UNITED NATIONS DEVELOPMENT PROGRAMME
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CONSOLIDATED REPORT

ON

THE AUDIT OF THE PEACEBUILDING FUND

Report No. 1134

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United Nations Development Programme
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Consolidated Report on the audit of the Peacebuilding Fund
Executive Summary

Background

The Peacebuilding Fund was established in October 2006 following a request from the United Nations General Assembly and the Security Council for post-conflict peacebuilding initiatives. The Peacebuilding Fund combines the scope of a global fund with the country-specific focus of a Multi-Donor Trust Fund. It involves a central allocation of funding to the countries eligible for Peacebuilding Fund support and, at the country level, a joint review by the government and the ranking United Nations representative in the country to disburse funds against agreed-upon programme and project activities.

From its inception in 2006 through the end of 2011, the Peacebuilding Fund received a total of $419 million in deposits from donors. As at 31 December 2011, the UNDP Multi-Partner Trust Fund (MPTF) Office, as the Administrative Agent of the Peacebuilding Fund, had transferred about $308 million to participating United Nations Organizations, the largest recipient being UNDP with $172.3 million or 56 percent of total fund transfers.

In accordance with the framework for auditing Multi-Donor Trust Funds, which was endorsed by the United Nations Development Group in September 2007, and after consultation with the MPTF Office and the Peacebuilding Support Office, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) initiated a coordinated audit of the Peacebuilding Fund. This coordinated audit aimed to provide a summary of the management of risks, status of internal controls and recommendations on projects and activities undertaken by several of the UN organizations which had received funding from the Peacebuilding Fund. Individual audit activities for the various projects and UN organizations were conducted between March 2011 and August 2012 by OAI and the Internal Audit Services of the United Nations Office for Project Services (UNOPS) and the International Organization for Migration (IOM).

Coverage

The individual audits focused on projects in five countries, which were selected based on the volume of funds received from the Peacebuilding Fund, these being: Burundi, the Central African Republic, Côte d'Ivoire, Liberia and Sierra Leone. Within those countries, the individual audits focused on projects implemented by those participating United Nations Organizations with a significant share of expenditures, i.e. UNOPS in Côte d'Ivoire, IOM in Sierra Leone and UNDP in all countries. The individual audits covered 49 projects with expenditures totalling $84.5 million, as follows:

	Total expenditures up to 31 Dec 2011 ($000)	Audited expenditures UNDP ($000)	% Audited/total expenditures
Sierra Leone	40,634	28,593	70%
Burundi	38,503	33,402	87%
Central African Republic	21,255	9,939	47%
Liberia	18,652	5,327	29%
Côte d'Ivoire	8,074	7,209	89%
Other countries	82,766	-	0%
TOTAL	**209,884**	**84,470**	**40%**

Source: MPTF Gateway.

The individual audits also included an audit of the Administrative Agent function assumed by the MPTF Office.

This report consolidates the results of all the Peacebuilding Fund-related individual audit reports.

Audit results

While the Administrative Agent function was rated as "satisfactory" overall, most of the projects audited were assessed as "partially satisfactory".

Financial and cash management was rated "unsatisfactory" for projects in Liberia and Sierra Leone because of unsupported expenditures. The auditors also rated asset management for projects in Liberia as "unsatisfactory" because certain fixed assets amounting to $4,550 could not be physically verified.

The financial statements for seven projects – four in the Central African Republic, one in Côte d'Ivoire, one in Liberia and one in Sierra Leone – received qualified audit opinions with a total net financial impact of $1.2 million, or 1.5 percent of the total audited expenditure. The main reason for the qualified opinions was the lack of adequate supporting documentation for expenditures.

The individual audits made 57 recommendations, of which 15 (26 percent) were ranked high (critical) priority, meaning "Prompt action is required to ensure that UNDP are not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level."
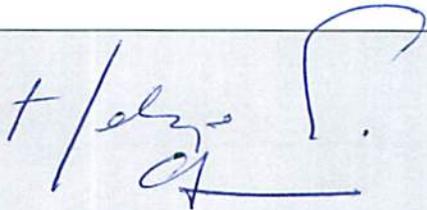
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I.   Introduction

The Peacebuilding Fund was established by the United Nations Secretary-General in 2006 following General Assembly Resolution 60/180 and Security Council Resolution 1645 of December 2005 requesting post-conflict peacebuilding initiatives. The terms of reference for the Peacebuilding Fund were later modified by the General Assembly in 2009 (A/63/818).

