UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

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AUDIT

OF

UNDP COUNTRY OFFICE

IN

PARAGUAY

Report No. 2040

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Report on the Audit of UNDP Paraguay
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Paraguay (the Office) from 22 April to 3 May 2019. 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 2018 to 31 March 2019. The Office recorded programme and management expenses of approximately $31.2 million. The last audit of the Office was conducted by OAI in 2014.

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/some improvement needed**, which means, "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." The rating was due to concerns regarding the Office's financial sustainability.

Good practice

The audit team noted that the Office took the initiative to automate several workflow tasks, which served to enhance the effectiveness of the Office's operations, such as the drivers pool, ICT help desk, and requests from projects, payment registry for projects under the national implementation modality, and procurement processes, among many others. The audit team considered the automatization of workflows as a good practice that could be replicated for use and application in other offices within UNDP.

Key recommendations Total = **7**, high priority = **1**

The seven recommendations aim to ensure the following:

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

Concerns on Office's financial sustainability (Issue 2)	The Office faced financial sustainability challenges as an upper middle-income country. These challenges included increased operational costs, reduced inflow of core resources, and reduced possibilities for mobilizing resources from traditional donors. The audit found that the Office was dependent on one project, which represented 58 and 50 percent of the recorded programme expenditures for 2017 and 2018, respectively. The Office also relied heavily on government cost sharing for its operations (about 80 percent). Recommendation 2: The Office should improve its financial sustainability by: (a) expanding efforts to collect the Government Contributions towards Local Office Costs; (b) increasing delivery and reducing operational costs; (c) enhancing the project pipeline, improving resource mobilization, and seeking other sources of funding; and (d) further enhancing cost recovery.

Management comments and action plan

The Resident Representative accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (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 Asuncion, Paraguay (the Country), consisted of 20 staff members, 39 service contract holders, 2 individual contractors and one United Nations Volunteer at the time of the audit. In its 2015-2019 programme, the Office committed to support the Country in the areas of inclusive sustainable development, democratic governance and disaster risk reduction. Major resource partners included the Government and the Global Environment Facility. The Independent Evaluation Office of UNDP conducted an independent country programme evaluation that covered UNDP work in the Country from 2015 to 2018. The evaluation highlighted the strengths of the Office in managing government cost sharing funds and the appreciation of the Government on the support received from the Office. The evaluation also found that there was a need for a greater focus on gender mainstreaming, and challenges in working with development partners. A plan of action to address the recommendations from the Independent Evaluation Office was being put in place.

II. Good practice

The audit team noted that the Office took the initiative to automate several work flow tasks, which served to enhance the effectiveness of the Office's operations, such as the drivers pool, ICT help desk, requests from projects, payment registry for projects under the national implementation modality, and procurement processes. The audit team considered the automatization of workflows as a good practice that could be replicated for use and application in other offices within UNDP.

III. Audit results

Satisfactory performance was noted in the following areas:

(a) Governance/Leadership and corporate direction. Key controls were in place. Overall, staff were aware of the Office's priorities, challenges and control objectives. Apart from gaps in the Office's structure, no other reportable issues were identified. The supervisory role by the Regional Bureau for Latin America and the Caribbean was adequate and the Office appreciated it.

(b) Governance/Corporate external relations and partnerships. Implementing partners, United Nations agencies, and government counterparts with whom the audit team members met during the audit mission expressed their appreciation of the Office as a valued development partner.

(c) Operations/Information and communication technology. The systems managed by the Office, including hardware, software and systems security were operating adequately. The Office tested its Disaster and Recovery Plan with good results.

(d) Operations/General administrative management. Records and controls were adequate for asset management.

(e) Operations/Staff and premises security. The UN House was well administered by the Office; security was well managed; and sound business continuity systems and security arrangements were in place. The Office, together with five more UN agencies, moved to the current premises in 2017 after a long negotiation process among the agencies and a successful relocation plan.

(f) United Nations leadership and coordination. No reportable issues were identified. The audit noted that key controls were in place and the Resident Coordinator de-linking process had been properly managed even though it was a work in progress.

OAI made one recommendation 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 recommendation:
(a) Improve financial sustainability (Recommendation 2).

Medium priority recommendations, arranged according to significance:
(b) Undertake a review of the Office's structure to address any gaps (Recommendation 1).
(c) Improve project management practices (Recommendation 3).
(d) Improve project substantive revisions (Recommendation 4).
(e) Improve human resources management (Recommendation 7).
(f) Improve the procurement process (Recommendation 6).
(g) Improve procurement planning (Recommendation 5).

