



AUDIT

OF

UNDP COUNTRY OFFICE

IN

CAMEROON

Follow-up of OAI Report No. 968 dated 16 July 2012

Report No. 1165
Issue Date: 14 June 2013



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Report on follow-up audit of UNDP Cameroon (Previous OAI report no. 968, 16 July 2012)

Executive Summary

From 25 to 28 March 2013, 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 Cameroon (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 as a result of an audit per Report No. 968 dated 16 July 2012. The follow-up audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit scope and objectives

The follow-up audit reviewed the implementation of 14 audit recommendations. Specifically, the follow-up audit determined if the recommended corrective actions were properly taken to address the issues noted in the previous audit and assessed those recommendations that remained outstanding, and obtained from the Office a revised timeframe for full implementation. The follow-up audit also aimed at providing UNDP with an overall assessment of the implementation status, as well as providing advice and support to the Office should there be any issues arising from the implementation process.

Approach

The follow-up audit reviewed the latest updates provided by the Office in the Comprehensive Audit and Recommendation Database System (CARDS), action plans and status reports, and other documents supporting the reported actions. OAI also conducted appropriate tests of transactions and activities by the Office from 17 July 2012 to 17 March 2013, and interviewed management and staff concerned to determine whether the reported corrective actions were indeed implemented.

Conclusions

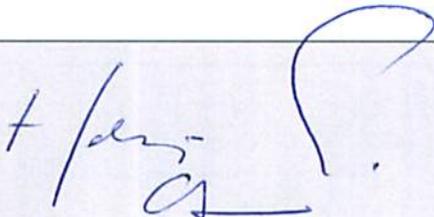
The on-site follow-up showed that of the 14 audit recommendations, the Office had fully implemented 8 and initiated action on 6, resulting in an implementation rate of 86.67 percent as per CARDS on 13 June 2013.

The detailed implementation status of the 14 recommendations has been reflected in CARDS.

Section I summarizes the six recommendations which have yet to be fully 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 summarizes the recommendations that have been withdrawn by OAI, if any, as the implementation thereof is no longer feasible or warranted.

Section III presents a summary of the implementation status.

A handwritten signature in blue ink is enclosed in a rectangular box. The signature is stylized and appears to read 'H. Ostveiten'.

Helge S. Ostveiten
Director
Office of Audit and Investigations

I. Details of recommendations not yet implemented

Recommendation no.	Recommendation	Implementation status reported by UNDP Cameroon	OAI assessment recommended action
3	The Resident Coordinator should resume and implement the Harmonized Approach to Cash Transfers, including requesting the Government to provide feedback on the proposal for a macro-assessment.	Through the contacts established by the Resident Representative a.i. with relevant governmental counterparts, the macro-assessment was re-launched and is currently being updated by a consultant in line with the new Country Programme Action Plan and workplans for 2013. Efforts were made to accelerate the process.	<p>In Progress</p> <p>OAI noted that the Office engaged and received concurrence from the Ministry of Economy, Planning and Regional Development in August 2012 to restart the macro-assessment for the Harmonized Approach to Cash Transfers. Since then, efforts have been made to establish a contract alongside other United Nations agencies with a consulting firm to undertake the macro-assessment. However, to date, the contract has not been signed, as it requires agreement with other United Nations agencies involved. As such, the work on the macro-assessment has not started.</p> <p><u>Agreed revised implementation date:</u> 30 September 2013</p>

