UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

THE REPUBLIC OF THE CONGO

Report No. 1699

Issue Date: 31 August 2016

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Report on the Audit of UNDP in the Republic of the Congo
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP in the Republic of the Congo (the Office) from 9 to 20 May 2016. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

(a) governance and strategic management (organizational structure and delegations of authority, leadership/ethics and values, financial sustainability);

(b) United Nations system coordination (Resident Coordinator Office, Harmonized Approach to Cash Transfers);

(c) programme activities (development activities, partnerships and resource mobilization, project management); and

(d) operations (human resources, finance, procurement, information and communication technology, general administration, safety and security).

The audit covered the activities of the Office from 1 January 2015 to 31 March 2016. The Office recorded programme and management expenditures of approximately $11 million. The last audit of the Office was conducted by OAI in 2013.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the Office as **partially satisfactory,** which means, "Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity." This rating was mainly due to the Office's financial sustainability being at risk, and the inadequate management of the UN Clinic.

Key recommendations: Total = **9**, high priority = **3**

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1, 2	High
Reliability and integrity of financial and operational information	4, 5	Medium
Effectiveness and efficiency of operations	3, 9	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	6, 7	Medium
	8	High

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Office's financial sustainability at risk (Issue 1)	The 'UNDP Programme and Operations Policies and Procedures' require all offices to maintain a minimum of 12 months of extrabudgetary reserves (this was reduced to 9 months in January 2016 on an interim basis). The financial sustainability of the Office remained a concern for senior management, both at the Office and the Regional Bureau level. As of December 2015, the Office had 6 months of extrabudgetary reserves compared to the 13 months of reserves that it had in December 2013. The fall in reserves was explained by increased operational costs (especially staffing payroll costs), the inability to timely collect Government Contributions to Local Office Costs amounting to $829,000, and challenges with resource mobilization. Furthermore, the Office was not implementing Direct Project Costing. The audit also disclosed that the Office was using General Ledger Journal Entries (GLJEs) for the transfer of funds to the extrabudgetary reserve. Three such entries amounting to $329,000 were not adequately justified and supported. Recommendation 1: The Office should improve financial sustainability by fast tracking the implementation of Direct Project Costing to minimize payroll costs charged to extrabudgetary reserves. Recommendation 2: The Office should improve the management of GLJEs by: (a) revisiting and investigating the three GLJEs cited to determine if they can be sustained or if refunds should be made to the relevant projects; and (b) systematically identifying, validating and maintaining appropriate supporting documents for all GLJEs prior to their introduction and approval in Atlas (enterprise resource planning system of UNDP).
Inadequate management of UN Clinic (Issue 7)	The UN Clinic provided treatment to dependents of United Nations Volunteers and employees of contractors who were by default not eligible for treatment at the Clinic. The Office did not obtain the clearance of the Chief, Policy and Compensation Unit, the Legal Office and UNDSS prior to allowing treatment to those individuals. The Office was also not undertaking quarterly counts and certifications of the inventory of the UN Clinic. The Office pre-financed expenditures of the UN Clinic totalling $35,000 in 2015 because some participating UN agencies did not make their full contributions. However, the 2016 budget of the UN Clinic did not take into account the amount pre-financed by the Office. Specifically, the balance owed by other UN agencies should have been added to their contributions for 2016 as arrears. On the other hand, the required 2016 contributions of the Office should have been reduced by the pre-financed amount. Recommendation 8: The Office should improve the management of the UN Clinic by: (a) liaising with Headquarters units for concurrence on the principle of providing treatment to dependents of United Nations Volunteers and other non-UN personnel; (b) undertaking quarterly counts and submitting certifications of the inventory of medical items from the UN Clinic; and (c) following up with participating United Nations agencies to ensure that contributions are received timely and obtaining the concurrence of the Operating Committee for a reduction in the Office's 2016 contribution by the pre-financed amount in 2015.

Implementation status of previous OAI audit recommendations: Report No. 1140, 15 November 2013.
Total recommendations: 16
Implemented: 16

Management comments and action plan

The Resident Representative accepted eight of the nine recommendations and is in the process of implementing them. One recommendation was not agreed upon and the Director of the Regional Bureau for Africa accepted the risk of not taking action on the issue identified by OAI (refer to issue 7, recommendation 8). Comments and/or additional information provided have been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.

