



AUDIT

OF

UNDP COUNTRY OFFICE

IN

CHAD

Follow-up of OAI Report No. 1330 dated 28 August 2014

Report No. 1565
Issue Date: 5 February 2016

(REDACTED)



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**Report on Follow-up Audit of UNDP Chad
(Previous OAI Report No. 1330, 28 August 2014)
Executive Summary**

From 16 to 27 November 2015, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an on-site follow-up audit of the UNDP Country Office in Chad (the Office). This on-site follow-up audit was undertaken, in addition to regular desk reviews, in view of the ‘unsatisfactory’ audit rating assigned by OAI in Report No. 1330 dated 28 August 2014. The follow-up audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit scope and approach

The follow-up audit reviewed the implementation of 16 audit recommendations. OAI conducted appropriate tests of transactions and activities by the Office from 1 July 2014 to 30 September 2015 and interviewed management and staff concerned to determine whether the reported corrective actions were indeed implemented, as reported by the office in the Comprehensive Audit and Recommendation Database System (CARDS).

Audit results

Of the 16 audit recommendations, the Office had fully implemented 2, and initiated action on the remaining 14 recommendations. Some parts of the 14 recommendations were assessed by OAI as “implemented” (refer to Section I), resulting in an implementation rate of 57 percent as per CARDS after the follow up audit.

Out of the 14 recommendations assessed by OAI as in progress, 11 were high risk, with initial estimated completion dates overdue by 12 months in most of the cases. There is a concern that the lack of undertaking timely action increases the Office’s exposure to high risks and may jeopardize the achievement of its objectives. Failure to take prompt actions to address the critical audit issues may result in major negative consequences for UNDP.

Implementation status	Number of recommendations	Recommendation Nos.
Implemented	2	5, 13
In progress	14	1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16
Not implemented	-	-
Withdrawn	-	-
Total	16	-

The detailed implementation status of the 16 recommendations has been updated by OAI in CARDS.


Section I summarizes the 14 recommendations that have yet to be fully implemented, including the parts that were assessed as implemented. OAI encourages the Office to continue to take appropriate actions to address these remaining recommendations. OAI will continue to monitor the progress of the implementation of these recommendations as and when updates are provided by the Office in CARDS.

Section II presents additional audit issues. While checking the implementation status of previous audit recommendations, OAI took note of an additional two audit issues pertaining to negative Global Staff Survey results not addressed and deficiencies in cash management.

The two recommendations, both ranked high priority, aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendation 1); (b) reliability and integrity of financial and operational information (Recommendation 2).

Management comments and action plan

The Resident Representative provided the revised implementation dates for the outstanding recommendations. He also accepted both new recommendations and is in the process of implementing them.

A blue ink signature of Antoine Khoury is enclosed in a black rectangular box. The signature is a cursive, stylized script.

