UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

EL SALVADOR

Report No. 1724

Issue Date: 24 February 2017

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Report on the Audit of UNDP El Salvador
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP El Salvador (the Office) from 21 November to 2 December 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 (leadership, corporate direction, corporate oversight and assurance, corporate external relations and partnership);

(b) programme (quality assurance process, programme/project design and implementation, knowledge management);

(c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security); and

(d) United Nations leadership and coordination.

The audit covered the activities of the Office from 1 January 2015 to 30 September 2016. The Office recorded programme and management expenditures of approximately $67 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 / Major Improvement Needed**, which means, "The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to weaknesses in risk management and the monitoring of projects, and due to the financial sustainability of the Office being at risk.

Key recommendations: Total = **9**, high priority = **1**

The nine recommendations aim to ensure the following:

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

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. The high (critical) priority recommendation is presented below:

Office's financial sustainability at risk (Issue 3)	The Office experienced a reduction in financial resources from $33 million in 2015 to $20 million in 2016. The existing Resource Mobilization Strategy established by the Office covered the period up to the end of 2016. Therefore, the strategy was not aligned with the current Country Programme Document up to 2020. In addition, at the time of the audit, there was $2.3 million in uncollected Government Contributions to Local Office Costs (GLOC) for the period 2011-2016. At the time of the audit, the total programme delivery amounted to $25 million, which represented 61 percent of total programme budget and 70 percent of the Integrated Work Plan target. In addition, the Office had not allocated 38 percent of the total TRAC resources received ($159,352 out of $419,974) to any project budget. Furthermore, $235,000 of total TRAC resources received was not utilized. On the other hand, an amount of $110,000 of TRAC was spent on salaries and hospitality expenses, contrary to the UNDP guidelines. As a result of the delays in utilizing the resources, the extrabudgetary status report (November 2016) showed a low closing balance of $0.8 million compared to $2.1 million in 2015. Recommendation: The Office should develop and implement a plan to ensure financial sustainability by: (a) revising its Resource Mobilization Strategy to align with the current Country Programme Document; (b) seeking advice from the Bureau for Management Services in collecting outstanding GLOC; and (c) enhancing controls in allocating and monitoring utilization of TRAC resources.

Management comments and action plan

The Resident Representative accepted all of the recommendations and in the process of implementing them. 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

The Office, located in San Salvador, El Salvador (the Country), consisted of a main office that supported the development needs of the Country, and of a sub-office located in Belmopan, Belize. This audit covered the activities of the main office located in the Country. The Office had 26 staff members and 41 service contract holders at the time of the audit fieldwork. The Office's portfolio consisted of both directly implemented and nationally implemented projects.

II. Audit results

Satisfactory performance was noted in the following areas:

(a) Leadership, ethics and values. Overall, staff members were aware of the Office's priorities, challenges and objectives regarding ethical behavior. No reportable issues were identified.

(b) Development activities. Implementing partners, United Nations agencies, and donors with whom OAI met during the audit mission expressed their appreciation of the Office as a valued development partner.

(c) Resident Coordinator Office. The United Nations Country Team shared the common goal of improving coordination within the United Nations system in the Country, and were supportive of the achievement of the Government's development goals.

(d) General administration. Controls over general administration activities, including common services, vehicle management, and travel management, as well as asset management, were found to be adequate.

OAI made one recommendations ranked high (critical) and eight recommendations ranked medium (important) priority.

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

High priority recommendations, arranged according to significance:

(a) Develop and implement a plan to ensure financial sustainability (Recommendation 3).

Medium priority recommendations, arranged according to significance:

(a) Strengthen risk management and monitoring, including project reporting (Recommendation 2).
(b) Review organizational structure to fill gaps in the Programme Unit, and ensuring clear programmatic roles and responsibilities are assigned to staff members (Recommendation 1).
(c) Enhance controls when charging other United Nations agencies and projects for support services (Recommendation 7).
(d) Fully adopt the Harmonized Approach to Cash Transfers (Recommendation 4).
(e) Ensure that all directly implemented projects have been duly authorized by the Regional Bureau for Latin America and the Caribbean (RBLAC) and that projects are timely closed (Recommendation 5).
(f) Improve human resource management (Recommendation 6).
(g) Ensure compliance with the UNDP procurement policies (Recommendation 8).
(h) Improve the management of information and communication technology (Recommendation 9).