Helge S. Osttveiten
Director
Office of Audit and Investigations

I. About the Office

At the time of the audit fieldwork, the Office, located in Brazzaville, Republic of the Congo (the Country), had 24 staff members, including 4 international staff members. The Office was implementing the Country Programme covering the period from 2014 to 2018, and the main outcomes were: (a) promotion of democratic governance; (b) reduction of inequalities and acceleration towards the attainment of the Millennium Development Goals; and (c) protection of the environment and promotion of sustainable development. The Country ranked 136 out of 188 on the 2015 Human Development Index.

II. Audit results

Satisfactory performance was noted in the following areas:

(a) Project management. There was adequate monitoring and oversight of project activities.

(b) Operations/information and communication technology. The management of information and communication technology was found to be in line with UNDPs policies and standards.

OAI made three recommendations ranked high (critical) and six recommendations ranked medium (important) priority.

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

High priority recommendations, arranged according to significance:
(a) Improve the management of GLJEs (Recommendation 2).
(b) Improve financial sustainability (Recommendation 1).
(c) Improve the management of the UN Clinic (Recommendation 8).

Medium priority recommendations, arranged according to significance:
(a) Finalize the implementation of the Harmonized Approach to Cash Transfers (Recommendation 3).
(b) Improve controls over payments (Recommendation 4).
(c) Determine the extent to which the transactions in the fuel account can be reconciled (Recommendation 5).
(d) Improve the management of procurement (Recommendation 6).
(e) Improve individual contract management (Recommendation 7).
(f) Reinforce travel management (Recommendation 9).

The detailed assessment is presented below, per audit area:

A. Governance and Strategic Management

Issue 1 Office's financial sustainability at risk

The 'UNDP Programme and Operations Policies and Procedures' require all offices to maintain a minimum of 12 months of extrabudgetary reserves (this was reduced to 9 months in January 2016 on an interim basis). Offices are to ensure financial sustainability by securing stable and sufficient long-term financial resources and allocating these resources in a timely manner and appropriate form in order to cover the full costs of operations.

The financial sustainability of the Office remained a concern for senior management, both at the Office and the Regional Bureau level. As of December 2015, the Office had 6 months of extrabudgetary reserves compared to 13 months in December 2013. The decline in the extrabudgetary reserves was explained by the following factors:

- The rise in operating costs were charged to extrabudgetary reserves. These costs had risen from $664,000 in 2013 to $762,000 in 2014 and finally to $801,000 in 2015 (a 20 percent increase) primarily driven by staff costs, which increased from $325,000 in 2013 to $458,000 in 2015. The Office explained that because of the Financial Sustainability Exercise and reductions in core funding allocated to the Office, it had transferred funding for certain positions to extrabudgetary reserves. This was done instead of implementing Direct Project Costing to distribute the true operational costs of the Office to all recipients of operational services.
- Government Contributions to Local Office Costs amounting to $829,000 for the period from 2009 to 2014 had not been received by the time of the audit. This was a long-outstanding issue that predated the current management. In this regard, efforts had been made to recover these funds by past and current management, but those efforts had yet to bear results. Given that the Office's management was monitoring this issue, OAI did not raise a recommendation in this regard.
- The inability to mobilize funding from sources other than the host Government alongside the fall in the price of oil in the world markets had forced the Government to curtail cost-sharing activities. Thus, General Management Service fees had fallen gradually from $377,000 in 2013 to $176,000 in 2014 and to $102,000 in 2015. Management explained that the context of the Country as a middle-income country rendered it difficult to attract donors other than the Government. OAI acknowledged the Office's efforts and its commitment to work on a strategy to diversify its partners, particularly in the private sector.

The audit noted three GLJEs amounting to $398,000 that were not adequately supported. Two of these worth $361,000 pertained to funds in old and unused projects (such as the UN Clinic and Common Security Contributions) that were transferred to the extrabudgetary reserve as miscellaneous income in 2014 and 2015, respectively, on the premise that the Office had over contributed in prior years. These transfers were carried out without due analysis to support the assertion of over contribution and without consultation with relevant partner agencies. The third one amounting to $37,000 pertained to a United Nations Volunteers post (funded by fund 02550, which is the core fund for salaries and other operating expenses related to development activities), that remained vacant from January to July 2015. To avoid losing the funds, the Office raised the GLJE to transfer the funds from this fund to the extrabudgetary reserve. This transaction could not be sustained as the funds in 02550 are typically authorized for the payment of salaries within a given year and should be returned to Treasury if not used within the financial year.