Under the authority of the Secretary-General, the Head of the Peacebuilding Support Office, Assistant Secretary-General for Peacebuilding Support, is responsible for the overall management of the Peacebuilding Fund, including setting the direction of Peacebuilding Fund activities, guiding the use of Peacebuilding Fund resources as well as the monitoring of and reporting on Peacebuilding Fund activities. In consultation with the Senior Peacebuilding Group chaired by the Peacebuilding Support Office, the Assistant Secretary-General for Peacebuilding Support reviews requests submitted by the senior United Nations representatives in a country for consideration of country eligibility and further development of a priority plan for funding. Once a priority plan has been approved, the Assistant Secretary-General for Peacebuilding Support determines the overall funding allocation for the country on the basis of available funding balances and the anticipated costs indicated in the priority plan. Authority is then delegated to a country-level Joint Steering Committee to manage implementation of the plan.

The MPTF Office serves as the Administrative Agent of the Peacebuilding Fund. In this capacity, the MPTF Office is responsible for the receipt of donor contributions, transfer of funds to participating United Nations Organizations (based on approval by the Assistant Secretary-General for Peacebuilding Support in consultation with the appropriate governing bodies), the consolidation of narrative and financial reports and their submission to the Peacebuilding Support Office and donors. The MPTF Office administers the Peacebuilding Fund in accordance with UNDP regulations, rules, directives and procedures. To establish fiduciary responsibility, programming modalities at the country level and related reporting requirements, Memorandums of Understanding were signed between the United Nations Peacebuilding Support Office and the MPTF Office in 2007 and were re-signed in 2010, and also between the MPTF Office and participating United Nations Organizations[1] in 2007 and re-signed in 2010. The MPTF Office enters into Standard Administrative Arrangements with each donor wishing to contribute to the Peacebuilding Fund.

The Peacebuilding Fund is a fund which combines the scope of a global fund with the country-specific focus of a Multi-Donor Trust Fund. It involves a central allocation of funds to the countries eligible for Peacebuilding Fund support and a joint review, at the country level, by the government and the ranking United Nations representative to disburse funds against agreed-upon programme and project activities.

The Peacebuilding Fund aims to provide rapid and focused resources to assist in advancing peace processes in post-conflict settings. The Peacebuilding Fund helps to transition from conflict to recovery at a time when other funding mechanisms may not yet be available. The Peacebuilding Fund also aims to strengthen essential institutions – administrative, legislative and civil – in order to promote and sustain peace, as well as address the root causes of conflict. With flexible mechanisms for rapid reaction, the Peacebuilding Fund focuses on providing support during the early stages of the peacebuilding process.

From its launch in 2006 through the end of 2011, the Peacebuilding Fund received a total of $419 million in deposits from donors. Of the total amount of contributions received, the Administrative Agent transferred a cumulative amount of $308 million to participating United Nations Organizations, with the largest recipients

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[1] IOM has a separate Memorandum of Understanding with the Peacebuilding Fund.

being UNDP ($172.3 million), UNOPS ($22.6 million), UNICEF ($20.8 million), UNHCR ($17.5 million), UNFPA ($13.9 million) and IOM ($11.1 million). Other recipients make up the remaining $49.8 million.

II.   Audit scope and objectives

This report consolidates the results of the individual audits of the Peacebuilding Fund activities carried out by participating United Nations organizations. The audit of the Administrative Agent functions as carried out by UNDP's MPTF Office was conducted by OAI in 2011.

The audit of individual projects in selected five countries with sizeable funding by the Peacebuilding Fund was conducted in 2011 and 2012. UNDP covered projects in Burundi, Central African Republic, Liberia and Sierra Leone. IOM and UNOPS covered projects in Sierra Leone and Côte d'Ivoire, respectively. All project audits were conducted by audit firms on behalf of the respective UN Internal Audit Services. OAI coordinated these audits and prepared this consolidated report.