Antoine Khoury
Officer-in-Charge
Office of Audit and Investigations

I. Details of recommendations not yet implemented/partly implemented

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
1	<p>Adhere to the UNDP Accountability Framework and Oversight Policy and strengthen all dimensions of the control environment by:</p> <p>(a) formulating and implementing a time-bound strategy to address the main causes of the negative Global Staff Survey results;</p> <p>(b) reviewing the Office's organizational structure and control environment;</p> <p>(c) adhering to the United Nations Code of Conduct and the organization's procedures on reporting any allegations of wrongdoing; and</p> <p>(d) implementing and enforcing the UNDP 'Internal Control Framework' in the Office, including a revision of all Atlas (enterprise resource planning system of UNDP) profiles to align them with the Framework and ensure that no staff member exercises more than one role and that there is a clear segregation of duties.</p>	<p>In Progress</p> <p>(a) A retreat was held on 5 July 2014. The Global Staff Survey results were shared with the staff. An updated status of the year-end 2013 retreat action plan with recommendations was also provided.</p> <p>(b) Continuing an in-depth review of the Office's structure (based on 2014 Management Consulting Team review and the Financial Sustainability and Effectiveness exercise recommendations, but aligned to new audit findings). The Office is re-profiling and an eventual office job fair will take place by the end of February 2015.</p> <p>(c) & (d) The local 'Internal Control Framework' document has been finalized including a clear risk management chapter pointing out the collective and individual responsibility on adhering to the United Nations Code of Conduct and the organization's procedures on reporting any allegations of wrongdoing.</p>	<p>In Progress</p> <p>(a) The Office scored significantly below the UNDP global average in all dimensions measured by the Global Staff Survey in 2013 and 2014. The Office was not able to formulate and implement a time-bound strategy to address the main causes of the negative Global Staff Survey results. OAI assessment - "In Progress."</p> <p>(b) The Office started the Financial Sustainability and Effectiveness exercise in 2013 in order to better define its structure. However, at the time of the follow up audit in 2015, the exercise was still not finalized. OAI assessment - "In Progress."</p> <p>(c) There were no actions taken to demonstrate adherence to the United Nations Code of Conduct and the organization's procedures on reporting any allegations of wrongdoing through the implementation of a Standard Operating Procedure, or inclusion in the local 'Internal Control Framework'. OAI assessment - "In Progress."</p> <p>(d) OAI assessed this part of the recommendation as "Implemented."</p> <p><u>Agreed revised implementation date:</u> 30 September 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
2	<p>Ensure accountability over the efficient and effective management of resources by:</p> <p>(a) refraining from diverting donor resources to activities and projects not agreed upon with the donors;</p> <p>(b) following up with the Government on payment of outstanding contributions amounting to \$3.33 million;</p> <p>(c) reversing the inappropriate use of core resources to fund the amount of \$251,000 of General Management Support fees that were forfeited back from the extra-budgetary reserves; and</p> <p>(d) following up on outstanding Government Contributions to Local Office Costs of \$745,528.</p>	<p>In Progress</p> <p>(a) Recommendation status not provided by the Office in CARDS.</p> <p>(b) In September 2014, the Office requested the outstanding obligations from the national counterparts.</p> <p>According to lessons learned on government cost-sharing, and given that National Budget Consultations start in August each year, the Office is going to plan and request the 2015 annual work plans and related cost-sharing figures to be discussed, agreed and signed by 31 December 2014, and as per the Mid-Term Country Programme Action Plan recommendation.</p> <p>(c) Recommendation status not provided by the Office in CARDS.</p> <p>(d) Following up on outstanding Government Contributions to Local Office Costs. The Resident Coordinator/Resident Representative received verbal but firm commitment that the relevant government ministry will pay the Government Contributions to Local Office Costs.</p>	<p>In Progress</p> <p>(a) A series of measures were undertaken by the Office. These include the following: (1) strengthening of controls over approval of the Funding Authorization and Certificate of Expenditure (FACE) forms, and capacity-building of the Office and project teams in the form of learning by doing and coaching; (2) Steering Committee meetings were held for the annual review of different projects; (3) annual review of the programme under the leadership of the Government; and (4) additional Steering Committee meetings held at the beginning of the year to validate the annual work plan. All of these measures contributed to improving oversight and ensuring that donor resources are not diverted to activities and projects not agreed upon with the donors. OAI assessment- "Implemented."</p> <p>(b) As an alternative, OAI management had also suggested a corporate consideration regarding the extent to which UNDP might be willing to accept the risk of not recovering the outstanding contributions amounting to \$3.33 million. A dialogue with the Office of Financial Resources Management/Bureau for Management Services (formerly the Bureau of Management), in conjunction with the Regional Bureau for Africa was suggested as a way forward to address this issue. No further actions were undertaken by the Office as of November 2015. OAI assessment - "In Progress."</p> <p>(c) The reversal of the \$251,000 was not processed by the Office. In December 2014, OAI suggested that the Office explore with the Regional Bureau for Africa, the possibility of accepting the residual risk of not reversing the inappropriate use of the \$251,000 in core funds. As of November 2015, no further actions were undertaken by the Office. OAI assessment - "In Progress."</p> <p>(d) There was no evidence that the Office continuously followed up with the Government to collect the Government Contributions to Local Office Costs. The last communication was dated February 2014. OAI assessment - "In Progress."</p> <p><u>Agreed revised implementation date:</u> 31 December 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