The detailed assessment is presented below, per audit area:

A. Governance

1. Leadership

Issue 1 Weaknesses in organizational structure

The 'UNDP Operational Guide of the Internal Control Framework' stipulates that each head of office has the overall responsibility for establishing and maintaining adequate internal controls, and for ensuring documentation of their office's internal control procedures. The vision and mission of an office as well as its organizational effectiveness rely on its adequate organizational structure, which allows for clear roles and responsibilities, as well as reporting lines.

The audit team found the following gaps in the Office's structure:

- The Finance Associate post was vacant since July 2018.
- Service contract holders were performing core functions, such as monitoring and evaluation as well as tasks generally assigned to Programme Associates.
- The Resource Mobilization Advisor was an individual contractor, undertaking programme tasks.

Weaknesses in the organizational structure and unclear roles and responsibilities may negatively impact staff productivity and programme delivery. In addition, the inadequate segregation of duties may lead to errors not being detected and may result in financial losses for the organization.

Priority	Medium (Important)
Recommendation 1: To improve the weaknesses in organizational structure, the Office's management should undertake a review of the structure to address any gaps in view of the upcoming new programme cycle.	
Management action plan: The Office's management had already identified the need to strengthen the structure and coincides with the current timing of a new country programme, which is propitious for aligning the Office's structure to the new priorities, opportunities and challenges. The review of the structure will be driven by the needs and the Office's financial sustainability. The Office will implement this recommendation by: (a) Establishing a rational for change aligning priorities, opportunities, challenges, functional analysis, workload and required structure. (b) Proposing a revised structure supported by a financial analysis seeking financial sustainability. Any proposed structured modifications would be cost neutral within the already accepted Institutional Budget and in line with pipeline projections for 2020-2021. (c) Discussing and getting approval by the Regional Bureau for Latin America and the Caribbean. **Estimated completion date:** December 2019	

2. Corporate External Relations and Partnerships

Issue 2 Concerns on Office's financial sustainability

The Office's financial sustainability depends on several elements, such as:

(a) Adherence to the Standard Basic Assistance Agreement between Country Offices and governments, for host governments to contribute to local costs of Country Offices.

(b) Effective partnerships, with sufficient delivery and cost recovery rates.

(c) Strong pipeline funding management, to leverage and maximize partnerships and opportunities for development financing.

The Office faced financial sustainability challenges as an upper middle-income country. These challenges included increased operational costs, reduced inflow of core resources, and reduced possibilities for mobilizing resources from traditional donors. The audit found that the Office was dependent on one project, which represented 58 and 50 percent of the recorded programme expenditures for 2017 and 2018, respectively. The Office also relied heavily on government cost sharing for its operations (about 80 percent).

The audit disclosed the following:

- There were arrears of $4.2 million in Government Contributions towards Local Office Costs from 2007 to March 2019, despite the efforts made by the Office to collect them.

- The Office's operational costs were about $2.3 million per year, for which a delivery of $34 million in 2018 was needed to offset Office costs. Programme delivery diminished from 2017 to 2018, from $36 million to $24 million. The cost recovery calculated by the Office for 2018 amounted to $2 million; with the current Office costs of $2.3 million, there was a shortfall of about $0.3 million. While the Office made efforts to recover costs through the signing of agreements with counterparts, of December 2018, 20 of the 41 ongoing projects reported delivery of less than 60 percent. The Office explained that the Government transition after the elections in 2018 impacted the pace of delivery.
- The way the national budget is administered further limits the Office's delivery since any unspent project funds at year's end must be returned to the project counterpart, for accountability purposes. These can only be returned to the Office for project execution in March or April of following year.
- The project pipeline of the Office had two Class "A" (projects close to the actual launch) for $2 million, and five under Class "B" (projects that are less mature and without certain funding streams) for $20 million. Furthermore, the Office's pipeline was not regularly updated in Atlas (the enterprise resource planning system of UNDP).
- The Office recovered General Management Support and direct project costs for half of the projects in the portfolio, but not for projects where Country Office support to nationally implemented projects was provided. The Office explained that it was working on improving the recovery for direct costs by clarifying the implementation modalities and services rendered to projects. Also, a direct project cost calculator was put in place to help the Office ensure an improved direct project cost recovery.

Lack of sufficient financial resources and insufficient cost recovery may compromise the financial sustainability of the Office and may negatively impact the achievement of UNDP's overall mandate in the Country.

