



AUDIT

OF

UNDP COUNTRY OFFICE

IN

TOGO

Report No. 2092

Issue Date: 30 August 2019

Table of Contents

Executive Summary	i
I. About the Office	1
II. Audit results	1
A. Governance	1
1. Leadership	1
2. Corporate external relations and partnership	3
B. Operations	4
1. ICT and General Administrative Management	4
2. Procurement	5
3. HACT	8
Definitions of audit terms - ratings and priorities	11

Report on the Audit of UNDP Togo Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Togo (the Office) from 17 to 28 June 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); and
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, HACT, and staff and premises security)

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 \$28.7 million. The last OAI audit of the Office took place in 2015.

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 monitoring and capacity, challenges with resource mobilization, lapses in procurement management, and weaknesses in the management and control over cash advances.

Key recommendations: Total = 9, high priority = 4

The nine recommendations aim to ensure the following:

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

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to act could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Weaknesses in
monitoring and
capacity (Issue 2)

The audit disclosed the following weaknesses relating to monitoring and capacity:

- The Office scored low in the 2017 Partnership Survey of the Regional Bureau for Africa. However, there was no action plan to remedy the weaknesses uncovered and monitor them.
- Following the Project Quality Assurance review, the Office did not develop an action plan to correct the weaknesses noted.
- In the 2019 Integrated Monitoring and Evaluation Plan, project board meetings were not scheduled for the governance portfolio and the reporting plan was related to two projects only, and not to the entire portfolio.
- The Office's delivery during the period under audit was low. As of 31 December 2018, delivery was at 24.6 percent of the total budget. At the end of the fieldwork, delivery against available resources and budget was at 17.2 percent.
- The following six positions were vacant: operations manager, procurement associate, driver, and three experts for the Strategic and Political Unit.

Recommendation 2: The Office should: (a) reinforce monitoring and capacity by systematically formalizing action plans to tackle significant issues; and (b) increase its delivery rate by finalizing ongoing recruitments and assessing the capacities at the local level and drafting a strategy including actions plans to reinforce capacity at the local level.

Challenges in resource
mobilization (Issue 3)

The audit disclosed the following weaknesses related to resource mobilization:

- The resource mobilization strategy for the current cycle (2019–2023) and its related action plan had not been finalized.
- The Office was increasingly dependent on core funds. As at 31 December 2018, the resources available for the Office were made up of core resources (34 percent), and local cost sharing related to the Emergency Community Development Programme (45 percent). As of May 2019, the Office had increased its reliance on core resources (59 percent) while local cost sharing had decreased (18 percent).
- The Office's pipeline was composed of 10 projects: 4 were classified as Class B (potential project) for a total amount of \$16.1 million and 6 as Class C (initial ideas) amounting to \$34.6 million. None were under Class A (interventions with secured funding and implementation capacity ready to be launched).

Recommendation 3: The Office should secure funds aligned to its commitments in the Country Programme Document by: (a) finalizing and operationalizing its resource mobilization strategy and securing funds to deliver on its commitments; and (b) aligning the Country Programme Document to the available resources.

Lapses in procurement management (Issue 5)

The following weaknesses were noted as part of the review of procurement activities:

- The 2018 and 2019 consolidated procurement plans had not been updated on a regular basis to reflect changes.
- As of 31 May 2019, 229 purchase order lines with an average past due date of 386 days were yet to be received and paid.
- The Office did not put in place an oversight and monitoring system to support the management of contracts. In six cases valued at \$405,840, the Office amended contracts that had already expired.
- In three instances, procurement processes were conducted by programme staff without delegation of authority and without the appropriate skills to do so.
- In 8 out of the 38 reviewed cases amounting to \$190,000, supporting documents of the selection process were not attached to the purchase order.

Recommendation 5: The Office should adhere to the UNDP procurement principles and all relevant policies by: (a) regularly updating the procurement plan in order to include major changes during the year; (b) processing procurement activities by qualified staff members as well as implementing a proper archiving system for easy retrieval of supporting documentation; and (c) reinforcing oversight mechanisms to ensure that contracts are amended before they expire, and that outstanding purchase order lines are regularly reviewed.