3	<p>Improve the 'Country Programme' document design and implementation by:</p> <p>(a) improving monitoring and evaluation of the 'Country Programme' and 'Country Programme Action Plan' by ensuring that: (i) indicators and baselines presented in the 'Results and Resources Framework' are clear, concise and measurable to facilitate monitoring of development results; and (ii) evaluations of outcomes/projects are conducted as planned and all reports are uploading in the Independent Evaluation Office's database; and</p> <p>(b) maintaining a professional capacity within the Office for the monitoring and evaluation function.</p>	<p>Implemented</p> <p>(a) Participation of the key programme unit staff in the Programme Alignment Workshop the last week of October 2014 will help resolve the discrepancy noted in the audit report, and at the same time reformulate the 'Country Programme Document'/'Country Programme Action Plan' into a more focused programme aligned with the new UNDP Strategic Plan. Support was requested from the Regional Service Centre for a better definition of the Results Framework (in particular the indicators) as well as a revision of the evaluation plan.</p> <p>(b) A "Quality Assurance Unit" including Programme Management Support, Monitoring and Evaluation, and Communication has been set up. An international "Quality Assurance Specialist" was also recruited. There is also an ongoing review of the monitoring and evaluation practices within the Office and trainings are taking place with all programme and project managerial staff. A "Governance Project Table" is being filled in and closely monitored to ensure that all monitoring and evaluation requirements per project are being met, including uploading of all supporting documents into Atlas.</p>	<p>In Progress</p> <p>(a) The Office received support from the Regional Service Centre in Addis Ababa to better define the Results Framework (in particular the indicators and baselines) as well as revising the evaluation plan. The Office indicated that recommendations for making indicators SMART will be incorporated into the new programme cycle. Most of the mandatory evaluations were still not done and were now rescheduled for the first quarter of 2016. OAI assessment - "In Progress."</p> <p>(b) OAI has assessed this area as "Implemented."</p> <p><u>Agreed revised implementation date:</u> 30 September 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
4	<p>Improve project initiation, monitoring and closure by:</p> <p>(a) Establishing a local project appraisal committee and ensuring that all new projects are submitted to the committee for review and recommendation. The minutes of the committee meeting along with the signed project document should be uploaded to Atlas prior to generating the award. If a project is expected to be implemented directly by the Office, an authorization from the Regional Bureau would need to be obtained.</p> <p>(b) establishing project boards and ensuring that annual review reports are drafted and submitted to the boards for review. Also, review and sign the combined delivery reports for every project, update all project risks, and financially close all inactive projects.</p> <p>(c) improving controls over selection and oversight of non-governmental organizations by conducting competitive and transparent procurement processes for the provision of professional services from non-governmental organizations and establishing monitoring and evaluation systems.</p>	<p>In Progress</p> <p>(a) The newly established 'Internal Control Framework' (of June 2014) will be reinforced with committee structures and responsibilities by 31 January 2015. Training will be conducted for local project appraisal committee members by 28 February 2015. The minutes of project appraisal committee meetings are now systematically uploaded in Atlas. The Office will undertake a comprehensive review of authorizations for directly implemented projects (DIM) and ensure clean-up where required by 28 February 2015.</p> <p>(b) Project compliance in Atlas is being followed up by the Programme Management Support Unit on a regular basis. In light of the programme alignment, the Office has reviewed the best options for programme assurance, especially the option of programme boards that deal with multiple projects in a certain area. Project closures will be finalized by June 2015. A memo on project monitoring and evaluation was sent to all programme and project managers on 10 October 2014 and a project-monitoring table was developed to follow up on audit recommendations per individual project: the table will be completed by 15 December 2014. Combined Delivery Reports of the first two quarters have been produced and signed. The Office is in the process now of producing quarterly Combined Delivery Reports on the 15th of each month following next quarter.</p> <p>(c) Recommendation status not provided by the Office in CARDS.</p>	<p>In Progress</p> <p>(a) DIM authorization for Project Nos. 82056 and 91439 expired on 31 July 2015. Requests for renewals were only submitted on 15 July 2015. At the time of the audit (four months after expiration), no authorization was received for the above-mentioned projects. OAI assessment - "In Progress."</p> <p>(b) Combined Delivery Reports for Project Nos. 77223, 85758 and 82362 were not printed, reviewed and signed. Furthermore, the Office initiated the closure of inactive projects, however, it was facing challenges due to the fact that some projects had small cash balances and some others had open purchase orders. OAI assessment - "In Progress."</p> <p>(c) Following the audit mission in April 2014, the Office, with the help of the Management Consulting Team mission developed a Standard Operating Procedure for the selection of non-governmental organizations through a competitive process, which is in line with the 'UNDP Programme and Operations Policies and Procedures'. Furthermore, the evaluation of non-governmental organizations will also be carried out at the time of the micro-assessment. OAI assessment - "Implemented."</p> <p><u>Agreed revised implementation date:</u> 30 July 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