Inadequate cost management and continued difficulties in resource mobilization may render it difficult for the Office to maintain its current structure and support to the Government.

Priority	High (Critical)
Recommendation 1: The Office should improve financial sustainability by fast tracking the implementation of Direct Project Costing to minimize payroll costs charged to extrabudgetary reserves.	

Management action plan:

The Office will use Direct Project Costing to reduce the pressure on the extrabudgetary reserves. Direct Project Costing will be fully implemented by the Office by 2017. Several positions are in Direct Project Costing since the beginning of 2016, representing approximately 70 percent of total volume.

Estimated completion date: December 2016

Priority	High (Critical)

Recommendation 2:

The Office should improve the management of GLJEs by:

(a) revisiting and investigating the three GLJEs cited to determine if they can be sustained or if refunds should be made to the relevant projects; and
(b) systematically identifying, validating and maintaining appropriate supporting documents for all GLJEs prior to their introduction and approval in Atlas.

Management action plan:

The Office will undertake the process of justification of the GLJEs.

Estimated completion date: December 2016

B. United Nations System Coordination

Issue 2 Harmonized Approach to Cash Transfers Framework not fully implemented

The Harmonized Approach to Cash Transfers Framework (HACT) requires that participating United Nations agencies agree on and coordinate HACT activities, to reduce the burden that the multiplicity of United Nations procedures creates for its partners. Compliance is achieved when the following components have been completed: (a) macro-assessment of the public financial system; (b) micro-assessments of implementing partners; (c) agreement with the Government on implementing HACT; and (d) development and implementation of an assurance and audit plan for implementing partners.

The audit disclosed that several components required for full HACT implementation were yet to be completed. The macro-assessment of the public financial system was completed in June 2014. A micro-assessment exercise was ongoing, having been initiated in 2015, but the final report was still pending. As such, an assurance plan was yet to be developed and implemented. Moreover, there was no documentation confirming discussions on HACT implementation with key partners or donors.

Delays in the implementation of HACT may result in increased transactional costs.

Priority	Medium (Important)
Recommendation 3: The Office should finalize the implementation of the Harmonized Approach to Cash Transfers modality by finalizing the micro-assessments, developing an assurance plan and scheduling assurance activities based on the risk profile of each implementing partner.	
Management action plan: The need for HACT is part of the priorities of the United Nations Country Team, and we are pushing the United Nations Country Team towards the objective. All micro-assessment reports have been finalized, an assurance plan has been developed and assurance activities based on the risk profile of each implementing partner is already available. All documents mentioned have been uploaded on the HACT SharePoint. **Estimated completion date:** July 2016	
OAI Response The audit acknowledges the actions taken by management; this will be reviewed in CARDS at a later stage as part of the standard desk follow-up process of OAI.	

C. Operations

1. Finance

Issue 3 Weaknesses in management and oversight over payments and advances

The policy on "Disbursing Funds (Making Payments)" of the 'UNDP Programme and Operations Policies and Procedures' states that disbursing officers who sign off on payment instruments including cheques, electronic funds transfers or disbursement letters must review such payments and reconcile all amounts, currencies, payees and dates to approved Atlas payment vouchers prior to sign off. Moreover, prepayments must be backed by formal contractual instruments and must be recorded in account 16065 (Prepaid Voucher Modality).

During the period under review, the Office processed 2,204 vouchers worth $6.1 million. OAI reviewed 41 vouchers worth $1.1 million and noted the following weaknesses:

(i) Inadequate control over manually prepared disbursement letters

The Office had not established an Electronic Funds Transfer payment process with the local bank although it recorded payments in Atlas as such. In this respect, the Office manually prepared disbursement letters and manually appended the associated Atlas payment reference to the letters. While the use of disbursement letters is allowed by UNDP policies and procedures, the requirement to ensure that the name of the payee in the payment instrument is the same as the payee in the Atlas payment voucher was not consistently observed. Based on a review of payments made via disbursement letter from December 2014 to March 2015, the audit

disclosed two[1] payments totalling $119,000 in which the payee in Atlas did not match the payees' information as recorded in bank transfer letters.