Weaknesses in the monitoring and control of cash transfers to implementing partners (Issue 8)

The audit disclosed the following weaknesses relating to the monitoring and control of cash advances:

- Two staff members approved 76 vouchers for cash advances for \$503,915 even though they did not have the authority to do so. In addition, the Office did not comply with the cash advance policies stipulating that new requests for advances can only be approved if at least 80 percent of the previous advance has been justified.
- Cash transfer transactions were not correctly recorded.
- There were delays in the justification of advances.

Recommendation 8: The Office should improve the management and control of cash transfers to implementing partners by approving and recording cash transfers in compliance with UNDP policies.

Implementation status of previous OAI audit recommendations: Report No. 1496, 17 December 2015.

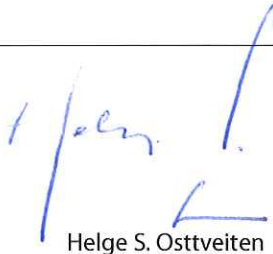
Total recommendations: 6

Implemented: 6

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 Lomé, Togo (the Country) had a total of 28 staff members, 21 service contract holders and 15 United Nations Volunteers (8 international and 7 national) at the time of the audit. The Country Programme Document for 2019–2023 focused on the following areas: a) governance and rule of law, as well as consolidating peace; b) inclusive growth and access to basic social services; and c) promotion of sustainable management of natural resources and resilience to climate change and disaster. The Office had a portfolio of 16 development projects (11 nationally implemented and 5 directly implemented).

II. Audit results

OAI made four recommendations ranked high (critical) and five 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) Improve the management and control of cash transfers to implementing partners (Recommendation 8).
- (b) Adhere to UNDP procurement principles (Recommendation 5).
- (c) Reinforce monitoring and capacity (Recommendation 2).
- (d) Secure funds aligned with the commitments in the Country Programme Document (Recommendation 3).

Medium priority recommendations arranged according to significance:

- (a) Strengthen oversight and performance over procurement activities (Recommendation 6).
- (b) Adhere to the organization's requirements in terms of risk management (Recommendation 1).
- (c) Comply with requirements on the Harmonized Approach to Cash Transfers (Recommendation 7).
- (d) Strengthen travel management (Recommendation 4).
- (e) Ensure that FACE forms are properly filled out and timely reconciled (Recommendation 9).

The detailed assessment is presented below, per audit area:

A. Governance

1. Leadership

Issue 1 Weaknesses in risk management

UNDP's enterprise risk management (ERM) system allows the organization to manage risks. The process begins with a risk assessment to (a) identify, (b) assess, (c) prioritize, (d) take action, and (e) monitor threats and opportunities that may affect the Office. The exercise leads to the creation of a risk register, which offices are then required to update on a quarterly basis.

The audit disclosed the following:

- The audit team did not find evidence that risks specific to the Office, which could affect the implementation of activities (office capacities, national capacities, etc.), had been assessed.

- The audit team reviewed five projects and noted that in three cases, risk logs were updated in February, March and April 2019. However, the preceding updates were from 2015 and 2010 in one case, the risk log had not been updated since January 2014.
- The audit team analysed the minutes of the programme annual review exercise as well as the contributions of six projects to that review. The documentation provided did not reflect thorough discussions about risks faced by projects.

The lack of a structured risk management process may lead to key risks not being evaluated in a timely manner, which could prevent the Office from achieving its goals.

Priority	Medium (Important)
Recommendation 1:	
The Office should adhere to the organization's requirements in terms of risk management by:	
<ul style="list-style-type: none"> (a) continuing to formalize its overall risk management system; and (b) updating, on a regular basis, the identified risks, both at the strategic and project levels. 	
Management action plan	
The Office will set a risk management mechanism under the leadership of the Deputy Resident Representative.	
All risks identified in the Integrated Work Plan will be reviewed and updated with the national counterpart. At the project level, the risk logs will be updated and monitored.	
Estimated completion date: December 2019	

Issue 2 Weaknesses in monitoring and capacity

Senior managers are responsible for maintaining a control environment that enables an effective internal control system. The control environment comprises, among others, an organizational structure and the process for attracting, developing, and retaining competent staff. The 'UNDP Programme and Operations Policies and Procedures' stipulate that monitoring is a continuous management function that provides decision makers with regular feedback on the consistency or discrepancy between planned and actual results. Both control environment and monitoring activities are key elements of an effective internal control system.