Priority	High (Critical)
Recommendation 2: The Office should improve its financial sustainability by: (a) expanding efforts to collect the Government Contributions towards Local Office Costs by engaging the Regional Bureau for Latin America and the Caribbean; (b) increasing delivery and reducing operational costs; (c) enhancing the project pipeline, improving resource mobilization by seeking other sources of funding; and (d) further enhancing cost recovery.	
Management action plan: The Office will implement this recommendation by: (a) Continue engaging with government officials to collect the Government Contributions towards Local Office Costs. All meetings will be documented and followed up by official communications. (b) Revisiting its structure with special focus on its operational capacity to enhance delivery, cost contention and ensuring financial sustainability. (c) Using the new Country Programme Document as the bridge for the Office to support the Country, establish new alliances and mobilize resources. The Office is working on a new value proposition to donors and partners incorporating a stronger offer as an integrator, convener and provider of multi-stakeholder's development solutions. In addition, the Office will continue its regular group meetings	

for pipeline management, which complement the 2019 resource mobilization strategy. The exercise includes regular analysis of scenarios: optimistic, realistic, and pessimistic to allow timely corrective actions.

(d) Enhancing cost recovery in two paths: (i) review and maximize cost recovery from UN agencies for all services provided; and (ii) further roll out direct project costing calculations to capture real costs for all projects in portfolio; on the latter, the Office will further strengthen the Local Project Appraisal Committee as a key step in the design / approval process to ensure proper cost recovery for all projects.

Estimated completion date: December 2019

B. Programme

1. Programme/Project Design and Implementation

Issue 3 Weaknesses in project management

Sound project management includes: (i) project document formulation, (ii) implementation of activities to achieve the agreed outputs, (iii) monitoring and evaluation, and (iv) closing of projects. Project management information should be stored in Atlas, and project quality assessments stored in the corporate planning system. Once a project has completed its operations, it should be operationally closed, and within 12 months, it should be financially closed.

The audit team reviewed a sample of 9 ongoing projects with 9 outputs (3 projects under the direct implementation modality and 6 projects under the national implementation modality), of a total of 30 projects with 32 outputs, representing 76 percent of total programme delivery for 2018 and 52 percent of programme delivery in 2019 (first quarter). In addition, out of 29 closed projects for the audit period, the audit team reviewed 4 closed projects. The following weaknesses were noted:

(a) Project design:

- Two of the nine ongoing projects selected for review were not SMART (specific, measurable, attainable, relevant and trackable) and did not clearly link actions with results and outcomes. Both projects were signed with a one-year duration and were extended several times with significant changes to the original design that would warrant a new project formulation.
- Gender mainstreaming was not included or budgeted for in two projects.
- There was a lack of clarity of roles between the implementing partner and the Office. For instance, in one project, the Office agreed to carry out a supervisory role of a unit of the implementing partner, which was not in line with UNDP policy.

(b) Project implementation:

- The audit disclosed that the Office had carried out all procurement cases where it provided support to national implementation, but the contracts were signed by the national implementing partner, contrary to procurement policy. Since the Office did not sign the contracts, the procurement processes were not subject to the review of any procurement review committees such as the Contract, Assets and Procurement Committee or the Regional Advisory Committee on Procurement, thus exposing the Office to potential financial, and operational risks, but mostly to reputational risks.

- Support to national implementation was provided at the request of the Government but the annex to the signed Letter of Agreement was generic in reference to the services that would be provided and was not linked to the project's annual work plan and did not include the associated costs involved for the Office's cost recovery.
- Atlas risk logs for four out of nine projects were not updated, and not all risks were identified during project formulation and during project revisions.

(c) Project closure:

- Seven of the 29 projects closed during the audit period lacked the quality assurance closure assessments, limiting how lessons learned could be captured for further improvement.
- Four out of the 29 projects remained operationally closed for over 12 months before being financially closed.

Failure to implement the corporate guidelines may prevent the achievement of intended project outputs and result in the loss of confidence from stakeholders.

Priority	Medium (Important)
Recommendation 3: The Office should improve its project management by: (a) strengthening project design ensuring that projects results are SMART with an appropriate monitoring framework and clear link to the theory of change, including gender mainstreaming and use of standard audit clauses; (b) providing clear roles for the implementing partners and the Office in line with the procurement policy, reflecting this in the Letter of Agreement and detailed annexes including implementation modalities, and ensuring that project information is updated in Atlas; and (c) timely conducting operational and financial project closure as required, ensuring that quality assessments are conducted capturing lessons learned.	
Management action plan: The Office will implement this recommendation by taking the following actions: (a) As part of the Office's structure review, the Strategic Planning and Oversight Unit will be further strengthened; this unit will be responsible for planning, monitoring, communicating and providing support on key elements for programme quality assurance placing great emphasis on project design and monitoring. Specific training will be also arranged for all staff members and project teams involved in project design and monitoring. (b) The Office will continue building its work in terms of management arrangements and implementation modalities and will prepare an action plan to review and clarify use of corporate standards; the plan will include the review of the project portfolio, use of standard templates, preparation of materials for internal use and the provision of training to all Office staff members.	

