UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

AFGHANISTAN

Report No. 2084

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Table of Contents

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Report on the Audit of UNDP Afghanistan
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Afghanistan (the Office) from 24 November to 8 December 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 $857 million. The last audit of the Office was conducted by OAI in 2017.

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: the Office governance structure; donor relations; declining programme funds and in the procurement of individual contractors.

Key recommendations: Total = 7 high priority = **4**

The 7 recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1, 2,	High
	4	Medium
Effectiveness and efficiency of operations	7	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3,6,	High
	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. All high (critical) priority recommendations are presented below:

Weaknesses in organizational structure (Issue 1)

In 2016, the Office underwent a structural review process, resulting in the establishment of various units for programme and financial oversight.

The Programme Strategy and Results Unit focused on compliance, quality assurance and corporate reporting. While the Integrated Results Team, embedded within the Finance Unit, was responsible for all other programme support functions.

A review of the roles and responsibilities of these units highlighted structural gaps in accountabilities and responsibilities across the Office organizational structure including management of programme, finance, programme budget allocation and donor relations.

The audit team noted a lack of clarity in the roles and responsibilities, and gaps in coordination between the Integrated Results Team and Programme Strategy and Results Unit. This contributed to deficiencies in monitoring of the Office's income and revenue, budget commitments, and timely information on the status of programme performance and delivery.

Furthermore, Senior management did not establish appropriate oversight mechanisms to support decision-making.

Recommendation

(a) undertaking a review of the terms of reference of both the Programme Strategy and Results Unit, Programmes and Finance Unit and establishing clear roles, responsibilities and accountabilities to ensure coherence and coordination across the Office.
(b) setting up regular senior management meetings with both programme and operations staff to coordinate and monitor Office activities.

Weaknesses in donor relations (Issue 2)

Donor balances totaling $4.3 million resulting from financially closed projects had not been cleared or refunded to donors, with some dating back to 2004.

Six donor reports for one project were submitted three years late, while the 2019 quarterly reports are yet to be submitted to 13 donors of the same project. The quarterly reports were due 40 days after the end of each quarter. The first and second quarterly reports for another project were submitted late, while no quarterly reports for 2019 have been submitted to donors for four additional projects reviewed.

Recommendation

Addressing the long outstanding donor fund balance, ensuring donor transfers are processed within the stipulated timeframe, manage donor relations and reporting requirements.

Declining programme funds (Issue 3)	The Office's current funding pipeline in Atlas reflected category A 'hard' pipeline of $115 million, Category B 'Soft' pipeline of $127 million, and Category C 'project concepts' totaling $511 million. All the Category A pipelines were to be allocated from the newly set up Law and Order Trust Fund for Afghanistan (LOTFA). There was no process in place for the management and regular review of the Office's resource mobilization efforts, including development of pipeline projects. A funding analysis undertaken by the office in early 2019 indicated that overall non-core resources had declined by 51 percent from $758 million to $373 million between 2014 to 2018, while the non-core contribution not including (Law and Order Trust Fund for Afghanistan) LOTFA declined by 42 percent in the same period from $184 million to $107 million. Law and Order Trust Fund for Afghanistan (LOTFA) contributions for the same period also declined by 46 percent, indicating a sharp decline in the overall resource situation of the Office. <u>Recommendation</u> Aligning programme pipelines with the focus areas within the upcoming country programme, develop a comprehensive, evidence-based resource mobilization and partnership strategy and enhance resource mobilization efforts
Improper procurement of Individual Contractors (Issue 6)	In a sample of 25 cases reviewed, there were 20 cases of direct contracting (80 percent) amounting $1.2 million that did not meet the conditions stated in Programme and Operations Policies and Procedures (POPP) relating to the absence of a competitive marketplace or existence of a genuine exigency. The Office was not able to make an adequate case in the notes to files regarding the justification for using direct contracting and failed to demonstrate that there was a genuine exigency. In most instances it appeared that the Office had failed to plan the procurement in advance and hence resorted to direct contracting to expedite the process. <u>Recommendation</u> The Office should enhance the management of Individual Contractors by ensuring a proper planning process and include adequate evidence to justify direct contracting.

Implementation status of previous OAI audit recommendations: Report No. 1897, 28 December 2017.

