

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**ZIMBABWE**

**Report No. 1730**  
**Issue Date: 29 November 2016**



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## Report on the Audit of UNDP Zimbabwe Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Zimbabwe (the Office) from 7 to 17 November 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, risk management, planning, business continuity, monitoring and reporting, financial sustainability);
- (b) United Nations system coordination (development activities, Harmonized Approach to Cash Transfers [HACT]);
- (c) programme activities (programme management, 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 30 June 2016. The Office recorded programme and management expenditures of approximately \$236 million during the audit review period. 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 **satisfactory**, which means, "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."

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means, "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." The recommendation includes actions to address the lack of HACT assurance plan and spot checks.

The recommendation aims to ensure the reliability and integrity of financial and operational information.

**Implementation status of previous OAI audit recommendations:** Report No. 1237, 16 December 2013.

Total recommendations: 4

Implemented: 4

### Management comments and action plan

The Resident Representative accepted the recommendation and is in the process of implementing it. 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.

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

Helge S. Ostveiten  
Director  
Office of Audit and Investigations

## I. About the Office

The Office, located in Harare, Zimbabwe (the Country) had 64 staff members at the time of the audit. The Office embarked on a new Country Programme in 2016 focusing on inclusive growth and sustainable livelihoods, democratic governance, and climate change and resilience.

## II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance and strategic management. No issues were identified relating to organizational structure and delegations of authority, risk management, planning, business continuity, monitoring and reporting, and financial sustainability.
- (b) Programme activities. Controls on programme management, partnerships and resource mobilization, and project management were found to be adequate.
- (c) Operations. Controls and procedures on human resources, finance, procurement, general administration, assets, information and communication technology, and safety and security were found to be adequate.

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

OAI made one recommendation ranked medium (important) priority.

### Medium priority recommendation:

- (a) The Office should ensure that a comprehensive HACT assurance plan is developed and implemented covering the entire 2016-2020 Country Programme cycle, and that programmatic monitoring is combined with spot checks, as set out in the assurance plan.

The detailed assessment is presented below:

### A. United Nations system coordination

#### Issue 1 Lack of HACT assurance plan and spot checks

According to the 'Harmonized Approach to Cash Transfer (HACT) Framework', offices are required to put in place a HACT assurance plan for each Country Programme cycle. The purpose of assurance activities, among other things, is to determine whether the funds transferred to implementing partners are used for their intended purposes and in accordance with the work plan. Assurance is obtained by carrying out the spot checks, programme monitoring, and scheduled audits as documented in the assurance plan.

The Office developed a HACT assurance plan for 2013 only and not for the entire Country Programme cycle, which should have covered the period 2012-2015. For the new Country Programme cycle (2016-2020), a HACT assurance plan for 2016 was finalized and put in place in late October 2016.

In terms of assurance activities, the audit team noted that the Office undertook audits of implementing partners in 2015. Programme monitoring visits were also undertaken in 2015 and 2016. However, no spot checks were performed to assess the accuracy of the implementing partners' financial information over cash transfers. Programme staff explained that spot checks were not undertaken because the Office was in the process of completing the micro-assessments for the new Country Programme cycle.

Failure to develop a comprehensive HACT assurance plan and undertake spot checks may result in the loss of UNDP resources.

<b>Priority</b>	Medium (Important)
<b>Recommendation 1:</b>  The Office should ensure that a comprehensive HACT assurance plan is developed and implemented covering the entire 2016-2020 Country Programme cycle, and that programmatic monitoring is combined with spot checks, as set out in the assurance plan.	
<b>Management action plan:</b>  The Office will develop the assurance plan for the complete Country Programme cycle (2016-2020) by 15 December 2016. The Office will also undertake spot checks during the last quarter of 2016 and up to February 2017.	
<b>Estimated completion date:</b> February 2017	

## 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.