The detailed assessment is presented below, per audit area:

A. Governance and strategic management

1. Organizational structure and delegation of Authority

Issue 1 Weakness in organizational structure

The vision and mission of an office as well as its organizational effectiveness relies on its adequate organizational structure, which allows for clear roles and responsibilities, as well as reporting lines. In order to ensure that the Office was 'fit for purpose', an organizational change process was initiated, focusing on strengthening the programmatic area.

The structure of the Programme Unit had undergone changes due to staff turnover. The departure of the Assistant Resident Representative-Programme (ARR-P) in 2014 and three Programme Coordinators had impacted the coordination, integration, communication and control of activities among the various programme areas. As a temporary solution, in March 2014, the former Resident Representative reassigned the ARR-P functions to the Assistant Resident Representative-Operations (ARR-O), including representing the Office in project steering committees, and coordinating activities with implementing partners.

The above solution, however, did not address all the needs of the Programme Unit. Specifically, the supervision and coordination of substantive topics, such as management of project pipelines of the Office, and the implementation of various programme and project activities supporting the Sustainable Development Goals, had not been reassigned.

An organizational structure that is not aligned with the respective functions of the Office may result in unclear roles, responsibilities, and accountabilities.

Priority	Medium (Important)
Recommendation 1: The Office should review its organizational structure to fill the gaps in the Programme Unit.	
Management action plan: The ongoing organizational change process aims precisely at strengthening programmatic coordination and cohesion through an ARR-P, in full alignment and in compliance with the UNDP programmatic framework. As a result of a new office structure in El Salvador, all roles will be reviewed and a new Internal Control Framework will be set up, including the responsibilities between both offices. **Estimated completion date:** December 2017	

2. Risk management, planning, monitoring and reporting

Issue 2 Weaknesses in risk management and monitoring of projects

According to the 'UNDP Programme and Operations Policies and Procedures', programme outcomes and project outputs should be defined at an appropriate level, consistent with the theory of change, and should contain SMART (specific, measurable, achievable, relevant and time-bound) and results-oriented indicators with specific baselines, targets and data sources. In addition, a comprehensive monitoring and evaluation plan should be drafted and implemented to support evidence-based management, monitoring and evaluation. Risks and opportunities should be identified, with appropriate plans and actions to mitigate risks and support opportunities.

The audit reviewed monitoring and risk management activities for the Country Programme, and the Integrated Work Plan (IWP). For a sample of 9 ongoing projects comprising 16 outputs out of a total of 55 projects comprising 74 project outputs, the audit noted the following:

(a) Risk Management

- At the IWP level only two risks were identified, neither of which were related to programme implementation, but rather to the Office's sustainability and multi-country setup. Risks such as the reduction of the donor community affecting sustainability, and changes in the Country's national institutions affecting the pace of programme implementation were not identified.
- At the project level, risks were identified and updated on a regular basis. However, three out of the nine projects reviewed had generic risks that were more linked to the development context, instead of risks directly related to the projects. In addition, the planned mitigating actions were missing.

(b) Monitoring

- There was an inadequate monitoring to ensure all yearly fund allocations were expended for project activities as planned. The project was funded by the Global Environment Facility and was one of the most significant in the environment portfolio of the Office.
- One project was not aligned with UNDP's regulations and rules. In its closing stage, the project was extended using a new project document agreed and signed with the Government and the donor. However, the Office only added a new output to the existing project document, while the management arrangements were different from the ones included in the initial project document. Given that the original project document had been extended, both the Government and the donor continued using the original management arrangements. Therefore, the engagement of NGOs and the hiring of project personnel by UNDP were not aligned with UNDP's regulations and rules. The process of hiring was conducted by UNDP but the signing of the contracts by the Government; as a result, neither UNDP nor the Government was responsible for the entire process.
- The baseline and target indicators of two projects were not SMART and did not measure the development changes resulting from the projects and were thus not linked to the Country Programme and the Integrated Results and Resources Framework. The respective indicators were activity-based (infrastructure work or actions done), rather than results-based (output expected). The two projects were the largest in terms of delivery within the Office's portfolio of projects, representing 66 and 40 percent of total programme delivery for 2015 and 2016, respectively.