(c) The Office will develop a project monitoring and closure dashboard for all projects in the portfolio to allow for a stricter follow up.

Estimated completion date: March 2020

Issue 4 Significant deviations from original project design and inadequate management arrangements

The 'UNDP Programme and Operations Policies and Procedures' require offices to ensure that project documents have the required elements, such as well-defined project activities and outputs; project monitoring and evaluation; and transition arrangements. Offices must ensure adequate monitoring by preparing annual progress reports, and maintaining issue, monitoring and risk logs. Project boards should meet at least annually to review achievement of project results, corresponding challenges and endorse the annual work plan at the start of the year.

As part of the sample of 9 of 30 projects, the audit identified two with significant issues, as follows:

- In one project, the project document was signed for a duration of eight months (to the end of July 2014) with a total budget of $3.8 million. The project was extended until 2018 and the total amount increased to over $19 million.
- The project was subject to six substantive reviews that justified the extension in duration and the increase in project budget. However, one of the substantive revisions in 2016 introduced a new component of institutional support to procure a human resources management system with biometric equipment for a total cost of $2.3 million and a long-term agreement for air conditioning equipment and maintenance, as well as building maintenance, for a total value of $1.5 million, which deviated from the envisioned project objectives. Both procurement processes were conducted by the Office, but the implementing partner was signatory of the contracts.
- The theory of change, results and resources and monitoring frameworks of the project were not updated to reflect the revised expected project results after the first substantive revision.

The changes to the original project design warranted a new project formulation as the last two substantive revisions significantly changed the project objectives. As a result, the Office in coordination with the implementing partner agreed on closing the project in August 2018 and formulated a new one.

- A project was extended until 2019 as a result of three substantive revisions, which added results that were not related to the original objectives of the project; a different project document was required.
- The signed Government Contribution Agreement included a non-standard annex changing the reporting conditions of the agreement, which was not cleared by the Legal Office as required.
- The results were not clearly linked to actions and the wording used for indicators, baselines and targets were not SMART; as such, results were measured as activities rather than results.

Without strong project management controls, the achievement of agreed-upon results with implementing partners could be at risk.

Priority	Medium (Important)

Recommendation 4:

In order to improve project substantive revisions, the Office should:

(a) carefully assess the impact of project revisions when agreeing on changes that may deviate from original designs;
(b) assess risks derived for the implementation of revised projects; and
(c) develop new project documents when activities required by the implementing partner are not part of existing projects.

Management action plan:

The Office will implement this recommendation based on the following corrective actions:

(a) Strengthen the Local Project Appraisal Committee function to ensure project design and revision are properly and timely carried out.
(b) Establish a risk review committee that will support the risk assessment process. This mechanism will be complementary to other already existing mechanisms such as the regular risk log update and the weekly meeting to review high risk/complex issues in project implementation.
(c) These mechanisms will allow to identify/define when to create new projects instead of modifying existing ones.

Estimated completion date: March 2020

C. Operations

1. Procurement

Issue 5 Improvements required in the procurement function

Procurement, as a managerial function, is critical for enhancing programme/project delivery. To ensure the overall effectiveness and efficiency of the function, the following requirements should be met: (i) better management of procurement risk; adequate staffing, training and certification of procurement practicioners; (ii) adequate procurement planning and use of a corporate planning tool; and (iii) development of procurement strategy and dissemination of processes and systematization of procurement data tracking.

The audit disclosed the following:

(a) Procurement staffing and planning:

- Staff in the Procurement Unit lacked the proper training and certifications to carry out their tasks.
- The Procurement Management Platform (PROMPT) system was not fully used as a planning tool.
- Insufficient procurement planning for nationally implemented projects, where the Office is signatory to the procurement process.

- No costs were recovered for failed or incomplete procurement processes, or from procurement training provided to projects.

(b) Procurement dissemination:

- The Procurement Unit did not perform sourcing of suppliers through various newspapers, yellow pages or referrals from prior procurement.
- The vendor data base was not used to improve the sourcing of suppliers.
- E-Tendering was not used by the Office; E-Tendering will become mandatory in September 2019.

The weaknesses identified above put at risk the country programme delivery and the assurance that procurement management in all cases ensured value for money.