Total recommendations: 6
Implemented: 6

Management comments and action plan

The Resident Representative accepted all of the 7 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 Kabul, Afghanistan, comprises 59 international staff, 27 national officers and 30 general services staff. There are also 222 service contract holders, 70 United Nations Volunteers and 74 international consultants and 52 national consultants. The security situation has remained volatile; while the number of security incidents in some categories decreased slightly, the overall number of casualties rose slightly, due to an increase in the severity of certain attacks. Parliamentary elections were held in October 2018, while presidential elections took place in September 2019. These processes had a disruptive effect on the implementation of projects due to security constraints. The 2015-2019 Country Programme Document was extended to 2020 while the Office geared itself for the integration of the Sustainable Development Goals as part of the strategy for the next Country Programme in 2021.

II. Audit results

Satisfactory performance was noted in the following areas:

(a) Operations/Financial resources management. Records and controls were adequate, with a functioning financial management system
(b) Operations/General administrative management. Adequate controls were established and functioning well.
(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 regularly.
(d) United Nations leadership and coordination. Adequate controls have been established to manage and lead the United Nations work in the country prior to the delinking process.

OAI made 4 recommendations ranked high (critical) and 3 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) Review the terms of reference of both the Programme Strategy Results Unit (PSRU), Programme and Finance Unit to establish clear roles, responsibilities and accountabilities to ensure coherence and coordination, and improve senior management oversight (Recommendation 1).
(b) Addressing the long outstanding donor fund balance, ensuring donor transfers are processed within the stipulated timeframe, manage donor relations and reporting requirements (Recommendation 2).
(c) The Office should enhance the management of Individual Contractors and include adequate evidence to justify direct contracting (Recommendation 6).
(d) Aligning programme pipelines with the focus areas within the upcoming country programme, develop a comprehensive, evidence-based resource mobilization and partnership strategy and enhance resource mobilization efforts (Recommendation 3)

Medium priority recommendations, arranged according to significance:

(a) HACT assurance plan is developed including clear accountability and management oversight (Recommendation 5).

(b) Revise project designs and results frameworks, recruit or train qualified programme and project personnel, and establish comprehensive third-party monitoring for projects with security-related risks (Recommendation 4).
(c) The Office should ensure service contractor salary scales are up to date by conducting regular salary surveys (Recommendation 7).

The detailed assessment is presented below, per audit area:

A. Governance

Issue 1 Weaknesses in Office organizational structure

The Operational Guide of the Internal Control Framework for UNDP outlines that each head of office has overall responsibility for establishing and maintaining an effective control environment which encompasses management's philosophy and operating style, organizational structure, assignment of authority and responsibility.

In 2016, the Office undertook a structural review to streamline the Office operations. The functions of programme results management, project and budget management, programme financial resources management and reporting were assigned to the programme units, finance unit, and the Programme Strategy and Result Unit (PSRU). It was anticipated that coordination and interlinkages between programme and operations would be managed under the Integrated Results Team (IRT). However, the benefits anticipated from a seamless and synergic functioning between the two units appear not to have contributed to an effective programme support function.

The audit noted that the Programme Strategy and Results Unit focused on compliance, quality assurance and corporate reporting. While the Integrated Results Team, embedded within the Finance Unit, was responsible for all other programme support functions. The audit team noted a lack of clarity in the roles and responsibilities, and gaps in coordination between the Integrated Results Team and Programme Strategy and Results Unit (PSRU) within areas such as financial monitoring and programme delivery. This contributed to deficiencies in monitoring of the Office's income and revenue, budget commitments, and timely information on the status of programme performance and delivery.

Furthermore, Senior management did not establish appropriate oversight mechanisms to support decision-making, in addition there was no evidence of regular management meetings to discuss challenges, emerging risks and mitigation measures. The lack of coordination and oversight contributed to the later issues included within this report.

An inadequate structure and oversight system may lead to undetected and unresolved issues that may affect the office's efficiency and effectiveness to deliver development results.

Priority	High (Critical)
Recommendation 1: The Office should institute a proper support and oversight mechanism by:	

(a) undertaking a review of the terms of reference of both the Programme Strategy and Results Unit (PSRU), Programmes and Finance Unit with clear roles, responsibilities and accountabilities to ensure coherence and coordination across the Office. (b) setting up regular senior management meetings with both programme and operations staff to coordinate and monitor Office activities.
Management action plan: (a) The Office agrees with the recommendation and will work with the Strategic Review Mission to review the functions of the Programme Strategy and Results Unit (PSRU) and programme and finance unit and determine clear roles, responsibilities and accountabilities. (b) A schedule of meetings at senior, programme and operations levels is being established and will be documented and shared with all staff. **Estimated completion date:** February 2020

B. Programme

Issue 2 Weaknesses in donor relations

UNDP is accountable for ensuring donor relations are positively maintained, and that donor reports are prepared according to: (a) the financing agreement provisions; (b) expected quality; (c) agreed-upon frequency (d) established timescale. If the information in the progress report is not detailed enough or sufficient, then a reporting format should be agreed to at the time of signing the contribution agreement. Contribution agreement provisions relating to the treatment of donor balances are required to be adhered to, and appropriate actions taken within the 30-day timeframe.