6	<p>Improve human resource management by:</p> <p>(a) developing a leave plan to ensure adequate and sufficient coverage of key positions and avoid inefficiencies;</p> <p>(b) ensuring that all staff members complete their mandatory training and finalize the Performance Management and Development process.</p> <p>(c) refraining from hiring service contractors for core functions; and</p> <p>(d) ensuring that all eligible personnel complete the Global Staff Survey.</p>	<p>Implemented</p> <p>(a) The 2014 leave plan was finalized and uploaded in CARDS; the memo for leave planning in 2015 was issued and closely followed up.</p> <p>(b) Mandatory trainings: A deadline was provided to all staff for the completion of mandatory training (31 December 2014) for staff at UNDP for longer than five years (otherwise until 31 March 2015).</p> <p>(c) It is the Office's aim to phase out all individual contractors/service contractors within the framework of the coming realignment mini-retreat held and to share results with all staff.</p> <p>(d) Recommendation status not provided by the Office in CARDS.</p>	<p>In Progress</p> <p>(a) OAI assessed recommendations (a) and (c) as "Implemented."</p> <p>(b) The completion rate of mandatory training has not improved since 2014. Furthermore, the Performance Management and Development completion rate was very low at 27 percent for 2014 and 22 percent for 2015. OAI assessment - "In Progress."</p> <p>(d) The Office significantly improved staff participation in the Global Staff Survey from 13 (2013) to 69 (2014). OAI assessment - "Implemented."</p> <p><u>Agreed revised implementation date:</u> 30 June 2016</p>
7	<p>Improve the management of salary advances by:</p> <p>(a) recovering all outstanding salary advances and refunding excess recovery, and making necessary adjustments in Atlas to reflect an accurate picture of all advances;</p> <p>(b) ensuring salary advances are set up in Atlas with direct deduction through payroll; and</p> <p>(c) only authorizing salary advances on an exceptional basis.</p>	<p>In Progress</p> <p>(a) Status report of outstanding salary advances was completed, ensuring salary advances are set up in Atlas with direct deduction through payroll (implemented);</p> <p>(b) As of 31 December 2014, three outstanding salary advances remained.</p> <p>(c) An intra-office memo has been issued to inform staff that requests for salary advances will only be permitted on an exceptional basis as per the 'UNDP Programme and Operations Policies and Procedures' until end November 2014.</p>	<p>In Progress</p> <p>(a) There were outstanding salary advances not recovered from three staff members for a total of \$5,000, and five United Nations Volunteers for \$20,000. The staff members were not reachable for various reasons. The Office only reached out to the United Nations Volunteers 18 months after the issue was raised by OAI, and had not received any feedback or acknowledgement at the time of the follow-up audit. OAI assessment - "In Progress."</p> <p>OAI has assessed recommendations (b) and (c) as "Implemented."</p> <p><u>Agreed revised implementation date:</u> 30 June 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
8	<p>Strengthen the payment process by:</p> <p>(a) following up on irregularities in the supporting documents provided by the national partner, and ensuring that only fully justified advances are liquidated in Atlas;</p> <p>(b) ensuring the cheque printer is repaired in a timely manner;</p> <p>(c) addressing deficiencies in the pay cycle, including retrieving missing documentation, ensuring supporting documents are available prior to launching the pay cycle, and taking appropriate actions to close all payments on hold; and</p> <p>(d) seeking reimbursement of excess payments, and ensuring that the payment amount and payee name match those mentioned on the invoices or contracts.</p>	<p>In Progress</p> <p>(a) An individual letter has been sent to all custodians to follow up on reports.</p> <p>(b) The cheque printer has been synchronized and is now operational.</p> <p>(c) The Office is revamping its filing management system and 70 percent of vouchers have been archived with the remaining to be completed by year-end 2014.</p> <p>(d) A letter was sent to the vendor to refund the excess payment. Future payments for this vendor will be withheld until full settlement.</p>	<p>In Progress</p> <p>(a) OAI is withdrawing this recommendation from the report because this case is currently being reviewed by the Investigations Section. OAI assessment - "Withdrawn."</p> <p>(b) OAI has assessed this recommendation as "Implemented."</p> <p>(c) There was no evidence that actions were undertaken to retrieve the missing documentation more than 18 months after the issue was raised by OAI. Consequently, the payment of five vouchers amounting to \$110,000 is still unjustified. Furthermore, during the current follow up audit, another voucher amounting to \$26,000 was also found to be missing. The Office's management reported that they would continue the search for the missing voucher. OAI assessment - "Not Implemented."</p> <p>(d) It took more than 12 months for the Office to request reimbursement for the excess payment from the vendor. However, the vendor claimed that the goods initially ordered were delivered one year later (which is questionable), and provided a copy of a delivery receipt which was also not validated by the Office. There was no evidence that the Office independently validated that goods were indeed delivered. OAI assessment - "In Progress."</p> <p><u>Agreed revised implementation date:</u> 30 September 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