The audit disclosed the following exceptions:

a) Weaknesses in monitoring

The audit identified instances where the Office failed to formalize a monitoring mechanism to follow up on significant issues:

- The Office scored low in the 2017 Partnership Survey of the Regional Bureau for Africa. However, there was no action plan to remedy the weaknesses uncovered and monitor them.
- Following the Project Quality Assurance review, the audit team sampled five projects. Two of them were rated as "needed improvement." The Office did not develop an action plan to correct the weaknesses noted.

- In the 2019 Integrated Monitoring and Evaluation Plan, project board meetings were not scheduled for the governance portfolio and the reporting plan was related to two projects only, and not to the entire portfolio.

b) Insufficient capacities which can hamper the Office's delivery

- The Office's delivery during the period under audit was low. As of 31 December 2018, delivery was at 24.6 percent of the total budget. At the end of the fieldwork, delivery against available resources and budget for 2019 was at 17.2 percent. The Office commented that the late approval of the Country Programme Document affected the delivery rate, as did the low capacities at the national counterpart level.
- The following six positions were vacant: operations manager, procurement associate, driver, and three experts for the Strategic and Political Unit.

Weaknesses in monitoring and capacity may prevent the Office from achieving intended results.

Priority	High (Critical)
Recommendation 2: The Office should: <ul style="list-style-type: none"> (a) reinforce its monitoring and capacity by systematically formalizing action plans to tackle significant issues; and (b) increase its delivery rate by finalizing ongoing recruitments and assessing the current capacity at the local level and drafting a strategy including action plans to reinforce national capacities. 	
Management action plan: The Office will take the necessary measures to improve oversight and will draft action plans wherever necessary (including strategic procurement and human resources plans) and monitor their implementation. All recruitments will be finalized. The Office will re-assess national capacities and a training plan will be drafted accordingly.	
Estimated completion date: December 2019	

2. Corporate external relations and partnership

Issue 3 Challenges in resource mobilization

The financial sustainability of UNDP Country Offices depends on their ability to mobilize resources and develop partnerships. The 'UNDP Programme and Operations Policies and Procedures' require Country Offices to establish an effective partnership and resource mobilization action plan, which should be updated on an annual basis and serve as a strategic document to mobilize resources.

The audit disclosed the following weaknesses related to resource mobilization:

- The resource mobilization strategy for the current cycle (2019–2023) and its related action plan had not been finalized.

- The Office was increasingly dependent on core funds. As at 31 December 2018, the resources available for the Office were made up of core resources (34 percent), and local cost sharing related to the Emergency Community Development Programme (45 percent). As of May 2019, the Office had increased its reliance on core resources (59 percent) while local cost sharing had decreased (18 percent). The significant drop in the local cost sharing contribution was due to the national counterpart not being able to honor its commitment to finance the Emergency Community Development Programme.
- The Office's pipeline was composed of 10 projects: 4 were classified as Class B (potential project) for a total amount of \$16.1 million and 6 as Class C (initial ideas) amounting to \$34.6 million. None were under Class A (interventions with secured funding and implementation capacity ready to be launched).

Insufficient resource mobilization may jeopardize the Office's ability to deliver and achieve planned objectives.

