Daily Subsistence Allowance of staff.	
Estimated completion date: April 2014	

Issue 6 Deficiencies in the use of individual contract modality

The UNDP policies and procedures stipulate that the individual contract modality is to be used for the procurement of services of an individual to perform time-bound and non-staff related tasks aimed at delivering clear and quantifiable outputs.

OAI reviewed 13 individual contracts valued \$653,000 out of a total of 192 individual contracts valued at \$1.5 million and identified the following deficiencies in the use of the individual contract modality:

- For two cases valued \$99,000, the Office used direct contracting without documenting the required justification for not performing the competitive selection process. Further, no evaluation was available

to document that the selected individual contractors met the qualifications for providing the required services.

- Three contracts with consultants with a total value \$125,000 were extended and subsequent contracts were awarded to ensure that specific tasks could be completed. Having several extensions of contracts could lead to extra costs and potential reputational risks for the Office due to perceived lack of transparency. In one case, a series of contracts for the same tasks of an individual consultant accumulated to an amount that exceeded the threshold of \$100,000 in a 12-month period but were not submitted to the relevant review committee. The guidelines for individual contracts stipulate that any contract or series of contracts that have a cumulative value of above \$100,000 during a 12-month period should be reviewed by the Regional Advisory Committee on Procurement.
- The individual contract modality was used to hire personnel to perform core functions for extended periods. These included the functions of procurement assistants, ICT assistants, project assistants, operations assistants, and project officers. This practice is not in line with guidelines that individual contracts shall not be used to perform staff functions related to programmes, projects, operations or any other areas of UNDP activities. However, at the time of the audit, the Office was to initiate recruitment to fill the related vacant posts.

Priority	Medium (Important)
Recommendation 6:	
<p>Improve selection processes and management of individuals hired as service providers and ensure appropriate use of the individual contract modality by:</p> <ul style="list-style-type: none"> (a) using the competitive process in all instances and the direct contracting modality only in exceptional cases and with full justification and documentation; (b) conducting proper planning for the services needed from individual contractors and monitoring the accumulated amount awarded to them during the 12-month period; (c) including clear and quantifiable outputs in the contract and directly linking them to terms of payment; (d) using the individual contract modality only to engage individuals that will perform time-bound tasks that are not carried out by regular staff. 	
Management action plan:	
<p>The Office acknowledges certain weakness in regard to the management of individual contracts, however, improvements have been made as of the second half of 2013 in the management and sourcing of individual contracts, as explained below:</p> <ul style="list-style-type: none"> (a) A large number of consultants are sourced through the Bureau for Crisis Prevention and Recovery vetted roster which includes their daily fees. The availability of the consultant is checked based on terms of reference, and upon agreement, the consultants provide their offeror's letter confirming their interest and financial proposal. This also applies for any consultants that are not on the Bureau for Crisis Prevention and Recovery roster who are engaged through direct contracting, provided that an appropriate waiver is duly signed by senior management. 	

- (b) In regard to individual contracts with a cumulative value more than \$100,000, the Country Office is aware of one contract and the case was approved by the Regional Advisory Committee on Procurement on 28 March 2013 (case ID 2063). The Office will improve monitoring of all contracts with cumulative value exceeding the threshold of \$100,000.
- (c) Implemented since the end of 2013.
- (d) The Office acknowledges the over-use of individual contracts for project officers/assistants and ICT assistants, mainly due to delays in the recruitment of fixed-term appointments, temporary appointments, and service contract holders. The individual contracts for regular functions were extended until the end of March 2014, but with no possibility of further extension.

Estimated completion date: June 2014

3. Information and communication technology

Issue 7 Weaknesses in the Disaster Recovery Plan

Information systems operated by UNDP are critical assets for the organization to fulfil its mission. There are always threats, both natural and man-made, which can damage or disable critical information systems. Offices need to carefully plan recovery strategies to reduce the cost and time required for restoration of systems and business continuity. The Disaster Recovery Plan should, *inter alia*, include information about business requirements, back-up arrangements, and recovery procedures. In addition, Offices need to ensure that the plan is kept up-to-date and is regularly tested.

OAI reviewed the Disaster Recovery Plan of the Office and noted that it was still in draft form and incomplete, missing critical information regarding the following areas:

- Scope of the Disaster Recovery Plan – the Plan did not include information on the recovery objectives and procedures of critical ICT systems.
- Off-site storage – this section did not provide any details of items that should be kept in the off-site storage.
- Software library – there was no information on the contents of the software library as well as the distribution of all software to enable efficient and effective restoration. It also did not contain the administrative credentials required for the reconstitution of critical ICT systems.
- No regular testing of the Plan was conducted.
- Other sections, such as the Alternative Facility and Preventive Measures sections were incomplete.

An inadequate Disaster Recovery Plan may make it difficult for staff other than that of the ICT Unit to execute the plan in case of a disaster due to insufficient information and knowledge of what needs to be done. In addition, without regularly testing the plan, the Office will not know whether or not the plan is adequate and can fulfil its purpose.

Priority	High (Critical)
Recommendation 7: Improve the Disaster Recovery Plan by: <ul style="list-style-type: none">(a) completing relevant sections in accordance with the template issued by the Office of Information Systems and Technology;(b) sharing the Plan with all relevant staff; and(c) testing it on a regular basis.	
Management action plan: Back-ups are now being stored off-site. The Disaster Recovery Plan will need to be completed in the Office of Information Systems and Technology format soonest. This is indeed a high priority. Estimated completion date: June 2014	

4. Safety and security

[NOTE: This section has been redacted as it is deemed to contain sensitive information.]

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Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory** Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
- **Partially Satisfactory** 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.
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** 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.
- **Medium (Important)** Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.