The Office indicated that key vacancies in the Programme Unit affected the risk management and monitoring activities, as well as the change management process that was carried out in 2016 (refer to Issue 1).

The lack of effective risk management, weaknesses in project monitoring, and incomplete reporting on results may prevent the Office from adequately managing for and reporting to main stakeholders. This can impact future project investments.

Priority	Medium (Important)
Recommendation 2: The Office should strengthen risk management and monitoring, including project reporting by establishing a mechanism to: (a) properly identify and assess risks that may affect the Country Programme and implementation of the Office's Integrated Work Plan and develop a plan to mitigate those risks; and (b) comply with the provisions in the new project document, including compliance with UNDP's regulations and rules, and set up baseline and target indicators that are specific, measurable, achievable, relevant and time-bound.	
Management action plan: As a result of the new structure, the Office will draft new programme management standard operating procedures, which will include a risk assessment approach, as per regulations, and will include risk mitigation plans. The Office will also assess current risks and reflect a more realistic context in the Integrated Work Plan. **Estimated completion date:** December 2017	

3. Financial sustainability

Issue 3 Office's financial sustainability at risk

The Standard Basic Assistance Agreement between Country Offices and governments provides that host governments are expected to contribute towards the local costs of Country Offices. In addition, the 'UNDP Programme and Operations Policies and Procedures' require offices to establish effective partnerships, to develop a Resource Mobilization Strategy, as well as to implement a corresponding Resource Mobilization Action Plan interventions with secured funding and implementation capacity ready to be launched
The 'UNDP Programme and Operations Policies and Procedures' define outputs as results for which the project has direct accountability for delivery. These outputs are articulated in the annual work plans, which also identify specific targets to be achieved during the year that contribute to the overall project outputs. Multi-donor resources are administered by UNDP in support of Country Programmes and activities of the United Nations system, which are known as Target for Resource Assignment from the Core (TRAC) funding.

The Office's financial sustainability was at risk due to the following:

(i) Reduction in the Office's available resources

The Office experienced a reduction in financial resources from $33 million in 2015 to $20 million in 2016. The existing Resource Mobilization Strategy established by the Office covered the period up to the end of 2016. Therefore, the strategy was not aligned with the current Country Programme Document up to 2020. Furthermore, the audit team reviewed the Office's pipeline and found that none of the 25 potential projects in the pipeline was classified as "Class A". This meant that the Office had no interventions with secured funding and implementation capacity ready to be launched, at the time of the audit. This could compromise the availability of resources.[1]

In addition, at the time of the audit, there was $2.3 million in uncollected Government Contributions to Local Office Costs (GLOC) for the period 2011-2016, despite the efforts made by the Office collect these.

(ii) Delays in utilizing the Office's available resources

The Office had a total programme budget in Atlas (enterprise resource planning system of UNDP) of $41 million, and an agreed target in the Integrated Work Plan of $35 million. At the time of the audit, the total programme delivery amounted to $25 million, which represented 61 percent of total programme budget and 70 percent of the Integrated Work Plan target.

In addition, the Office had not allocated 38 percent of the total TRAC resources received ($159,352 out of $419,974) to any project budget. Furthermore, $235,000 of total TRAC resources received was not utilized. On the other hand, an amount of $110,000 of TRAC was spent on salaries and hospitality expenses, contrary to the UNDP guidelines.

As a result of the delays in utilizing the Office's available resources, the extrabudgetary status report (November 2016) showed a low closing balance of $0.8 million compared to $2.1 million in 2015. Given the pipeline situation, the Office should have ensured that all TRAC resources were timely allocated and utilized.

The situation described above occurred because the Office was undergoing a process to revise its organizational structure.

Failure to plan and monitor the Office's resources effectively may negatively impact the achievement of UNDP's overall mandate in the Country.

Priority	High (Critical)
Recommendation 3: The Office should develop and implement a plan to ensure financial sustainability by: (a) revising its Resource Mobilization Strategy to align with the current Country Programme Document; (b) seeking advice from the Bureau for Management Services in collecting outstanding GLOC; and (c) enhancing controls in allocating and monitoring utilization of TRAC resources.	