9	<p>Improve efficiency in bank reconciliations by:</p> <p>(a) following up with payees on cheques outstanding for clearance for two months or more and cancelling these cheques if necessary;</p> <p>(b) actively working with the Treasury and Office of Financial Resources Management in order to properly resolve the outstanding unreconciled bank deal; and</p> <p>(c) creating deposits in Atlas in a timely manner.</p>	<p>Implemented</p> <p>(a) A follow-up process with payees on cheques outstanding for clearance for two months or more and cancelling these cheques if necessary is now implemented.</p> <p>(b) This case was submitted to the Office of Financial Resources Management, and follow up was done by Regional Bureau for Africa, with an estimated resolution by mid-November 2014.</p> <p>(c) Recommendation status not provided by the Office in CARDS.</p>	<p>In Progress</p> <p>(a) Cheques issued in February 2014 were still not picked up by the vendors, not investigated or cancelled as required by the 'UNDP Programme and Operations Policies and Procedures'. Furthermore, 71 payments amounting to \$67,000 were on "hold" and 24 payments amounting to \$34,000 from 2012 to 2014 were still pending. Fourteen Electronic Funds Transfers were unreconciled for more than four months for \$15,000 and 56 cheques amounting \$45,000 were unreconciled for more than four months without further review and follow up. OAI assessment - "In Progress."</p> <p>(b) OAI has assessed this recommendation as "Implemented."</p> <p>(c) There were 201 deposits processed in Atlas in 2015 (until 21 November 2015). OAI noted that these deposits were created in Atlas, on average, six days after they were deposited at the bank. OAI assessment - "Implemented."</p> <p><u>Agreed revised implementation date:</u> 30 June 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
10	<p>Improve management of project cash advances by:</p> <p>(a) seeking alternative options to the disbursement of cash for any one-time project activity before considering the use of project cash advances, and recording project cash advances to account 16007 to follow up and ensure that recovery is done no later than seven days after the end of the planned activity;</p> <p>(b) compiling an accurate and complete list of all project cash advances and ensuring that they are fully liquidated in a timely manner on the basis of proper supporting documents;</p> <p>(c) seeking approval from Treasury for any advance greater than \$25,000; and</p> <p>(d) reconciling the cash advances of \$162,000 given to the national partner.</p>	<p>Implemented</p> <p>(a) The Office has entered into a contract for payment services with a mobile telephone company that covers the entire country. In this regard, cash advances will no longer be given to staff for payment of project activities. A Standard Operating Procedure defining the roles and responsibilities was issued and shared with all Office and project staff.</p> <p>(b) The process of granting cash advances to staff has been discontinued. A list of outstanding advances was established and letters were sent to all cash custodians. Some justifications have been received.</p> <p>(c) Recommendation status not provided by the Office in CARDS.</p> <p>(d) This operating mode is unlikely to be used in regard to the above comment (a). This was a one-time cash advance, and a letter has been sent to the implementing partner.</p>	<p>In Progress</p> <p>(a) The process of granting project cash advances to staff was not discontinued as stated by the Office. During the period under review, 122 payments amounting to \$642,000 were recorded as expense instead of recording them in the receivables account no. 16007, which means that these advances were not efficiently monitored and reconciled (see Issue #3). OAI assessment - “In Progress.”</p> <p>OAI has assessed recommendations (b) and (c) as “Implemented.”</p> <p>(d) The Office has not reconciled the advance given to national partner for \$162,000. OAI assessment - “In Progress.”</p> <p><u>Agreed revised implementation date:</u> 30 June 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
11	<p>Improve vendor management by:</p> <p>(a) limiting the number of staff members who can approve vendors to two knowledgeable staff members;</p> <p>(b) deactivating all duplicate vendors and, prior to approving new vendors, ensuring that they do not already exist in the Atlas database;</p> <p>(c) making mandatory the completion of vendor forms for all new vendors and when updating existing vendor data;</p> <p>(d) updating the vendor profiles and including all the required contact details and information in Atlas; and</p> <p>(e) verifying the vendors against the United Nations sanctions list prior to creating new vendors.</p>	<p>Implemented</p> <p>(a) The number of vendor approvers has been reduced to two staff members.</p> <p>(b) All duplicate vendors have been deactivated.</p> <p>(c), (d) & (e) The Office has made mandatory the completion of vendor forms and verification of vendors against the United Nations sanctions list. Furthermore, a Standard Operating Procedure for vendor creation and update was established.</p>	<p>In Progress</p> <p>(a) OAI has assessed this recommendation as “Implemented.”</p> <p>(b) There were six duplicate vendors as of 22 November 2015. Furthermore, there were 37 vendors sharing the same bank account number with another vendor. Some vendors appeared to be duplicate vendors with slight differences in names, while some others did not have any apparent relationship. OAI assessment - “In Progress.”</p> <p>(c), (d), (e) There were 6 vendor forms out of 12 that were missing, and at least two of the vendors received payments during the audit period. Four vendors sharing the same bank account number did not have any vendor forms or vendor identification to justify their creation. Five vendor forms were not signed or certified by the vendors. OAI assessment - “In Progress.”</p> <p><u>Agreed revised implementation date:</u> 30 June 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