The country-based audits covered a total of 49 projects with a total combined audited expenditure of $84.5 million. The individual audits covered project-related activities over various periods between 1 January 2007 and 31 December 2011.

The project audits included review of the financial activities and reporting as well as the internal controls and systems for the purpose of expressing an opinion on whether the financial statements present fairly, in all material aspects, the results of the projects' operations, as well as assessing compliance with applicable regulations, rules, policies and procedures and donor agreements. These audits included a review of the projects' Statements of Expenditure (Combined Delivery Reports), Statements of Assets and Statements of Cash Position (as applicable). They also reviewed the relevant underlying systems, procedures and practices in place as they relate to the projects, in the areas of organization and staffing, project management, human resources management, financial and cash management, procurement, asset management, information systems and general administration.

The audit of the Administrative Agent function reviewed the MPTF Office's performance as the Administrative Agent of the Peacebuilding Fund, and the MPTF Office's compliance with the provisions of agreements signed with the donors, the Peacebuilding Support Office, and participating United Nations Organizations.

The detail of audited projects by country, United Nations Organization and combined expenditure is shown in Figure 1.

Figure 1: Peacebuilding Fund projects audited

Country/Function	Date of field work	Date issued	Audited Expenditures ($000)	Audited Period	No. of Projects
Burundi	Jun - Jul 2011	12-Jun-12	33,402	1-Jan-07 to 31-Dec-10	17
CAR	Aug-12	27-Feb-13	9,939	1-Jan-08 to 31-Dec-11	8
Sierra Leone	Feb-12	20-Sep-12	23,461	1-Jan-07 to 31-Dec-10	9
Liberia	Aug - Sep 2011	23-Mar-12	5,327	1-Jan-08 to 31-Dec-10	11
AA functions for the PBF	Jun-11	16-Sep-11	-	1-Jan-09 to 31-Dec-10	-
Total UNDP			**72,129**		**45**
Sierra Leone (IOM)	Mar-11	4-Aug-11	5,132	1-Jul-08 to 28-Feb-11	3
Côte d'Ivoire (UNOPS)	Feb-12	18-Oct-12	7,209	22-Nov-07 to 30-Sep-11	1
Total PBF			**84,470**		**49**

III. Detailed assessment

1. Administrative Agent functions

In June 2011, OAI conducted an audit of the Peacebuilding Fund Administrative Agent functions (Report No. 839 issued 16 September 2011). The audit covered the period from 1 January 2009 to 31 December 2010. During this period, the MPTF Office recorded donor deposits from the Peacebuilding Fund amounting to about $70 million and fund transfers to participating United Nations Organizations totalling about $132 million.

The audit assessed six areas relating to Administrative Agent functions as follows: donor contributions; computation and recording of Administrative Agent fees; transfer of funds to participating United Nations Organizations; certified financial reporting on sources and uses of funds; expenditure reporting by recipient organizations through UNEX (the system through which recipient organizations report their expenditures); and consolidated annual progress reports. These areas were rated "satisfactory" as no issues were identified that would significantly affect the achievement of the objectives of the audited entity.

OAI assessed the overall Administrative Agent functions for the Peacebuilding Fund as "satisfactory", which means that internal controls, governance and risk management processes were adequately established and functioning well.

The audit issued three recommendations, one of them of high priority regarding the need for more frequent (quarterly) reporting to the MPTF Office by participating United Nations Organizations. The MPTF Office later agreed with the Peacebuilding Support Office that semi-annual reporting would be effective in improving the quality of the reports and focusing more on results than on activities. The other two medium priority recommendations aimed at further improving the performance of the Peacebuilding Fund in cooperation with concerned stakeholders, including country teams and participating United Nations Organizations' headquarters.

The Comprehensive Audit and Recommendation Database System (CARDS) that is maintained by OAI indicated an overall implementation rate of 75 percent as of March 2013 for the three recommendations. Further details on the three recommendations are presented below.

Transfer of funds to participating United Nations Organizations

The MPTF Office's actions to ensure timely transfers of peacebuilding funds to participating United Nations Organizations were assessed as "satisfactory." However, OAI noted that, in accordance with the provisions of the Peacebuilding Fund Memorandums of Understanding, many of the transfers were only processed once the MPTF Office had received additional information and/or clarifications it required from the unit requesting the transfer. This added several days to the transfer process, resulting in delayed execution of the transfers and in some cases extending the transfer beyond the required timeline. The OAI review showed that the clarifications were mostly required due to the poor quality of project proposals submitted.