(ii) Prepayments not backed by formal contract and not recorded as advances in Atlas

The Office made two prepayments amounting to $30,000 to a mobile payment vendor for onward payment to third parties without a signed contract with the vendor. The prepayments were recorded as expenses in 7XXXX accounts rather than as advance payments in account 16065 to facilitate follow up. The audit team noted that supporting documents had been subsequently provided to justify expenditures. Another vendor was paid $48,000 as an advance to a contract, but again the advance was not recorded as a prepayment in account 16065.

(iii) Inadequate management of advances to government partners

It was not possible to validate reported expenditures to confirm that they were justified in the absence of a detailed budget. In this respect, $34,000 was paid as incentives to 31 government staff to participate in a two-day workshop. The amount paid to each staff ranged from $500 to $3,000 daily. No basis was provided to OAI for making these payments and there was no budget against which to validate the payments. UNDP policy does not allow for the payment of incentives to government staff unless prior authorization is obtained from the Administrator. In another case, an advance to a government partner was recorded against expense account 7XXXX, whereas it should have been recorded as an advance in account 16005. While the amount had been subsequently liquidated, the audit team noted that there were $2,200 worth of expenditures that were not related to the intended activity and could have been disallowed.

Inadequate management and oversight over payments may lead to risks that those payments will be considered unallowable or unjustified and errors and irregularities not timely detected.

Priority	Medium (Important)
Recommendation 4: The Office should improve controls over payments by ensuring that: (a) the payee payment details in Atlas match details in the disbursement letter; (b) prepayments are only made based on established contracts and recorded as advances in account 16065; and (c) advances to partners are only made on the basis of detailed, defined budgets provided upon issuance of the advance.	
Management action plan: (a) The cheque printer is now functional. (b) The prepayment account will be used each time an advance is made to suppliers. (c) A memo has been made to improve the process of issuing advances to national partners. **Estimated completion date:** December 2016	

[1] OAI validated the two payments and confirmed they were received by the intended payee.

OAI Response

The audit acknowledges the actions taken by management; this will be reviewed in CARDS at a later stage as part of the standard desk follow-up process of OAI.

Issue 4 Inadequate management of fuel account

Effective fuel management requires proper controls, performing real-time audits of invoices, and resolving discrepancies. When a fuel tank is installed at UNDP premises, it is imperative to periodically reconcile quantity and value purchased against sales of fuel, to account for any variations.

The Office operated a fueling station within its compound from 2004 to 2014. The Office paid for the fuel in advance and sold the fuel through coupons to staff and other agencies. The transactions related to the operation of this station were recorded in account 14057.

The audit disclosed that between 2005 and 2014 the Office paid for more fuel than it sold in 9 years, and in the remaining year, it paid for less fuel that it sold. The over/underpayments were not analysed on an annual basis and the balance in account 14507 continued to grow over the years. When the station finally closed in 2014, a full reconciliation was not undertaken. At the end of the audit fieldwork in May 2016, account 14507 had a balance of $174,000, which could not be explained without a reconciliation of the physical evidence of purchase and sale of the fuel. The documentation going back to 2004 was not readily available during the audit.

The Office may have to file for a write-off of the balance, which would be an acknowledgement that the amount is lost.

Priority	Medium (Important)
Recommendation 5: Management should determine the extent to which the transactions in the fuel account can be reconciled and, as necessary, work with Headquarters units to clear the balances in the account.	
Management action plan: The Office will contact the Office of Financial Resources and Management to prepare a file for the write-off of the old balance in account 14057. **Estimated completion date:** December 2016	

2. Procurement

Issue 5 Inadequate contract management

According to the 'UNDP Programme and Operations Policies and Procedures', when a contract calls for an advance payment exceeding $30,000, the supplier shall be asked to provide a bank guarantee (valid for the

duration of the contract) or a certified cheque. The advance payment, in all cases, should not exceed 20 percent of the total contract amount.

The audit noted two procurement cases valued at $200,000 that did not comply with the UNDP policy on advances. Both cases warranted a bank guarantee that was not obtained prior to entering into contracts and in both cases, the advances exceeded the 20 percent threshold. In fact, the advance in one case amounted to 100 percent of the contract value.