A review of the processes related to donor relations management identified the following weaknesses:

(a) Long-outstanding donor fund balances: Donor balances totaling $4.3 million resulting from financially closed projects had not been cleared or refunded to donors, with some dating back to 2004. The Office stated that the donor balances were not adequately identified when these were transferred to the refund account, delaying the refund process.
(b) Donor reporting: The responsibility for donor reporting management, including ensuring donor reports were submitted in a timely manner and of the expected quality had not been assigned to any unit or staff member. As a result, six donor reports for one project sampled were submitted three years late, while the 2019 quarterly reports are yet to be submitted to 13 donors of the same project. The quarterly reports were due 40 days after the end of each quarter. The first and second quarterly reports for another project were submitted late, while no quarterly reports for 2019 have been submitted to donors for four additional projects reviewed.

As a result of these delays two complaints were lodged by donors at the corporate level. Three cases of donor correspondence indicated dissatisfaction with the quality of the reports submitted, with incorrect financial figures, lack of analysis of the progress, and inadequate linkages to the overall objective of the project.

Weak donor relations management may expose the Office to reputational risk.

Priority	High (Critical)
Recommendation 2: The Office should strengthen the donor relations by: (a) addressing the long outstanding donor fund balance and ensuring donor transfers are processed within 30 days (b) addressing donor requests, concerns and reporting requirements in a timely manner through a donor relations focal point	
Management action plan: The Management of the Office agrees with the recommendation and will work with the Strategic Review Mission to reposition the function of Partnership and Donor Relations in the Office and to address the recommendation. **Estimated completion date:** February 2020	

Issue 3 Declining programme funds

The financial sustainability of UNDP country offices depends on their ability to mobilize resources and develop partnerships. through development of a mobilization action plan, pipeline development and scan of donor interests.

The Office developed a forward-looking resource mobilization strategy in September 2019, in line with the roll-out of the Sustainable Development Goals integration and a new country programme. However, did not articulate how the required funding would be mobilized.

The maturity of the project pipeline depends on the degree of certainty that the necessary resources will be available for all envisaged activities and interventions. These are categorized as 'A' (hard pipelines with commitments/agreements secured); 'B' (soft pipelines with tentative agreements made); and 'C' (project concepts/proposals with no commitments made).

A review of the funding outlook for the Office highlighted the following:

(a) The Office's funding pipeline in Atlas included category 'A' pipeline of $115 million, Category 'B' of pipeline $127 million, and Category 'C' totaling $511 million. All the 'hard' pipelines were to be allocated from the newly set up Law and Order Trust Fund for Afghanistan (LOTFA) Multi-Partner Trust Fund for the Rule of Law and Human Security component. There was no process in place for the management and regular review of the Office's resource mobilization efforts, including the development of pipeline projects.
(b) A funding analysis undertaken by the office in early 2019 indicated that overall non-core resources had declined by 51 percent from $758 million to $373 million between 2014 to 2018, while the non-core contribution not including Law and Order Trust Fund for Afghanistan (LOTFA) declined by 42 percent from $184 million to $107 million in the same period. Law and Order Trust Fund for Afghanistan (LOTFA) contributions for the same period also declined by 46 percent from $574 million to $266 million, indicating a sharp decline in the overall resource situation of the Office.

(c) Once the government meets the conditions required for the transfer of the Law and Order Trust Fund for Afghanistan (LOTFA) payroll, there will be significant gap in delivery and income generated.

In the absence of a comprehensive resource mobilization and communications strategy, the Office risks not being able to mobilize resources for the next Country Programme Document due to begin in 2021.