The MPTF Office had trained, and continues to train, counterparts to enhance the quality of the transfer request submissions. While OAI noted improvements in the transfer requests received in 2010 compared to 2009, the MPTF Office explained that these improvements were not necessarily sustainable as they depended on management continuity and staff member retention in the requesting units, which was often not possible. The Peacebuilding Fund also continues to fund activities in new countries, which by definition are post-conflict settings, characterized by low capacity and complex environments.

OAI recommended that the MPTF Office continue its efforts to improve the quality of disbursement requests through training and communication, particularly with regard to country teams that submit sub-par project proposals. OAI further suggested that the MPTF Office consider developing a scorecard which would rate submission quality, ranking requesting units based on the quality of their submissions, and further that it seek the support of the Peacebuilding Support Office in enhancing the quality of submissions. Since the audit of the Administrative Agent functions, the Peacebuilding Support Office has been revising its application guidelines and templates for submission, with the support of the MPTF Office. As of April 2013, the MPTF Office had also conducted training on the new guidelines and templates for country-level government and United Nations staff members involved in Peacebuilding Fund programming, especially the technical committees and Secretariats to the Joint Steering Committees.

Expenditure reporting by participating United Nations Organizations

OAI was informed that there was pressure on the MPTF Office from donors to provide quarterly expenditure reports, in order to provide more timely financial reporting. While the MPTF Office indicated that currently about 80 percent of the Peacebuilding Fund projects report programmatic and financial progress by submitting quarterly updates (in Word documents), which are then uploaded on GATEWAY, an automated approach could be adopted involving the submission of quarterly financial reports through UNEX and GATEWAY, as is done for annual reporting. The MPTF Office indicated that it was willing to honour donor requests for quarterly financial reports if the participating United Nations Organizations were willing to submit uncertified quarterly expenditure reports through the UNEX system.

OAI acknowledged the MPTF Office's positive intention and recommended that the MPTF Office explore the feasibility of quarterly financial reporting using the UNEX system, starting with those participating United Nations Organizations willing to engage in a pilot project with the MPTF Office. This recommendation has since been implemented.

Precise coding and mapping of project expenditures by recipient organizations to the corresponding funds transferred from the Peacebuilding Fund enables effective financial analysis and reporting of accurate financial data in the annual report. OAI noted that some of the financial information reported by participating United Nations Organizations was poorly coded/mapped to the corresponding Peacebuilding Fund transfers. It should be noted that participating United Nations Organizations are responsible for the accuracy of expenditure data reported, and the MPTF Office is not in a position to unilaterally adjust the information reported. To improve the mapping of project expenditures to Peacebuilding Fund transfers, OAI recommended that the MPTF Office work with concerned stakeholders to identify the exact causes of the mapping errors and take necessary measures to address these issues. At the time of finalization of this consolidation report, all projects with mapping issues had been identified and follow-up with the recipient organizations was in process. The MPTF Office was also preparing a factsheet on 'How to set-up and report on Peacebuilding Fund projects' which was to be sent together with the transfer notification for each new project.

Consolidated annual progress reports

OAI also reviewed the MPTF Office process for preparing the Annual Progress Report on activities implemented under the Peacebuilding Fund. Under the Memorandum of Understanding with the United Nations, the MPTF Office is required to submit to the Head of the Peacebuilding Support Office a consolidated narrative and financial annual report no later than 15 May of each year for the previous year.

The narrative and financial reports from the Country Offices, upon which the consolidated report is based, were often submitted late by the participating United Nations Organizations. The MPTF Office estimated that only 10 to 15 percent of the narrative write-ups were received before the 31 March deadline, and, as a result, the annual report was generally prepared under severe time pressure. Despite this constraint, the MPTF Office has been able to submit the draft report to the Peacebuilding Support Office on time. The Office has established a quality review mechanism through which an unedited final draft is circulated to participating United Nations Organizations and country-level stakeholders for revision and comment two weeks before the publication of the final report.