In one of the cases noted above, management accepted a request from the contractor to wave the bank guarantee requirement and to increase advance payments from 20 to 40 percent. In an additional case valued at $40,000, the vendor, after being awarded the contract, was unable to obtain the bank guarantee and subsequently management changed the amount of the advance downwards, to eliminate the need for the guarantee. Both changes constituted a material variation in the procurement process that could have warranted restarting the process since the requirement for the bank guarantee might have dissuaded some potential bidders who could not obtain the guarantees.

Non-compliance with procurement practices may result in non-competitive procurement decisions that are not aligned with UNDP procurement principles.

Priority	Medium (Important)
Recommendation 6: The Office should improve the management of procurement by systematically requesting bank guarantees for advance payments exceeding $30,000 and limiting advances to a maximum of 20 percent of the contract value.	
Management action plan: The Office has noted the recommendation and will ensure that all appropriate actions are taken. **Estimated completion date:** December 2016	

Issue 6 Weaknesses in management of individual contracts

The engagement of individual contractors under the individual contract modality is subject to the general procurement principles established by the 'UNDP Financial Regulations and Rules', namely: best value for money, fairness, integrity and transparency, effective international competition, as well as the interests of UNDP and the United Nations.

During the audit period, the Office engaged 38 individual contractors. The audit disclosed the following weaknesses in the selection and contracting of contractors:

- There were gaps in the Evaluation Committee members' skills to conduct evaluations fairly and consistently. In 3 out of 9 cases valued at $40,000, none of the panel members had a background in the subject matter. Specialized consultants and/or external experts were not consulted to bring in their expertise on these selection processes.

- Weekends and holidays were not excluded from contracts when considering fees for services. In three cases valued at $85,000, the audit disclosed that the Office paid consultants 90 days of service fees in a three-month contract without any evidence that the consultants worked every day without breaks for the duration of the contracts, including weekends and holidays.
- For all individual contracts where payments were based on several deliverables, management had not established a timeline for each intermediate deliverable. Only the final report date was defined as a milestone. As a result, five contractors out of nine submitted their reports up to six months after the deadline. There were no penalties for these delayed deliveries due to the lack of penalty clauses in the contracts.
- Reference checks were not obtained in three cases out of nine.

By not complying with individual contractor recruitment and management policies and procedures, there is no assurance that the most qualified candidates will be selected and that deliverables will be met within the established timeframe.

Priority	Medium (Important)
Recommendation 7: The Office should improve individual contract management by: (a) complying with UNDP guidelines on the selection and management of individual contractors, and identifying individuals who have the required competencies for technical evaluation of candidates; (b) establishing milestones for intermediate deliverables and penalties for late delivery on milestones; and (c) conducting reference checks prior to hiring consultants.	
Management action plan: The Office has noted these recommendations and will ensure that all appropriate actions are taken. **Estimated completion date:** December 2016	

3. General Administration

Issue 7 Inadequate management of UN Clinic

Article 5 of the 'Guidelines on UN Clinics (Administered by UNDP)' allows individual contractors, service contract holders, and United Nations Volunteers to have access to the UN Clinic. The UN Clinic's services are normally not extended to the family members of these individuals unless specified in the respective Memorandum of Understanding between UNDP and the participating agencies. Additionally, Article 6 of the Guidelines stipulates that any request for the provision of services from the UN Clinic for non-UN personnel should be addressed to the Chief, Policy and Compensation Unit and approved by the Legal Office, and subject to any UNDSS mandated security considerations. Lastly, the quarterly 'Guidance Note for Reporting of Inventories' issued by the Office of Financial Resources Management requires unused medical items and ready-to-use non-medical consumable items at the UN Clinics to be physically counted and reported to Headquarters on a quarterly basis.