Recommendation no.	Recommendation	Implementation status reported by UNDP Cameroon	OAI assessment recommended action
4	<p>The Office should improve its donor relations by:</p> <p>(a) preparing a resource mobilization strategy and action plan with specific milestones and indicators;</p> <p>(b) contacting all donors to reach an agreement on the use of remaining contribution balances;</p> <p>(c) ensuring that the Finance Unit maintains all supporting documentation for every adjustment made through journal entries;</p> <p>(d) ensuring that no trust funds are established without being authorized by Headquarters;</p> <p>(e) refunding the European Commission for the amount being requested; and</p> <p>(f) ensuring that contributions received from different donors are not recorded under a single donor code.</p>	<p>A draft resource mobilization strategy was prepared and submitted to the Resident Representative in November 2009 for validation and comments. However, no feedback was received. As such, the Office did not get to the final step which was the resource mobilization action plan.</p> <p>The new resource mobilization strategy will need to be aligned to the new Country Programme Action Plan and also consider the latest partnership survey results to determine where risks and opportunities are. The following are two important points based on lessons learned:</p> <p>(a) First, the resource mobilization strategy is only a strategy. The more important follow-up to a resource mobilization strategy, as is the case with all strategies, is the action plan. In this case, the resource mobilization action plan chalks out the details – who, what, and how much.</p> <p>(b) Second, for the action plan to be operationalized, all colleagues must remain accountable. This means that based on lessons learned, the formulation process itself needs to be broad-based from the outset, which is currently the case. These are all ongoing processes for the finalization of the new resource mobilization strategy and action plan.</p>	<p>In Progress</p> <p>OAI determined that the Office had cleared the outstanding contribution balances and was retaining supporting documentation for adjustments made through journal entries. There were no new trust funds established in the Office since the previous OAI audit.</p> <p>OAI noted that the resource mobilization strategy had not been prepared and implemented. The Resident Representative a.i. communicated with the UNDP Regional Bureau for Africa in November 2012, acknowledging the need for resource mobilization and seeking support on strengthening and finalizing the resource mobilization strategy in support of the new Country Programme Action Plan.</p> <p><u>Agreed revised implementation date:</u> 31 December 2013</p>

Recommendation no.	Recommendation	Implementation status reported by UNDP Cameroon	OAI assessment recommended action
10	<p>The Office should strengthen its vendor management by:</p> <p>(a) reviewing the vendor database to ensure that each vendor's file contains the required minimum documentation (identity card, confirmation of business registration and certification of location from the Government, original bank account certification, complete contact information of key staff);</p> <p>(b) refusing to process transactions if vendor forms are missing and until vendors provide the necessary documentation;</p> <p>(c) regularly reviewing the vendor database to ensure that no fictitious or duplicate vendors remain;</p> <p>(d) training existing staff to enhance their understanding of vendor creation and approval in Atlas, and ensuring only knowledgeable staff members are assigned to the different roles in vendor management; and</p> <p>(e) ensuring segregation of duties, i.e., that no vendor approver has the Atlas profile to create vendors, purchase orders or vouchers.</p>	<p>The Office is strengthening its vendor management by:</p> <p>(a) reviewing the vendor database to ensure that each vendor's file contains the required minimum documentation (identity card, confirmation of business registration and certification of location from the Government, original bank account certification, complete contact information of key staff);</p> <p>(b) refusing to process transactions if vendor forms are missing and until vendors provide the necessary documentation;</p> <p>(c) regularly reviewing the vendor database to ensure that no fictitious or duplicate vendors remain;</p> <p>(d) training programmes have been designed for existing staff to enhance their understanding of vendor creation and approval in Atlas, and ensuring only knowledgeable staff members are assigned to the different roles in vendor management; and</p> <p>(e) revising Atlas profiles to help ensure that segregation of duties are fully implemented and respected. This implies that no vendor approver has the Atlas profile to create vendors, purchase orders or vouchers. The vendor prequalification process has been completed by an external consultant, and</p>	<p>In Progress</p> <p>OAI noted that all three staff members who had a buyer profile had obtained procurement level one certification (OAI advised the Office that two buyers are recommended for each office). The two vendor approvers in Atlas did not have the buyer profile which would allow them to create vendors, purchase orders or vouchers. Therefore, there was an appropriate segregation of duties.</p> <p>OAI noted the following in relation to vendor management:</p> <ul style="list-style-type: none"> OAI identified 10 vendors that shared bank accounts. OAI requested the files for the vendors but these were not made available. As such, OAI was not able to confirm that the process of reviewing the vendor database to ensure each vendor's file contained the minimum required documentation had been implemented. <p><u>Agreed revised implementation date:</u> 31 December 2013</p>