While OAI did not make a formal recommendation, the MPTF Office was encouraged to continue to urge participating United Nations Organizations to submit their narrative reports on time, thus facilitating more efficient preparation of the consolidated report, and to seek support from Peacebuilding Support Office in this regard.

Good practice

The MPTF Office's GATEWAY system was found to be an efficient and transparent web-based tool that allows donors and other interested parties to obtain an overview of the different funds managed by the MPTF Office. It also provides real time information regarding donor commitments and contributions as well as transfers to participating United Nations Organizations. While the expenditure amounts, as reported by participating United Nations Organizations, are only available on an annual basis, GATEWAY has already contributed significantly to increasing transparency regarding the use of donor funds. The Office's commitment to further developing GATEWAY is also commendable.

		2. Peace building projects implemented by Country Offices

2. Peace building projects implemented by Country Offices

The individual audits encompassed a total of 49 projects in five different countries. These audits covered eight areas, as shown below, although the scope was more limited in some instances. The audit ratings, overall and by audit area are summarized below.

Figure 2: Ratings by Country and by Audit Area

	Burundi	Central African Republic*	Côte d'Ivoire (UNOPS)	Liberia	Sierra Leone (UNDP)	Sierra Leone (IOM)
				Country Office		
Overall rating	Satisfactory	N/A	Partially Satisfactory	Partially Satisfactory	Partially Satisfactory	Partially Satisfactory
Audit Areas						
1. Organization and staffing	S	N/A	N/A	S	S	S
2. Project management	S	N/A	S	PS	PS	PS
3. Human resources management	S	N/A	PS	S	S	S
4. Financial and cash management	S	N/A	PS	U	U	PS
5. Procurement	S	N/A	PS	S	S	S
6. Asset management	S	N/A	PS	U	PS	N/A
7. Information systems	S	N/A	N/A	S	S	S
8. General administration	S	N/A	PS	PS	S	S

S: satisfactory
PS: partially satisfactory
U: unsatisfactory
N/A: not applicable or not available
*The audit of Peacebuilding Fund projects in the Central African Republic did not provide a rating for the areas reviewed.

The Financial and cash management area was rated "unsatisfactory" in two countries mainly because of unsupported expenditures. The asset management area was rated unsatisfactory in one country because the auditors could not physically verify some fixed assets.

Figure 3 provides key information on the five country audits and the implementing agencies for the projects audited.

Figure 3: Peacebuilding Fund Projects Audited by Country

Agency	Country	Audited Expenditures ($000)	Audit Period	No. of Projects Audited	Projects with Qualified Expenditures	Net Financial Impact ($000)	% of Net Financial Impact/ Audited Expenditure	Total Recommend-ations	High priority (%)
UNDP	Burundi	33,402	1-Jan-07 to 31-Dec-10	17	-	-	-	3	0 (0%)
UNDP	Central African Republic	9,939	1-Jan-08 to 31-Dec-11	8	4	262	2.6%	2	2 (100%)
UNOPS	Côte d'Ivoire	7,209	22-Nov-07 to 30-Sep-11	1	1	314	4.4%	10	1 (10%)
UNDP	Liberia	5,327	1-Jan-08 to 31-Dec-10	11	1	55	1.0%	7	5 (71%)
IOM	Sierra Leone	5,132	1-Jul-08 to 28-Feb-11	3	-	-	-	11	2 (18%)
UNDP	Sierra Leone	23,461	1-Jan-07 to 31-Dec-10	9	1	612	2.6%	21	4 (19%)
Total		**84,470**		**49**	**7**	**1,243**	**1.5%**	**54**	**14 (26%)**

The 49 projects audited had expenditures totalling $84.5 million during the period under review. Seven projects had qualified expenditures with a total net financial impact of $1.2 million, or 1.5 percent of the total audited expenditure. As stated earlier, the main reason for the qualification of these project audits was a lack of adequate documentation supporting expenditures.

These audits resulted in 54 recommendations, of which 14 (26 percent) were high priority, meaning that "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 the Organization and may affect the Organization at the global level." Most recommendations were made in the area of financial management.

The significant and/or recurring issues are discussed in detail below.