[1] The maturity of the pipeline follows the maturity model which is built on five criteria: demand for services; enabling environment; availability of substantive expertise in UNDP; availability of critical partners; and degree of the idea´s/concept´s development.

Management action plan:

The Office will continue the efforts to increase revenue collection, accelerate delivery, collect outstanding GLOC funds and prepare and implement a Resource Mobilization Strategy.

Estimated completion date: January 2018

B. United Nations system coordination

1. Harmonized Approach to Cash Transfers

Issue 4 Harmonized Approach to Cash Transfers not fully implemented

To lessen the burden caused by the multiplicity of United Nations procedures and rules for its partners, the 'Framework for Harmonized Approach to Cash Transfers to Implementing Partners' requires that participating United Nations agencies (UNDP, UNICEF and UNFPA) agree on and coordinate the Harmonized Approach to Cash Transfer (HACT) activities. Compliance is achieved when the following four steps have been completed: (a) macro-assessment of the public financial system; (b) micro-assessments of implementing partners; (c) agreement with the Government on implementing the HACT; and (d) development and implementation of an assurance and audit plan for implementing partners. Implementing partners may opt to request direct payments to be processed by the Office, and this is possible if its HACT micro-assessments are carried out. For direct payments, expenses are recognized when reported to UNDP using the Funding Authorization and Certificate of Expenditures on (FACE) forms, after the delivery of goods or services.

At the time of the audit mission, HACT had not been fully adopted. A comprehensive assurance plan and spot checks had not been defined for all United Nations agencies involved. Even though a macro-assessment had been carried out, as well as micro-assessments of most implementing partners, the respective reports highlighted that implementing partners were not aware of the HACT mechanism. From meetings with external partners, the audit team confirmed that the implementing partners interviewed were still not aware of the HACT mechanism.

As a result of the above, the readiness HACT indicator showed an 85 percent completion rate for the Office, while the expected rate of completion for 2016 was 100 percent.

Unless all of the HACT requirements are implemented, the objectives of harmonizing practices among United Nations agencies may not be achieved.

Priority	Medium (Important)
Recommendation 4: The Office, in coordination with the Government implementing partners and other participating United Nations agencies, should fully adopt the Harmonized Approach to Cash Transfers.	

Management action plan:

The Office will continue to move towards the full adoption of the Harmonized Approach to Cash Transfers, complying with the required assurance plans and spot checks.

Estimated completion date: June 2017

C. Programme activities

1. Project management

Issue 5 Weaknesses in project management

The 'UNDP Programme and Operations Policies and Procedures' stipulate that in order to achieve project outputs, each project should have a results and resources framework clearly formulated in the project document and approved by the appropriate authority, in line with the delegation of authorities' policy. Sound project management starts with project document formulation, implementation of activities to achieve the agreed outputs, monitoring, evaluation and closing of projects. Furthermore, UNDP's Financial Regulation and Rules require that the financial closure of projects take place within 12 months of their operational closure.

The audit reviewed the approval of all directly implemented projects and the closing status of projects in the portfolio and found the following:

- The Office was directly implementing 12 projects with 17 outputs. The authorization provided by RBLAC expired in 2015. Although the Office sent the extension request to RBLAC, the authorization remained pending because the Office failed to provide information requested by RBLAC.
- There were 9 projects with 12 outputs that were operationally closed for over 12 months, but had not been financially closed.

Implementing projects without the required authorization and not closing projects on a timely basis exposes the Office to reputational risks with the Government and main stakeholders.

Priority Medium (Important)

Recommendation 5:

The Office should ensure that all directly implemented projects have been duly authorized by the Regional Bureau for Latin America and Caribbean and that projects are timely closed.

Management action plan:

The Office will take the necessary actions to close projects within 12 months of their operational closure. Authorizations will be requested to RBLAC on the mentioned directly implemented projects.

Estimated completion date: June 2017

D. Operations

1. Human resources

Issue 6 Weaknesses within human resources

The management of human resources entails the following: (i) efficient recruitment processes so that the Office has the right talent at the right time; (ii) implementation of the gender equality principle; (iii) adequate staff performance management; and (iv) adequate management oversight of the human resources function in compliance with UNDP policies and procedures.