Priority	High (Critical)
Recommendation 3:	
The Office should secure funds aligned to its commitments in the Country Programme Document by:	
<ul style="list-style-type: none"> (a) finalizing and operationalizing its resource mobilization strategy and securing funds to deliver on its commitments; and (b) aligning the Country Programme Document to the available resources. 	
Management action plan:	
The Office will develop a resource mobilization action plan based on the partnership and communication plan, which is under a finalization and validation process.	
Estimated completion date: March 2020	

B. Operations

1. ICT and General Administrative Management

Issue 4 Inefficiencies in travel management

The UNDP travel policy provides guidelines for the route, mode and standard of accommodation. The analysis leading to the travel decisions, including payment of travel entitlements, must be properly documented. Airline tickets should be purchased at least 14 days in advance when travelling in economy class and 21 days when travelling in business class. Upon return to the duty station, travel claim forms must be completed within 10 business days to document the travel, irrespective of whether a refund or reimbursement is due. The 'UNDP Programme and Operations Policies and Procedures' further state that for any travel, three quotations are required. In case an office is unable to obtain three itineraries to demonstrate a competitive process, adequate justification should be maintained on file. Finally, effective procurement calls for the establishment of Long Term Agreements for services procured on a repetitive basis, such as travel services.

During the audit period, the Office processed 47 international duty travel requests for approximately \$121,000. The audit team reviewed 10 of those records amounting to \$64,000 and noted the following exceptions:

- Airline tickets were purchased too close to the departure date, between one and six days prior.
- In six cases, travel claims were filed without any supporting documents, including boarding passes, to allow the reviewer to certify that the travel had taken place as authorized and verify the correctness of the Daily Subsistence Allowance paid. In the four remaining cases, the boarding passes attached did not cover all the legs of the journey.
- In three cases, the travel claim was not signed by the certifying officer.

Exceptions were caused by ineffective oversight over travel activities.

Inadequate management of travel can expose UNDP to unnecessary costs.

Priority	Medium (Important)
Recommendation 4: The Office should strengthen travel management by: <ul style="list-style-type: none"> (a) making travel arrangements as early as possible to avoid higher airline ticket costs; and (b) completing and validating the travel claims with supporting documents, such as boarding passes. 	
Management action plan: The Office will sign Long Term Agreements with three travel agencies in conjunction with the United Nations Country Team and will ascertain that travels are planned and finalized within the corporate timeframe. The submission of travel claims will be monitored through the e-travel module.	
Estimated completion date: December 2019	

2. Procurement

Issue 5 Lapses in procurement management

The 'UNDP Programme and Operations Policies and Procedures' provide guidance on effective procurement practices and contract management. Offices are required to complete a comprehensive procurement plan at the beginning of each year and to update the plan continuously during the year.

The Office issued 486 purchase orders totalling \$4.8 million during the period under audit. The audit team reviewed 39 purchase orders valued at \$1.9 million, as well as the engagement and management of 15 individual contractors, and the adequacy of controls within the bidding and evaluation processes.

The following weaknesses were noted as part of the review of procurement activities:

a) Ineffective procurement planning

The 2018 and 2019 consolidated procurement plans had not been updated on a regular basis to reflect changes. For example, for 2018, the Office planned \$33.8 million in procurement, but contracted only \$3 million, or 10 percent.

b) Outstanding purchase orders not properly monitored

As of 31 May 2019, 229 purchase order lines with an average past due date of 386 days were yet to be received and paid, for a total amount of \$2 million. The Office shared that 25 lines valued at \$220,534 were to be closed as related transactions and contracts were already paid or terminated. In 43 instances valued at \$87,370, the Office did not provide comments and for the remaining 161 cases, the Office indicated that the work was still ongoing.

c) Inadequate controls over contract management

The Office did not put in place an oversight and monitoring system to support the management of contracts. In six cases valued at \$405,840, the Office amended contracts that had already expired.

d) Procurement processes not conducted by authorized staff members

In three instances, procurement processes were conducted by programme staff without delegation of authority and without the appropriate skills to do so. Consequently, the audit team noted many inconsistencies related to those processes, such as the following: (i) declarations of impartiality were not attached; (ii) inconsistencies were noted in the technical evaluations as different notations were given by the panel for similar comments; (iii) in one case, the number of days to be considered for Daily Subsistence Allowance was modified by the panel without further justification; and (iv) a lump sum was considered by the panel for one consultant who did not indicate travel costs.

e) Weaknesses in the filing and archiving of procurement documents

The documentation evidencing the procurement processes from sourcing to award of contracts was not available for all transactions reviewed. The following issues were noted:

- In 8 out of the 38 reviewed cases amounting \$190,000, supporting documents of the selection process were not attached to the purchase order. After the audit fieldwork, the Office submitted the requested supporting documents.
- Three out of seven vendor forms requested were not provided by the Office.