2.1. Project management

Loans not repaid by implementing partners

The auditors noted that one project in Sierra Leone awarded loans to implementing partners (microfinance institutions) that were to be paid back into the account of the Ministry of Youth and Sports. Some implementing partners failed to make repayments for loans totalling $0.6 million. OAI recommended that Project Managers monitor the activities of implementing partners and determine why the loans were not yet repaid, and that ultimately the Country Office, through its government counterpart, ensure funds are fully recovered as per agreed upon terms and conditions. The Country Office later informed OAI that representatives of the concerned microfinance institutions agreed to "return the appropriate portion of the loans; deposit the funds in an account maintained by the Ministry of Youth and Sports; provide UNDP with progress updates on the repayments; and follow up on cases where repayment had not been made."

Insufficient project coverage

In a project implemented by IOM in Sierra Leone (PBF/SLE/B-8 Improved Reformation, Justice and Security for Prison Inmates), one of the expected outcomes was increased prison capacity country-wide, to be accomplished by renovating and occupying the Mafanta prison. The prison was, however, not operational due to an inaccurate initial needs assessment at the design stage, which was completed before IOM took over the project. This resulted in an insufficient budget to fully achieve intended results. The project audit report recommended that the Country Office perform a thorough needs assessment prior to project conceptualization in order to develop projects that effectively meet intended objectives. Implementation status was not provided for this recommendation.

2.2. Financial and cash management

Unsupported expenditures

In four projects implemented in the Central African Republic by UNDP, the auditors noted that project expenditures were not properly documented, resulting in a net financial impact of $0.3 million. OAI recommended that the Country Office ensure that payments are made based on adequate supporting documentation.

The Country Office confirmed that implementation of this recommendation was interrupted when staff members had to be relocated temporarily following a coup d'état in March 2013.

Lack of reconciliation of inter-project loans

In Liberia, the auditors noted that the projects loaned funds to one another, but in several instances failed to reconcile and reverse the transactions. As of 31 December 2010, a total of $154,300 relating to several inter-project transactions had not been properly reconciled and reversed. OAI recommended that the Country Office ensure that the funds be reversed and appropriately charged to the correct Peacebuilding Fund projects. The charges were reversed and thus the recommendation was implemented.

2.3. Asset management

Inadequate management of assets

In Central African Republic, Côte d'Ivoire, Liberia and Sierra Leone, the auditors reviewed assets for a total value of $52.7 million and noted numerous lapses in asset management. These weaknesses included: lack of a comprehensive fixed asset register, unsigned title transfer, absence of physical inventory at year end, failure to reconcile the asset register with project financial statements and the inability of the auditor to physically verify the existence of some assets.

The audit reports recommended that the Country Offices strengthen asset management by ensuring that a comprehensive asset register is maintained, all title transfers are duly signed by both parties, a physical inventory is carried out at least once a year with properly documented results, all asset values are accurately reported in the financial statements, and assets are physically available for audit inspection and are used for the intended purpose and not for personal use. As of March 2013, the recommendations related to asset management were either implemented or in the process of being implemented.

ANNEX I. Definitions of audit terms - Ratings and Priorities

A.   AUDIT RATINGS

In providing the auditors' assessment, the Internal Audit Services of UNDP, UNFPA, UNICEF, and WFP use the following harmonized audit rating definitions. UNDP/OAI assesses the Country Office or audited HQ unit as a whole as well as the specific audit areas within the Country Office/HQ unit.

- **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." (*While all UNDP offices strive at continuously enhancing their controls, governance and risk management, it is expected that this top rating will only be achieved by a limited number of business units.*)

- **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". (*A "partially satisfactory" rating describes an overall acceptable situation with a need for improvement in specific areas. It is expected that the majority of business units will fall into this rating category.*)

- **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". (*Given the environment UNDP operates in, it is unavoidable that a small number of business units with serious challenges will fall into this category.*)

B.   PRIORITIES OF AUDIT RECOMMENDATIONS

The audit recommendations are categorized according to priority, as a further guide to UNDP management in addressing the issues. The following categories are used:

- **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 and may affect the organization at the global level.

- **Medium (Important)**

  Action is required to ensure that UNDP is not exposed to significant risks. Failure to take action could result in 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.