Priority	Medium (Important)
Recommendation 5: The Office's management should improve the planning of the procurement function by ensuring: (a) adequate staffing, training and certification of procurement practitioners; (b) adequate use of the procurement planning tool PROMPT; and (c) cost recovery of failed or incomplete procurement processes and on demand capacity training for projects.	
Management action plan: The Office will implement this recommendation by undertaking the following actions: (a) Provision of training for the Procurement Specialist in CIPS Level 1, in July 2019. For CIPS Level 2, certifications for the Procurement Specialist and the Procurement Assistant will also be prioritized for the current year. The Office will also conduct at least two annual training workshops on procurement in UNDP addressed to Project Administrators, Administrative Assistants and Project Unit members under the various project implementation modalities. (b) Implement the PROMPT tool and all the processes that will be managed by the Procurement Unit from July 2019 onwards. (c) The Office will review the direct cost recovery strategy to ensure time invested by Office and project staff in support of procurement processes is timely and adequately accounted for and recovered. **Estimated completion date:** June 2020	

Priority	Medium (Important)
Recommendation 6: The Office should improve the procurement processes by: (a) sourcing of suppliers by using a vendor data base, publications, vendor fairs and through ample dissemination of procurement notices (i.e., media, publications, expressions of interest); and (b) training procurement staff and potential bidders in E-Tendering.	
Management action plan: The Office will implement this recommendation by taking the following actions: (a) Ensure ample dissemination in press of all processes greater than $50,000 (depending on budget availability). Additionally, the Office proceed with the publication of all these processes in UNGM, Web CO, Development Business; in addition, the Office will timely advertise expressions of interest on some critical processes contained in the procurement plan. (b) Holding annual meetings, in March of each year, to present the processes to be launched during the current year by the Office and its projects. The presentation is intended for already registered suppliers, new suppliers or invitation sent to federation of suppliers for goods and services required as per the procurement plan. In addition, the Office will engage a consultant to refine the Office's database of suppliers by selected items, based on the active vendor's database in Atlas and those obtained resulting from a market research. (c) Socialization and training of potential bidders on the new corporate tool of E-Tendering, focused initially on processes identified in the procurement plan with a value of $150,000 or greater; later extending this call to individual consultants. **Estimated completion date:** June 2020	

2. Human Resources Management

Issue 6 Weaknesses in human resources management

The management of human resources entails: (i) efficient staffing so that the Office has the right talent at the right timeto ensure that a diverse and versatile pool of staff with the required knowledge, competencies and leadership/management skills are ready to fill key positions as needed or when required; (ii) accurate job descriptions; (iii) adequate leave management; (iii) adequate staff performance management; and (iv) compliance with dependency status reporting.

The audit disclosed the following weaknesses:

(a) Lack of succession and back-up plan of staff:

Two key posts remained vacant (i.e., Procurement Associate and Finance Associate). The Office's management had not ensured a succession plan and/or back up of key posts in the absence of or due to vacancy of these two staff posts.

(b) Misinterpretation of status in dependency questionnaire:

Staff members are required to submit on an annual basis the Questionnaire for Dependency Status, or as frequently as there is a change in the status of the staff member's dependents. The audit noted:

- A staff member had not reported his current marital status.
- Three staff members had not included their spouses as dependents in the staff questionnaire, even though the spouses were identified in the Personal Action Form.

(c) Retention of high leave balances:

Management did not have a strategy in place to ensure all staff took the necessary leave in time to avoid losing annual leave days before the yearly cut-off. As of 31 March 2019, three staff members had annual leave balances in excess of 60 days.

Failing to comply with human resource management policies can impact staff morale and productivity.

Priority	Medium (Important)
Recommendation 7: The Office should improve the management of human resources by ensuring: (a) The timely staffing of key posts in the absence or vacancy of the post; (b) personal dependency status data is updated and accurately reflected as frequently as there is a change in the status of staff member's dependents; and (c) that leave is properly planned and taken.	
Management action plan: The Office will implement this recommendation as follows: (a) As stated in the response to recommendation 1, the Office will review its structure and conduct a workload analysis while ensuring its financial sustainability. At the same time the Office will establish a formal back-up plan for all positions and will establish when possible a pool for rotating and back-up support. (b) The Office will request updated and duly signed declaration of dependents at the time of the renewal of contracts to ensure that they are updated. (c) The Office will implement an annual leave plan to ensure that staff use their annual leave days at scheduled times during the year in coordination with their supervisors. **Estimated completion date:** March 2020	

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 <u>not included in this report</u>.