The audit noted the following weaknesses with respect to the management of the UN Clinic:

- The UN Clinic provided treatment to dependents of United Nations Volunteers and these services were stipulated in the Memorandum of Understanding among United Nations agencies in the Country. However, the Office did not obtain the clearance of the Chief, Policy and Compensation Unit, the Legal Office and UNDSS prior to allowing treatment to those individuals, as required in the Guidelines. The Office believed that their action to include dependents of United Nations Volunteers in the Memorandum of Understanding was sufficient.
- The quarterly count of medical items at the UN Clinic was not undertaken to facilitate the reporting of inventory to Headquarters, as required. The Office stated that a physical count was undertaken mid-2015 but no supporting documents were made available to support this assertion. Furthermore, management indicated that it followed the requirements in the Guidelines and believed the Guidelines only required maintenance of a simple automated inventory system.
- The Office pre-financed expenditures of the UN Clinic totalling $35,000 in 2015 because some participating UN agencies did not make their full contributions. However, the 2016 budget of the UN Clinic did not take into account the amount pre-financed by the Office. Specifically, the balance owed by other UN agencies should have been added to their contributions for 2016 as arrears. On the other hand, the required 2016 contributions of the Office should have been reduced by the pre-financed amount.

Subsequent to audit fieldwork, the Office's management wrote a memo to the doctor in charge of the UN Clinic, stating that it would reduce its 2016 contribution by $35,000. However, the UN Clinic itself was not in a position to take action in response to the memo since budget matters are reviewed and approved by the Operating Committee. Furthermore, no efforts had been made to contact the UN agencies that under-contributed in 2015.

Inadequate management of the UN Clinic exposed the Office to operational risks related to non-compliance with UNDP policies and which could negatively impact the integrity of financial reports.

Priority	High (critical)
Recommendation 8: The Office should improve the management of the UN Clinic by: (a) liaising with Headquarters units for concurrence on the principle of providing treatment to dependents of United Nations Volunteers and other non-UN personnel; (b) undertaking quarterly counts and submitting certifications of the inventory of medical items from the UN Clinic; and (c) following up with participating United Nations agencies to ensure that contributions are received timely and obtaining the concurrence of the Operating Committee for a reduction in the Office's 2016 contribution by the pre-financed amount in 2015.	
Management action plan: Management disagreed with the recommendation and the Director of the Regional Bureau for Africa accepted the risk of not taking action on the issue and therefore offered no action plan, for the following reasons: (a) it believed that Article 5 of the 'Guidelines on UN Clinics (Administered by UNDP)' does not require liaison with Headquarters units with respect to granting access to dependents of United Nations Volunteers to the UNDP managed Clinic; and (b) it believed that the 'Guidelines on UN Clinics' call for a simple inventory system and not a periodic inventory count and certification. No action plan was provided with respect to item (c) in the recommendation.	

OAI Response
As per OAI's requests for further clarification, the Office of Human Resources confirmed that clearance from Headquarters was required with respect to providing treatment to dependents of United Nations Volunteers. Furthermore, the Office of Financial Resources Management confirmed that quarterly counts and related inventory certifications were required as stipulated in the 'Guidance Note for Reporting of Inventories' that is issued on a quarterly basis. Therefore, OAI is retaining the recommendation.

Issue 8 Inadequate travel management

According to the 'UNDP Programme and Operations Policies and Procedures', travel should be managed efficiently through proper planning, administration and follow-up, and by adhering to travel policies and guidelines to ensure best value for money. The policy prescribes that all travel should be done via the most direct and economical route and that travel allowances be based on the recommended itinerary, regardless of the route chosen by the traveller.

The audit team reviewed a sample of 12 travel vouchers valued at $44,000 out of 39 valued at $122,000 and noted that there was no evidence of itinerary comparisons to objectively establish the most direct and economical route. The travel missions reviewed by OAI did not include a price comparison to demonstrate that the chosen itinerary provided best value for money. In all cases, only one quotation was received from the travel agent instead of the required three quotations. In one case, for example, a proper analysis was not undertaken to establish if the difference between the approved itinerary and the preferred itinerary (by the staff) could be accommodated by the Office or charged to the staff. As a consequence, OAI could not validate if the accommodation was justified and estimate the difference, if any, which needed to be reimbursed by the staff.

Without a comparative analysis of different quotations, the Office cannot ensure best value for money and may be paying higher prices for its travel expenses.

Priority	Medium (Important)
Recommendation 9: The Office should reinforce travel management by sufficiently documenting travel analyses to support choices of itinerary while demonstrating compliance with the travel policy and best value for money.	
Management action plan: The Office has noted these recommendations and will ensure all appropriate actions are taken. **Estimated completion date:** July 2016	

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

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

B. PRIORITIES OF AUDIT RECOMMENDATIONS

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