These weaknesses were caused by the lack of an oversight mechanism over procurement processes, and a lack of adequate capacity and knowledge of the procurement principles.

Ineffective oversight poses a risk that UNDP may not achieve best value for money in its procurement activities.

Priority	High (Critical)
Recommendation 5: The Office should adhere to the UNDP procurement principles and all relevant policies by: <ul style="list-style-type: none"> (a) regularly updating the procurement plan in order to include major changes during the year; (b) processing procurement activities by qualified staff members as well as implementing a proper archiving system for easy retrieval of supporting documentation; and (c) reinforcing oversight mechanisms to ensure that contracts are amended before they expire, and that outstanding purchase order lines are regularly reviewed. 	
Management action plan: The 2019 procurement plan will be reviewed and adapted under the coordination of the procurement team and in collaboration with the programme and operations units. The Office will put in place a mechanism to monitor purchase orders and delivery time. The said mechanism will be coordinated by the Programme Management Support Unit. Estimated completion date: December 2019	

Issue 6 Weak performance in conducting procurement processes

The 'UNDP Programme and Operations Policies and Procedures' provide guidance on effective procurement practices. Also, timely completion of procurement processes is critical in the achievement of UNDP development goals.

The audit disclosed the following:

- 45 percent of the requisitions raised in 2018 were created in Atlas (enterprise resource planning system of UNDP) concurrently while raising purchase orders. Serving a critical control measure, requisitions should precede the creation of purchase orders. Consequently, the Office could not use them as authorization of procurement and as a strategic tool to measure the performance and timeliness of procurement processes.
- The due date contractually agreed to with vendors and recorded in Atlas were generally underestimated when compared to effective receipt dates. Out of the 1,290 purchase orders created in 2018, the audit team noted that 374 lines (29 percent) valued at \$1.4 million, were labeled as received in Atlas more than 90 days after the due date. This weak planning over due dates had an impact on the delivery. For example, 668 purchase order lines expected to be received and expensed in 2017 were finally received in 2018 for a total amount of \$5.3 million.
- Delays in completing procurement processes was noted through four purchase order lines valued at \$195,914 that were due in 2017 but were received in 2018 and paid in 2019.

These weaknesses were caused by the lack of an oversight mechanism over procurement processes.

Ineffective monitoring of due dates of contracted goods and services can negatively impact the delivery targets of the Office and poses a reputational risk for UNDP.

Priority	Medium (Important)
Recommendation 6:	
The Office should strengthen oversight and performance over procurement activities by:	
<ul style="list-style-type: none"> (a) ensuring all procurement processes are initiated with a requisition in Atlas; (b) estimating expected delivery dates correctly; and (c) tracking long-outstanding procurement processes. 	
Management action plan:	
The 2019 procurement plan will be reviewed and adapted under the coordination of the procurement team and in collaboration with the programme and operations units.	
The Office will put in place a mechanism to monitor purchase orders and delivery time. The said mechanism will be coordinated by the Programme Management Support Unit.	
Estimated completion date: December 2019	

3. HACT

Issue 7 Compliance with the Harmonized Approach to Cash Transfers not fully achieved

The Framework for Harmonized Approach to Cash Transfers (HACT) lists several minimum conditions to be met prior to transferring cash to implementing partners. These include: (a) conducting a macro-assessment of the existing public financial management system once per programme cycle; (b) conducting a micro-assessment of partners that are expected to receive cash transfers above an established annual amount; and (c) establishing an assurance plan and implementing assurance activities in the form of, inter alia, periodic on-site reviews of the implementing partner's financial records as they pertain to the cash advances received.

The audit team noted that micro-assessments were not conducted for two qualified partners during the previous and current programme cycle. Also, no spot checks were conducted during the period under review.