12	<p>Improve procurement management by:</p> <p>(a) preparing a consolidated office procurement plan;</p> <p>(b) submitting all procurement cases to respective committees, as applicable;</p> <p>(c) submitting post facto cases to the Regional Central Procurement Office; and</p> <p>(d) ensuring that all procurement processes related to projects directly implemented by UNDP (in absence of a signed agreement with responsible parties) are conducted and managed by the Office.</p>	<p>Implemented</p> <p>(a) A Procurement Plan was finalized in 2014. A combined bid has been launched to provide economy of scale.</p> <p>(b) Except for the two below cases for which submission is ongoing, all is in good order. The two cases are being reviewed for submission to the Regional Advisory Committee on Procurement and completion is expected by mid-December 2014.</p> <p>(c) Recommendation status not provided by the Office in CARDS.</p> <p>(d) National counterpart to be sensitized to refrain from purchasing on behalf of DIM programmes. In addition, the Office will not process payments for all procurement done without due process.</p>	<p>In Progress</p> <p>(a) The Office had not developed a consolidated procurement plan for 2015. OAI assessment - "In Progress."</p> <p>(b) OAI identified four vendors with a total cumulative procurement volume of \$239,000 that were not adequately monitored, therefore not submitted to the Contracts, Assets and Procurement Committee for review. OAI assessment - "In Progress."</p> <p>(c) The Office submitted the post facto cases identified during the previous audit in 2014 to the Regional Advisory Committee on Procurement, which acknowledged receipt of the cases, and reiterated that the Office was still accountable for not complying with the procurement review process. OAI assessment- "Implemented."</p> <p>(d) OAI has assessed this recommendation as "Implemented."</p> <p><u>Agreed revised implementation date:</u> 30 May 2016</p>
14	<p>Improve the management of the villa by completing a market analysis with the assistance of the Administrative Services Division, and readjusting the rental amount and the terms of the lease agreement accordingly.</p>	<p>Implemented</p> <p>During the last Regional Bureau for Africa Cluster Meeting, the Office's senior management and the Regional Bureau for Africa had agreed to move the premises to the Residence to reduce rental costs. The former tenant vacated the Residence in October 2015.</p>	<p>In Progress</p> <p>No market survey was undertaken by the Office, and consequently the lease agreement was not amended by December 2014 as agreed by the Office following the audit mission in April 2014. Furthermore, the decision to move the premises to the Residence to reduce rental costs was not finalized as of November 2015.</p> <p><u>Agreed revised implementation date:</u> 30 June 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
15	<p>Strengthen management of assets by:</p> <p>(a) ensuring that all assets, including United Nations Department of Safety and Security assets purchased through funding code 68100 and assets procured for projects under the direct implementation modality, are correctly recorded in the Atlas Asset Management Module;</p> <p>(b) following up and reporting incidents of stolen or lost assets to the Assistant Administrator, Bureau of Management;</p> <p>(c) disposing of obsolete, damaged and non-working items as soon as possible and ensuring that assets belonging to projects already closed are adequately monitored; and</p> <p>(d) tagging all assets, recording the tag numbers in Atlas and ensuring that their location is correctly reflected in the asset report.</p>	<p>In Progress</p> <p>(a) The First Semester Asset Certification has been submitted to the Administrative Services Division and has been confirmed by email and uploaded in CARDS.</p> <p>(b) Recently, one case was reported and resulted in the termination of the contract of the concerned individual.</p> <p>(c) Disposal was approved for all items and a process for selling assets has started and expected to be completed by year-end 2014. The First Semester Asset Certification was submitted to Administrative Services Division - the Office is in touch with Administrative Services Division to finalize reconciliation. Additional support will be brought in to clear the outstanding items in close collaboration with both the Global Shared Service Centre and the Administrative Services Division.</p> <p>(d) Recommendation status not provided by the Office in CARDS.</p>	<p>In Progress</p> <p>(a) This recommendation was assessed as “Implemented.”</p> <p>(b) The Office has not followed up and reported incidents of stolen or lost assets to the Assistant Administrator, Bureau for Management Services as recommended during the previous audit mission in April 2014. OAI is therefore assessing this recommendation as “Not Implemented.”</p> <p>(c) The Office has not taken appropriate actions to dispose of obsolete, damaged and non-working items. Furthermore, no mechanism was established to monitor assets from projects already closed. OAI is therefore assessing this recommendation as “Not Implemented.”</p> <p>(d) The asset dashboard showed weaknesses in asset tagging and accuracy of their location. OAI is therefore assessing this recommendation as “Not Implemented.”</p> <p><u>Agreed revised implementation date:</u> 31 March 2016</p>