Recommendation no.	Recommendation	Implementation status reported by UNDP Cameroon	OAI assessment recommended action
		selected vendors now have complete updated files (see report on the selected vendors).	
11	<p>The Office should improve asset management by:</p> <p>(a) undertaking a complete physical inventory of all UNDP assets and reconcile the physical results with what is recorded in the Atlas Asset Management Detail Report;</p> <p>(b) tagging all assets and ensuring their locations are correctly reflected in the asset report; and</p> <p>(c) disposing of obsolete, damaged and non-working items as soon as possible.</p>	<p>The Office has improved their asset management by:</p> <p>(a) undertaking a complete physical inventory of all UNDP assets and reconciling the physical results with what is recorded in the Atlas Asset Management Detail Report/In Service Report;</p> <p>(b) tagging all assets and ensuring their locations are correctly reflected in the asset report; and</p> <p>(c) disposing of obsolete, damaged and non-working items as soon as possible. These actions are reflected on the mid-year certified report, disposed of IT equipment and the certification letter of the Country Office.</p>	<p>In Progress</p> <p>A comprehensive asset inventory was undertaken by the Office on 28 December 2012. A reconciliation was subsequently done against the asset list in Atlas and corrections were made to eliminate duplicates. OAI performed a validation of 19 assets and noted some weaknesses in asset management:</p> <ul style="list-style-type: none"> ▪ Two inappropriate assets were still recorded in the assets register. One was disposed of in March 2012 but had not been removed from Atlas. The other could not be located. ▪ Five out of 19 assets were not tagged. <p><u>Agreed revised implementation date:</u> 30 June 2013</p>
12	<p>The Office should comply with UNDP travel procedures by ensuring that travel claims with all supporting documentation are prepared by travellers within 15 days after the mission and certified by the Head of Office.</p>	<p>Travel claims are systematically accompanied by supporting documents. Processes have been put in place and a memo signed to inform staff members of the 15 day deadline for submission of travel claims. Travel claims are also certified by the Head of Office.</p>	<p>In Progress</p> <p>OAI noted that a memo was issued by the Office mandating the completion of travel claims within 15 days of completion of a mission. OAI reviewed a sample of seven vouchers related to travel and noted that a travel claim was completed for only one of three relevant cases.</p>

Recommendation no.	Recommendation	Implementation status reported by UNDP Cameroon	OAI assessment recommended action
			<p><u>Agreed revised implementation date:</u> 30 June 2013</p>
14	<p>The Office should strengthen its safety and security measures by:</p> <p>(a) finalizing and testing the business continuity and disaster recovery plans;</p> <p>(b) ensuring all personnel complete mandatory security training;</p> <p>(c) improving compliance with the Minimum Operational Security Standards through regular testing of informal communication systems during emergencies and conducting emergency evacuation drills;</p> <p>(d) ensuring that smoke detectors and fire extinguishers are easily accessible and in proper working order;</p> <p>(e) repairing the faulty door, and acquiring a metal detector to be used for each visitor entering the building;</p> <p>(f) ensuring that the main gate is never left open and unattended; and</p> <p>(g) prohibiting vehicles from parking next to the building.</p>	<p>The business continuity plan has been finalized and the testing is slated for the days ahead. All personnel have completed their Basic Security in the Field II course. A telephone tree has been set up for the testing of informal communication systems and smoke detectors and fire extinguishers have been tested and found to be functional and in proper working order. The main gate has two security guards who are on post permanently during working hours to ensure spot-checks and access control. The parking lot has been rearranged to stop private vehicles from accessing and official vehicles from being parked in a disorderly manner.</p>	<p>In Progress</p> <p>OAI noted that the extinguishers have been lowered and are now easily accessible. In addition, radio communication is periodically tested and a building emergency evacuation drill was executed at least once after the prior audit. However, all the other recommendations were still in progress as follows:</p> <p>(a) The business continuity plan and the disaster recovery plan had been finalized and approved in November 2012. However, these plans have not been tested given the extensive preparations required to conduct the test.</p> <p>(b) All staff had completed the Basic Security in the Field II course. However, only 10 percent of active staff had completed the Advanced Security in the Field course.</p> <p>(d) The faulty door has now been secured and requires a proximity card to gain entry. All visitors must report to the guard window and are only granted access to the building after they have been positively identified. There is a guard posted at the front door and a designated area has been established to scan visitors for metallic objects.</p>

Recommendation no.	Recommendation	Implementation status reported by UNDP Cameroon	OAI assessment recommended action
			<p>However, on the two occasions that OAI used the door, the guard did not conduct a scan.</p> <p>(e) There was a guard late in the evening looking after the interior gate leading to the interior compound where office vehicles are parked. OAI did not observe an evening guard at the first gate leading to the visitors parking lot.</p> <p>(f) The area outside the building is used as a parking lot and vehicles continue to be parked next to the building. The Office indicated that owing to parking space limitation, a decision had been made to allow staff to park their vehicles in the compound notwithstanding the risk posed. Thus, no further action is expected in this regard.</p> <p><u>Agreed revised implementation date:</u> 31 December 2013</p>

II. Details of recommendations withdrawn

Recommendation no.	Recommendation	Implementation status reported by UNDP Cameroon	Justification for withdrawing the recommendation
		NOT APPLICABLE	

III. Summary of implementation status

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