Failure to fully satisfy the minimum conditions of the HACT Framework could result in the Office using an inappropriate cash transfer modality, which could result in financial losses.

Priority	Medium (Important)
Recommendation 7:	
The Office should comply with the requirements on Harmonized Approach to Cash Transfers by:	
<ul style="list-style-type: none"> (a) undertaking micro-assessments prior to the engagement and payment of funds to implementing partners and responsible parties; and (b) establishing an assurance plan that should include conducting spot checks. 	

Management action plan:

Micro-assessments will be conducted for all implementing partners and the Office will draft an assurance plan.

Estimated completion date: December 2019

Issue 8 Weaknesses in the monitoring and control of cash transfers to implementing partners

The 'UNDP Programme and Operations Policies and Procedures' require that cash transfers to implementing partners be adequately monitored and actions be taken to correct and prevent long-outstanding advances. During the period under review, the Office processed 112 advances given to implementing partners amounting to \$3.1 million. A sample of 12 vouchers (\$1.3 million) and 12 Account Payable Journal Vouchers worth \$0.8 million were selected for review. The audit disclosed the following exceptions:

- a) Inadequate approval of advances for nationally implemented (NIM) projects
 - Two staff members approved 76 vouchers for cash advances for \$503,915 even though they did not have the authority to do so. According to the UNDP Internal Control Framework, only the senior management team can approve cash transfers to implementing partners.
- b) Non-compliance with policies related to the justification of advances for NIM projects
 - The Office did not comply with the cash advance policies stipulating that new requests for advances can only be approved if at least 80 percent of the previous advance has been justified, and all preceding advances in the execution of the project have been 100 percent cleared. The Office continued to advance cash to the partners without considering outstanding advances.
- c) Incorrect recording of cash transfer transactions
 - Implementing agent (IA) codes were not adequately used. The audit team noted: (i) different IA codes were used for same vendors; (ii) IA codes were shared by more than one partner; and (iii) the UNDP IA code (01981) was incorrectly used when recording cash advances to national partners.
 - Payments for implementing partners were not tagged as required by the Office of Financial Resources Management to facilitate tracking and reporting of cash transfers.
- d) Delays in the justification of advances for NIM projects
 - 14 advances ageing more than six months amounting to \$349,808 (9 percent of total advances paid) did not contain a justification for this delay. The audit team noted that 76 percent of this amount did not contain justification for delays of more than 12 months.
 - Two outstanding advances amounting to \$256,000 pertained to expenses qualified as ineligible by UNDP. Furthermore, related agreements had expired, which might hinder the recovery of ineligible amounts.
- e) Weaknesses in the utilization of Funding Authorization and Certification of Expenditure (FACE) forms
 - In three cases valued at \$356,000, FACE forms submitted by partners were not duly approved since they were not signed by the designated officials.

- The closing balance as indicated on the FACE forms did not always match with Atlas records since the Office did not report the balance of previous advances. This approach might result in errors when following up on outstanding NIM advances.
- FACE forms related to direct payments were incorrectly filled out:
 - o FACE form amounts did not match with amounts invoiced.
 - o FACE forms included anticipated expenses while they should have only included those already expensed.
 - o FACE forms were covering transactions related to different contracts and different vendors. Therefore, copies of the documents were used to process payments, creating a risk of duplicate payments.
 - o Two payments valued at \$59,257 were not supported by a FACE form.

The weaknesses in the controls were due to a misinterpretation of UNDP guidelines and to inadequate oversight over cash transfers to implementing partners.

Failure to adequately monitor cash transfers to implementing partners could result in financial losses.

Priority	High (Critical)
Recommendation 8:	
The Office should improve the management and control of cash transfers to implementing partners by approving and recording cash transfers in compliance with UNDP policies.	
Management action plan:	
The Office will conform to procedures and rules related to HACT.	
Estimated completion date: December 2019	

Priority	Medium (Important)
Recommendation 9:	
The Office should ensure that FACE forms are properly filled out and timely reconciled.	
Management action plan:	
The Office will conform to regulations and rules pertaining to FACE forms.	
Estimated completion date: December 2019	

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.