Priority	High (Critical)
Recommendation 3: The Office should strengthen the donor relations and resource mobilization efforts by: (a) aligning the programme pipelines with the focus areas of the upcoming country programme, including communication and engagement of potential donors. (b) developing a comprehensive, evidence-based resource mobilization and partnership strategy, supported by a communications strategy. (c) engaging all levels of the Office to mobilize resources, outlining the roles and responsibilities for the coordination, and implementation of the strategy	
Management action plan: The Management of the Country Office agrees with the recommendation and is in the process of developing a programme pipeline and will engage all partners including donors and government. The existing resource mobilization and partnership strategy will be supported by a recently developed communication strategy and strengthened through regular discussions during the programme meetings, with senior management oversight. **Estimated completion date:** June 2020	

Issue 4 Sub-optimal programme delivery

The 'UNDP Programme and Operations Policies and Procedures' require projects to prepare Annual Work Plans (AWP) with detailed activities on what will be accomplished during the year, including the timeframe, responsible party, source of funds and the budget. The delivery targets are linked to the current country programme to ensure that the commitments made therein are met.

In 2018, out of the six largest projects, three delivered at 63 percent, while two delivered at an average of 35 percent against the budget targets established within the Annual Work Plan. In 2019, seven of the 18 projects had delivered less than 50 percent of the budget targets established within the Annual Work Plan as of 30 November.

The audit reviewed 9 projects in detail:

The audit identified the following weaknesses related to the implementation of non-LOTFA/UN Elections Support Project (UNESP) projects:

(a) Inadequate progress measurement parameters within the project design such as indicators, baselines and annual targets. Further project design flaws were identified in two project evaluations, which concluded that the outputs and impact achieved were limited compared to the funds utilized.
(b) Considerations of value for money and cost efficiencies were not adequately exercised. For example, a high volume of individual consultants were recruited for one project even though in some cases existing resources were adequate: Capacity of staff (including international staff) to manage and implement projects was inadequate in a further two projects sampled.
(c) Weak monitoring: In both its 2018 and 2019 Integrated Work Plans, the Office identified third party monitoring as a priority to be instituted given the security situation in Afghanistan. At the time of audit, only two projects were undertaking third party monitoring of activities.

The Office stated that security challenges mainly impeded the regular monitoring of projects, including interruptions during specific security alert situations.

The lack of effective project design, management and monitoring may result in the Office not being able to achieve its planned project outputs and overall programme results.

Priority	Medium (Important)
Recommendation 4: The Office should enhance its oversight and monitoring mechanisms by: (a) revising project designs and results frameworks to include progress monitoring parameters (b) recruiting staff/personnel for projects and programmes with the requisite capacities and experience to undertake the required tasks. (c) establishing a comprehensive third-party monitoring mechanism for regular feedback on the performance of programmes/projects, also taking into account the security situation.	
Management action plan: The Office Management agrees with the recommendation and all the elements of recommendation 4 will be taken into account in the design of new project/programme pipeline In addition, recommendations of the December 2019 Security Mission will be incorporated in the project/programme design. **Estimated completion date:** June 2020	

Issue 5 Harmonized Approach Cash Transfers (HACT) Framework requirements not complied with

To lessen the burden caused the multiplicity of the United Nations procedures and rules for its partners, the 'Framework for the Harmonized Approach to Cash Transfers (HACT) to implementing partners was established. According to the Framework, UNDP will adopt a risk management approach and will select specific procedures for transferring cash based on the joint assessment of the financial management capacity of implementing partners.

A review of HACT implementation in the Office highlighted the following:

(a) In 2018, five out of seven implementing partners (IPs) were rated 'significant risk' based on the micro-assessment reports. Of these, two received direct cash transfers/direct payments, while three received funds through direct payments, one of the three also had agency implementation arrangements. For the two implementing partners receiving direct cash transfers, the 2018 assurance plan indicated three or more spot checks to be undertaken for each implementing partner. However, one spot check was undertaken for one of the implementing partners only.
(b) In 2018 and 2019, one programme monitoring visit was undertaken for the five implementing partners rated significant risk. The quality of the programme monitoring reports were inadequate, as did not include analysis on progress versus planned implementation, quality of the deliverables or challenges.
(c) In 2019, out of five implementing partners rated as significant risk, and receiving direct cash transfer or direct payment arrangements, one was spot checked by a staff member contrary to the UNDP rules and regulations, while for one implementing partner, only one spot check was undertaken for the period of January-September 2019, the report is still in draft form. Three implementing partners were not spot checked.

The accountability within the Office for assurance activities was unclear, further, relevant information pertaining to assurance activities undertaken was not adequately maintained.