Recommendation No.	Recommendation	Implementation status reported by UNDP Chad	OAI assessment
<p>■</p> <p>[NOTE: This section has been redacted as it is deemed to contain sensitive information.]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

II. Other audit issues

While checking the implementation status of the previous audit recommendations, OAI took note of additional audit issues, under the areas of governance and strategic management, programme management and financial management, as described below:

Issue 1 Negative Global Staff Survey results not addressed

UNDP conducts annual Global Staff Surveys that consist of questions for all UNDP staff on a wide range of topics. Feedback is collected from staff and questions are raised on what could be done to improve the work environment. Country Offices and other units are expected to review the survey results together with their staff, identify priorities for improvement, develop action plans and targets, and implement them.

The Office consistently recorded lower scores than the global median scores in 2013 and 2014. For 2013, 5 dimensions out of 11 were below the 25th percentile, and the remaining 2 were below the 50th percentile. For 2014, 10 dimensions out of 11 were below the 25th percentile, and the remaining dimension was below the 50th percentile. The 2013 and 2014 Global Staff Survey results for the Office raised concerns in some key areas, including the lack of an open and trusting environment, the inability to retain high quality staff members, the inability to provide necessary measures to protect staff safety and security, the belief that poor performance is usually tolerated, the absence of training so that staff can handle their present tasks properly, and the belief that policies and procedures do not apply consistently to all staff. Further, staff members interviewed during the follow-up mission continued to express the same perceptions as described above.

The audit identified that limited action was taken in 2014 to address the issues raised in the 2013 Global Staff Survey results. Though the Office held a retreat and developed an action plan to address negative perceptions in the survey, it failed to monitor the implementation of such recommendations. The Office had not held a retreat or formal meetings with all staff to discuss the root causes of the continuous negative results of the 2014 Global Staff Survey results.

Delays in addressing the results of Global Staff Survey could further demotivate staff and may negatively affect the overall work environment and performance of the Office.

Priority	High (Critical)
Recommendation 1:	
The Office should address the Global Staff Survey results by:	
<ul style="list-style-type: none"> (a) developing a detailed, time-bound and regularly monitored action plan to address the specific dimensions of low scores; and (b) establishing regular meetings between staff members and senior management to discuss issues and concerns, and to inform on strategic orientation and other important matters. 	
Management action plan:	
<ul style="list-style-type: none"> (a) Discussions will be held with operations and programme staff and with the Staff Association to discuss the Global Staff Survey and agree on measures to be implemented. An action plan will then be developed to follow-up on the implementation of agreed actions. (b) The senior management will formalize annual strategic orientation and hold monthly meetings with the 	

staff and the staff Association to discuss issues and concerns.