The audit identified the following weaknesses:

- A service contract is a legal document between UNDP and an individual, and must be concluded through a standard contract template form. The service contract template cannot be modified without consultation and clearance obtained from the OHR Policy Unit and the Legal Office. The Office's Service Centre was using a non-standard Spanish service contract template for nationally implemented projects, where clauses were either added or missing from the standard service contract template. The head of the Service Centre indicated that this template was provided by the HR unit, yet this could not be verified. Furthermore, the service contract template for the directly implemented projects had not been updated to identify the new health insurance provider.

- The Office temporarily outsourced services to support areas such as vehicle management (drivers) and general support services (reception and janitorial support). The outsourcing of services was extended to ICT and operational support (procurement, human resources and administration) functions. At the time of outsourcing, the general support service functions were under the supervision of the HR unit, which had not established a contractual modality with the service company providing the outsourced services. As a result, there was no assurance that the Office had obtained best value for money. In addition, the contracts were not signed by the legal representative of the company, as listed in the vendor profile maintained by the Office.

- The 'UNDP Salary Advance Policy', revised on 4 March 2016, stipulates that UNDP, can under certain circumstances and conditions, disburse a salary advance subject to staff members meeting certain conditions. OAI identified that the salary advances approved were non-compliant with criteria set forth in the salary advance policy. Specifically, three former staff members were given recurring salary advances over a significant period of time, amounting to $65,000. Furthermore, advances were granted prior to recovering outstanding advances. In 10 out 12 salary advances reviewed, the justification for the advance did not meet the criteria for soliciting and approving the salary advance.

- UNDP guidelines stipulate that offices must maintain attendance records for personnel on a timely basis. The e-services module of Atlas was not properly used. Specifically:

  - The service contractors' leave was not managed through e-services.
  - The new leave category, 'Official Business', applicable since 10 March 2016, was not consistently used in the e-services module.

By not complying with UNDP regulations and rules for human resources management, the discrepancies identified may present reputational and financial risks for the Office.

Priority	Medium (Important)
Recommendation 6: The Office should improve human resources management by: (a) using the correct version of the service contract template; (b) conducting an assessment to determine the effectiveness and efficiency of outsourcing some of its operations functions; and (c) complying with the UNDP HR regulations concerning the salary advance policy and recording attendance of personnel in the e-services module of Atlas.	
Management action plan: (a) Upon contract renewal and the issuance of new service contracts, an updated version will be utilized. (b) The Office will ensure that the proper procurement process is followed if the outsourced services are needed in the future. (c) The Office will comply with the criteria for approving salary advances and avoid altogether recurrent advances in the future. The Office will also comply with the record of attendance according to requirements of e-services and plan leaves on an annual basis. **Estimated completion date:** June 2017	

2. Finance

Issue 7 Discrepancies in application of cost recovery

UNDP is committed to providing administrative services to United Nations agencies and programmes through its global office network, in line with requests and the UNDP offices' ability to respond to them. To ensure reimbursement of all associated costs, a transaction-based fee has been established through the Universal Price List, which contains a menu of standardized services available to UN entities, such as: (a) staff salaries; (b) time spent by personnel in providing transactional services; and (c) for Special Development Situation countries, general operating expenses.

In addition to the standard services contained within the Universal Price List, UNDP is often requested to provide additional services that are not standardized across different Country Offices, for which a Local Price List) for recurrent services can be established and agreed upon with agencies in advance of the service provision. The Universal Price List or the Local Price List may be used where the Direct Project Costing option of apportioning Operations Unit staff time to projects is not practical due to the involvement of several operations staff. At the beginning of each year, all Project Managers shall provide an estimate of project support services.

(i) Local Price List in need of revision

The Office established a Local Price List to charge costs for activities performed on behalf of other United Nations agencies. However, the audit team noted significant differences in line item costs between the Local Price List and the Universal Price List. For example:

- The cost for selecting and recruiting a staff member amounted to $1,319 in the Local Price List while in the Universal Price List it amounted to $586.
- Charges from January to June 2016 for one United Nations agency amounted to $13,841 as per the Local Price List, while they should have been $7,133 by using the Universal Price List.

(ii) Discrepancies in support service costs charged to projects

Differences were identified between Direct Project Costing agreed in project documents and actual costs charged to 17 projects in 2016. The excess was recorded at $82,000. Out of this amount, $55,000 was charged to one nationally implemented project, in excess of the agreed amount.

