

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



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**LIBERIA**

**Report No. 2053**

**Issue Date: 24 January 2020**

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## Report on the Audit of UNDP Liberia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Liberia (the Office) from 18 to 29 November 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 30 September 2019. The Office recorded programme and management expenses of approximately \$52.8 million. The last audit of the Office was conducted by OAI in 2016. At the time of the audit, the loss of ICT equipment was under assessment by OAI.

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 “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.”

**Key recommendations:** Total = 1, high priority = 0

The recommendation aims to ensure the safeguarding of assets (Recommendation 1).

**Implementation status of previous OAI audit recommendations:** Report No. 1751, issued 10 February 2017.

Total recommendations: 1

Implemented: 1

### 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.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



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Resilient nations.

  
Helge S. Ostveiten  
Director  
Office of Audit and Investigations

## I. About the Office

The Office, located in Monrovia, Liberia (the Country) had a total of 63 staff members at the time of the audit. It had a programme portfolio comprising of 39 development projects, of which 8 were directly implemented by the Office. During the audit period, the Country was implementing the Country Programme for 2013–2017, which had been extended for two years, to end on 31 December 2019. The Country Programme focused on three major programme areas, namely Inclusive Growth and Public Institutions, Justice Security and Reconciliation, and Sustainable Economic Development. In September 2019, the Office signed a new Country Programme Document for the 2020–2024 programme cycle.

## II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance and strategic planning. Governance and strategic planning processes were found to be adequate.
- (b) Programme/Project management. The programme and project management was found to be adequate. Issues noted were addressed immediately.
- (c) Financial resources management. Financial resources management control procedures were found to be adequate. Payment processing, disbursements and banking activities were found to be compliant with financial policies and procedures.
- (d) Human resources management. Recruitments and separations of staff and service contractors were generally in line with staff rules, regulations and prescribed procedures.
- (e) Procurement. The controls and procedures on procurement were found to be adequate.
- (f) Safety and security. Security measures implemented were found to be adequate.

OAI made one recommendation ranked medium (important) priority.

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

Medium priority recommendations that had been implemented, as advised, by the Office (and independently validated by OAI) prior to the issuance of this report are not included in this report.

**Medium priority recommendations**, arranged according to significance:

- (a) Improve controls over asset management (Recommendation 1).

The detailed assessment is presented, per audit area:

## A. Operations

### 1. Asset Management

#### Issue 1 Weak controls over asset management

The 'UNDP Programme and Operations Policies and Procedures' require offices to ensure adequate controls are in place to ensure equipment in their custody is properly safeguarded. If losses do occur, these are to be investigated, and the responsible person be held accountable.

During the audit period (1 January 2018 to 30 September 2019) the Office reported recurring incidents of computer technology asset loss from the UNDP premises:

- At the end of 2018, the year-end asset physical verification exercise conducted by the Office noted that nine laptops with a total value of \$18,142 were missing. This case was reviewed by the Contracts, Assets and Procurement Committee.
- In May 2019 another 12 laptops (10 old and 2 new laptops) with total cost of \$16,492, were found missing. This case has not been concluded.

The Office took the following additional measures to prevent further losses:

- Transfer of the storeroom from the ICT unit to the Administrative unit and assigned responsibility for the store keys to a different person.
- Implemented a security protocol with gate passes for equipment leaving the UN premises. Staff members were notified of the new security protocol and their responsibility to safeguard UNDP property that they are entrusted with.

OAI concluded during the audit that internal controls for turnover of the ICT equipment store contents and its keys, from one person to another, were weak. At the time of handing over the keys, the store contents were not verified. Additionally, there was an inadequate record of task assignments and monitoring of asset movements when equipment was handed over to the ICT units.

<b>Priority</b>	Medium (Important)
<b>Recommendation 1:</b>	
The Office should implement procedures to:	
(a) implement the Contracts, Assets and Procurement Committee recommendation from 2018 and put in place a system to control the handover of store contents and keys;	
(b) Conduct a physical count of store contents each time before handover, immediately report any discrepancies which may be noted, and record date, time, identification and signature when store keys are handed over between assigned personnel; and	

- (c) control movement of equipment in the ICT unit – ICT personnel should sign when equipment is placed in their custody and will be held accountable until equipment is returned or handed over.

**Management action plan:**

The Office is implementing the Contracts, Assets and Procurement Committee recommendations and recovery of the cost of all missing/lost assets in 2018 is being recovered from the responsible staff members. The Office has reported to the Office of Audit and Investigations the loss of additional 12 laptops (10 old and 2 new laptops) with total cost of \$16,492 for appropriate investigation and we are waiting for action.

With regard to the safeguarding, physical count and control of movement of ICT assets, the Office has put in place measures including installation of CCTV camera to keep track of movements in and out of the ICT store room and other measures as described in a Standard Operating Procedure (SOP). The SOP has been shared with all staff and the measures are being fully implemented.

The Office is also liaising with UNDP Mali and Regional Bureau for Africa for support to introduce a barcode scanner system to record movement of ICT and other assets.

**Estimated completion date:** June 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 not included in this report.