Estimated completion date: March 2016

Issue 2 Deficiencies in cash management

The 'UNDP Programme and Operations Policies and Procedures' state that offices are responsible and accountable for the effective and efficient management of cash resources in UNDP's custody, and this includes all actions necessary for the receipt, deposit, advance, investment and disbursement of cash. Additionally, the UNDP 'Internal Control Framework' requires maintaining adequate support to substantiate payments. Further, according to the guidelines, since UNDP-supported projects form part of the development activities of the programme country, the Government assigns its own personnel to participate in project activities as part of their work responsibilities. Such personnel are referred to as "government staff" and related costs are reflected in the government budget, not in the project budget.

(a) Long-outstanding advances relating to nationally implemented projects (NIM) not accounted for and monitored

OAI identified four implementing partners that received cash advances which were not accounted for due to inadequate monitoring and follow up by the Office.

- An advance made to an implementing partner amounting to \$100,000 was unjustified for more than four quarterly reporting periods. The supporting documents for the utilization of the advance were not submitted to the Office within three months after the cash advance was given as required by the policy. Subsequently, the Office agreed that the implementing partner reassigned the fund to a different activity without assessing the associated safeguard risks and good stewardship of the cash at the partner's level.
- Three implementing partners had unjustified cash balances of \$16,700, \$8,800, and \$24,000, respectively, from advances received between 2013 and 2015. The supporting documents were not submitted to the Office for validation. This happened because the implementing partners partially justified the advances received and did not report on the cash balances. The Office also failed to monitor any outstanding cash balances and did not deduct them from subsequent advances to the implementing partners.

(b) Cash advances to mobile money transfer provider not accounted for

The Office entered into a contractual agreement with a mobile money transfer provider to facilitate the payment of one-time project activities, including workshops, training seminars or conferences relating to certain projects. The provider was to submit the supporting documentation within 15 days after the events had taken place. However, OAI noted that advances to providers amounting to \$167,000 were not justified for up to 16 months at the time of the audit fieldwork. Despite the increasing volume of unjustified advances, the Office continued to use the same provider and amended the agreement upon expiration without an evaluation. This was caused by the incorrect recording of advances as expenses, which did not allow for proper monitoring and follow up.

(c) Payment of indemnities not aligned with policies

Two government staff working on UNDP projects received indemnities/salaries amounting to \$25,000 and \$22,000, respectively, since 2013. The Office's management explained that this practice was inherited from previous decisions, which they continued in order to keep projects ongoing.

Inadequate management of cash may lead to reputational, fraud and financial risks. Failure to timely and accurately reconcile cash advances may lead to inaccurate reporting.

Priority	High (Critical)
Recommendation 2: Strengthen the management of cash by: (a) recovering all outstanding unjustified nationally implemented projects' advances, and providing training to ensure that all advances are monitored and reconciled prior to providing subsequent advances – furthermore, all cash advances should be recorded as advances using the appropriate general ledger account; (b) reconciling all advances made to the mobile money transfer provider and ensuring adequate supporting documentation is available to justify the advances according to the agreement signed with the provider; and (c) communicating the organizational policy in terms of payments of indemnities to national partners, and discontinuing the practice after reaching a common understanding.	
Management action plan: The Office will undertake the following actions: (a) a training plan on NIM and the Harmonized Approach to Cash Transfers (HACT) implementation will be prepared during the first quarter of 2016 and trainings will be developed for Office staff and national counterparts. Rigorously applying the principles of the HACT including spot checks regularly held to follow-up capacity development, improve advances justification and ensure recovery of unjustified advances; (b) establish a calendar of liquidation of advances, make an assessment of the benefits under the contract with the service provider, and make the necessary adjustments to the Standard Operating Procedure; (c) clarify with the national partner applicable procedures in terms indemnities payments. Therefore, the senior management and the Quality Assurance team will ensure that payments of indemnities are not included in the 2016 annual work plans.	
Estimated completion date: April 2016	

ANNEX Definitions of audit terms – implementation status, ratings and priorities

A. IMPLEMENTATION STATUS

- **Implemented** The audited office has either implemented the action as recommended in the audit report or has taken an alternative solution that has met the original objective of the audit recommendation.
- **In progress** The audited office initiated some action to implement the recommendation or has implemented some parts of the recommendation.
- **Not implemented** The audited office has not taken any action to implement the recommendation.
- **Withdrawn** Because of changing conditions, OAI considers that the implementation of the recommendation is no longer feasible or warranted or that further monitoring efforts would outweigh the benefits of full implementation. A recommendation may also be withdrawn when senior management has accepted the residual risk of partial or non-implementation of recommendation.

B. 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.

C. 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.