The Office may encounter financial and reputational risk, in the event assurance activities are not completed

Priority	Medium (Important)
Recommendation 5: The Office should institute a proper Harmonized Approach to Cash Transfers (HACT) implementation and oversight mechanism by ensuring: (a) an assurance plan is developed, in accordance with the Harmonized Approach to Cash Transfers (HACT) Framework requirements (b) ensuring clear accountability and repository for all information related to Harmonized Approach to Cash Transfers (HACT) activities, in conjunction with programme units. (c) management oversight over the monitoring and risk mitigation activities related to implementing partners to ensure policies and guidelines are adhered to.	
Management action plan: The recommendation is well noted. Actions include: (a) A Harmonized Approach to Cash Transfers (HACT) assurance plan that meets the needs of the Office, with implementation in a timely manner. (b) The internal A Harmonized Approach to Cash Transfers (HACT), standard operating procedure (SOP) will be revised as necessary to reiterate clear roles and responsibilities of all concerned teams/units related to A Harmonized Approach to Cash Transfers (HACT) activities. (c) HACT Working Group will convene quarterly Harmonized Approach to Cash Transfers (HACT) meetings with Senior Management to report on adherence to the relevant policies and guidelines including oversight, monitoring and risk mitigation activities related to implementing partners. **Estimated completion date:** December 2020	

C. Operations

1. Procurement

Issue 6 Improper procurement of Individual Contractors

The Programme and Operations Policies and Procedures state that under certain circumstances, and subject to proper justification, it may be appropriate to consider a single candidate for a contract. Justification for direct contracting must be formulated in accordance with Regulation 121.05 of the UNDP Financial Regulations and Rules.

The audit team reviewed a sample of directly contracted Individual Contractors (ICs) and the justification for waiver of a competitive process. The Office stated that the justification for direct contracting was due to the following reasons: no competitive marketplace for the procurement requirement; a genuine exigency exists; there has been a previous determination or there was a need to standardize the requirement.

The Office procured 311 individual contractors (IC) during the audit period. With a total contract value of $8.5 million. This included 97 cases with a combined contract value of $4 million that were directly contracted without a competitive process.

In a sample of 25 cases reviewed, the audit noted that there were 20 cases of direct contracting (80 percent) totaling $1.2 million that did not meet the conditions stated in Programme and Operations Policies and Procedures (POPP) relating to the absence of a competitive marketplace or existence of a genuine exigency.

The Office was not able to make a reasoned case in the notes to files regarding the justification for using direct contracting and failed to demonstrate that there was a genuine exigency. In most instances it appeared that the Office had failed to plan the procurement in advance and hence resorted to direct contracting to expedite the process or had deliberately opted to bypass a competitive selection process.

Failure to comply with the UNDP requirements on direct contracting may impact the Office's reputation and lead to financial loss.

Priority High (Critical)
Recommendation 6: The Office should enhance the management of Individual Contractors by ensuring a proper planning process and include adequate evidence to justify direct contracting.
The management agrees with the recommendation. The Office discontinued all direct contracts as at 31st December 2019 and relaunched a competitive process as of 1st January 2020 on all requests for extensions. The Office is in the process of finalizing an in-country roster of consultants with various categories of expertise. Other actions include: ▪ Closer programme and operations collaboration for adequate procurement planning. ▪ Business process workflows and Standard Operating Procedures for Direct Contracting will be reviewed reinforce compliance with the Financial Regulations and Rules.

- Targeted training sessions for program/project staff on procurement and selection methods, including the proper use of direct contracting in line with Financial Regulations and Rules.
- Only the Head of Office to sign off on the exceptional cases in the interim.

Estimated completion date: March 2020

2. Human Resources Management

Issue 7 Outdated service contract renumeration scale

The "Handbook on Setting Renumeration for Service Contract Personnel" states that, service contract renumeration scales should generally be updated annually. Data should be collected from comparator organizations at a time when a majority of these organizations revise their renumeration package.

The Office had not updated its service contract renumeration scale for five years. The latest service contract renumeration survey was conducted for 2013/14 salary scale. The Office has 222 service contract holders, the largest category of personnel in the Office.

The service contract renumeration survey was postponed due to other competing priorities, including the time requirements and associated costs.

Without conducting the service contract renumeration survey periodically, service contract holders may not be compensated fairly which may affect the moral and increase turnover within the Office.

Priority	Medium (Important)
Recommendation 7: The Office should ensure service contract salary scales are up to date by conducting salary surveys for service contract holders annually in order to stay competitive in the local labour market.	
Management action plan: The management agrees with the recommendation. The Office has already identified a Long-Term Agreement with the Regional Bureau of Asia and Pacific and has commenced the hiring process of vendor to conduct the service contract salary survey with results expected in first quarter of 2020. **Estimated completion date:** March 2020	

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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.