Lack of transparency in charging support service costs for activities may negatively impact UNDP's reputation and may impact future cost recoveries.

Priority	Medium (Important)
Recommendation 7: The Office should enhance controls when charging other United Nations agencies and projects for support services provided by reviewing and updating, as appropriate, the support service costs reflected in the Local Price List, and using the established Direct Project Costing in project documents.	
Management action plan: The costs will be re-evaluated and recalculated based on the new Office structure and relevant standard operating procedures. **Estimated completion date:** June 2017	

3. Procurement

Issue 8 Weaknesses in procurement management

According to UNDP procurment policies, the procurement process encompasses planning, requisitions, sourcing of suppliers, solicitation and evaluation of offers, contract review, contract award and the management of contracts and assets. General procurement principles of (i) best value for money, (ii) fairness, integrity and transparency, (iii) effective international competition, and (iv) the protection of the interests of UNDP must be applied to all phases (pre-solicitation, solicitation, award and contract administration) and types of procurement modalities.

- In four cases of Invitations to Bid amounting $2 million, the Office did not pre-qualify suppliers as required. Furthermore, the Office, through a media publication, identified a shortlist of suppliers to whom Invitations to Bid were requested. However, other international organizations and/or United Nations agencies should have been contacted in order to obtain other potential offerors, to enhance the shortlist of suppliers.
- At the time of the audit mission, only one procurement staff was certified (Procurement Certification Level 1). The Service Centre Manager, who supervised the procurement business function, had not obtained the Certification Level 1.
- At the time of the audit, there were 3,860 active vendors in Atlas. OAI found that the vendor form used by the Office was out-of-date. In addition, 28 duplicate vendors were identified.

Failure to address weaknesses noted in the Invitation to Bid process, vendor management, and staff certification may not provide assurance that UNDP is getting the best value for money and that procurements are being conducted to the best interest of UNDP.

Priority	Medium (Important)
Recommendation 8: The Office should ensure compliance with the UNDP procurement policies by: (a) ensuring the solicitation of offers in the Invitation to Bid process includes contacting other agencies, and directing procurement staff to obtain the required certification; and (b) using up-to-date vendor form and deactivating duplicate vendor records.	
Management action plan: (a) The Office will ensure compliance with the UNDP procurement policies in the sourcing of suppliers and procurement certifications. (b) The Office will use the standard template to request vendor information. **Estimated completion date:** April 2017	

4. Information and communication technology

Issue 9 Weaknesses in information and communication technology management

Information systems operated by UNDP are critical assets for the organization to fulfil its mission. There are always threats, both natural and man-made, which can damage or disable critical information systems. Therefore, adequate planning, management, data backup, equipment replacement and disaster recovery planning is fundamental for any Country Office.

The following weaknesses in the management of information and communication technology (ICT) services were noted:

- Missing ICT plan for 2015-2016.

- ICT Steering Committee meetings had not been held for two years.
- Pending migration of 15 physical servers to a virtual platform.
- Pending migration of Office's local intranet to UNDP headquarters' intranet.
- The Office updated its Disaster Recovery Plan using the standard template required by the Office of Information Management and Technology. However, the plan was not fully tested on a yearly basis as required.
- Inadequate controls regarding cellular roaming costs, resulting in over $80,000 of cellular phone charges in a one-month period.

Without adequate management of information and communication technology, the Office is exposed to possible service interruptions and data loss, which could affect the ability of the Office to use corporate systems and resources.

Priority	Medium (Important)
Recommendation 9: The Office should improve the management of its information and communication technology by: (a) undertaking appropriate actions to address the information management technology weaknesses noted in planning, steering Committee meetings, follow up on pending activities, testing the Disaster Recovery Plan; and (b) establishing adequate controls to ensure efficient use of cellular phone.	
Management action plan: (a) The Office will implement the recommendations to strengthen information management technology. (b) The Office will comply with the UNDP policy for official cellular phone use, engage in the authorization of roaming services in the upward line of authority and identify alternatives for worldwide cellular phone service while on official business. **Estimated completion date:** June 2017	

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory** — The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Some Improvement Needed** — The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Major Improvement Needed** — The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** — The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

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. 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.