



AUDIT

OF

UNDP COUNTRY OFFICE

IN

SOUTH AFRICA

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Report on the Audit of UNDP South Africa Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP South Africa (the Office) from 17 August 2020 to 4 September 2020. 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
- (b) Development activities
- (c) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

The audit covered the activities of the Office from 1 January 2019 to 31 July 2020. The Office recorded programme and management expenses of approximately \$15 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*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Office for all audit areas reviewed.
- (b) Meetings with Office staff and personnel were carried out virtually, which limited the audit team's understanding of the Office's working environment.
- (c) Project visits (location, site visits, meeting with counterparts/beneficiaries) were not conducted.
- (d) A physical verification of assets was not performed.
- (e) Safe and petty cash contents were not verified.

Overall audit rating

OAI assessed the Office's performance 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 the Office's low programme funding and high operational costs, along with deficiencies in project management/oversight, and weaknesses within procurement.

Key recommendations: Total = 5, high priority = 3

The five recommendations aim to ensure the following:

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

High operational costs and low programme delivery (Issue 1)	<p>Compared to the Regional Bureau for Africa's average, the Office operated at a high management/programme ratio. Contributing factors included high operating costs, small programme size, limited donors, and the lack of a diversified pipeline, as well as challenges accessing government co-financing.</p> <p>Recommendation: The Office should address the operational cost and funding challenges by: (a) enhancing its business and advisory service capacity to expand and diversify the donor base; (b) finalizing the resource mobilization strategy and instituting a partnership management platform; and (c) consulting with the Regional Bureau for Africa to revisit its business model and organizational structure with a view to rationalizing its cost base.</p>
Project design, management and oversight weaknesses (Issue 2)	<p>A review of the Office's programmes and projects indicated significant gaps in applying UNDP's policies and procedures as it related to project design, implementation, oversight and closure. For example, project documents were not developed, Local Project Appraisal Committee meetings were not held, detailed annual work plans were not developed, and there were limited monitoring and assurance activities.</p> <p>Recommendation: The Office should enhance its project management practices by: (a) providing training to staff on UNDP rules and regulations relating to programme and project management; (b) establishing a quality assurance function to provide oversight relating to programme and project management processes; and (c) developing detailed programme/project management business workflows to clarify responsibilities.</p>
Weaknesses in procurement management (Issue 4)	<p>The Office's procurement planning was delayed and incomplete. Further, procurement sourcing strategies were ineffective, resulting in a limited number of qualified bids. The e-tendering system was not utilized, and eligible procurement cases were not shared with the regional review committee. Furthermore, there was a lack of control in recording the receipt and opening of bids received. Weaknesses were observed within technical evaluations, and there was insufficient due diligence regarding COVID-19 health-related procurement.</p> <p>Recommendation: The Office should enhance controls over its procurement processes by: (a) utilizing the PROMPT platform for timely submission and updates of procurement plans; (b) implementing the e-tendering system and adhering to the required controls over the receipt and opening of bids; and (c) ensuring that procurement cases are evaluated and background checks and due diligence completed, and that these are submitted to the appropriate review committee.</p>

Management comments and action plan

The Resident Representative accepted all five 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. Ostveiten
Director
Office of Audit and Investigations

I. About the Office

The Office, located in Pretoria, South Africa (the Country) and its Country Programme covered the period 2013–2017, which was extended until June 2020. The Country Programme 2020–2025 included the following development priorities:

- a) Effective, efficient and transformative governance.
- b) Inclusive, just and sustainable economic growth.
- c) Climate resilience and sustainably managed natural resources.

During the period from January 2019 to July 2020, the Office spent \$12.2 million on development activities, which was the same as the previous period. The 2020 expenditure rate was significantly impacted by the national lockdown between April and October 2020.

The largest development projects in terms of expenses during the period covered by the audit were:

Title	Expenditure Jan-Dec 2019 \$million	Expenditure Jan-July 2020 \$million
Mainstreaming Biodiversity into Land Use Regulation	1.7	0.3
Improving Management Effectiveness of the Protected Area	1.7	0.5
Securing Multiple Ecosystems	0.9	0.2
Market transformation through Energy Efficiency Standard	0.8	0.1
Enhancing Inclusive Growth in South Africa	0.7	-
Rural Development and Land Reform	0.5	0.5
Total	6.3	1.6

Source: UNDP's STREAM Analytics website

The largest sources of funding of the Office's development activities for the period covered by the audit were:

Donor	Funding for the period \$million
Global Environment Facility	17.9
Government of Japan	3.5
Government of South Africa	1.0
Total	22.4

Source: UNDP's STREAM Analytics website

Other critical information

South Africa was one of the countries adversely impacted by the COVID-19 global pandemic, resulting in lockdowns and restrictions on movement from April 2020. As a result, most of the government institutions and national implementing partners were unable to fully operate during this period. The Office's staff were working remotely, and the Office's Business Continuity Plan had been operationalized.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Operations/Finance. Adequate controls were in place to manage the processes related to financial management. No reportable audit issues were identified by the audit team.
- (b) Operations/Human resources. A review of the human resources functions, including recruitment, separations and human resources management indicated that adequate controls were in place.
- (c) Operations/Administrative services. Adequate controls were in place within asset management, vehicle and travel management.

OAI made three recommendations ranked high (critical) and two 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) Address the operational cost and funding challenges (Recommendation 1).
- (b) Enhance project management practices (Recommendation 2).
- (c) Enhance controls over procurement processes (Recommendation 4)

Medium priority recommendations, arranged according to significance:

- (a) Improve controls over the management of commitments (Recommendation 3).
- (b) Improve disaster planning and testing (Recommendation 5).

The detailed assessment is presented below, per audit area:

A. Governance

1. Planning and risk management

Issue 1 High operational costs and low programme funding

The 'UNDP Programme and Operations Policies and Procedures' require offices to develop a resource mobilization strategy, as well as implement a corresponding resource mobilization action plan. This ensures the financial sustainability of the organization by enabling better informed and more accurate resource projections and making necessary adjustments in internal resource planning.

The Office faced challenges with regard to increased operational costs, reduced inflow of core resources, and reduced possibilities for mobilizing resources from traditional donors. This was further exacerbated by an economy in recession and further affected by the COVID-19 pandemic, all of which may have affected the GLOC (government contributions towards local office costs).

According to the mid-term evaluation of the 2013–2017 Country Programme Document, the Government's main challenges were coordination and implementation, which could not be adequately supported by the

Office due to limited resources. The 2020 second quarter financial management report noted that the Office was facing sustainability challenges.

The Office was dependent on vertical funding. It accounted for 73 percent of programme expenditure in 2019 and budgeted to be 57 percent of expenditure in 2020. A review of the revenue/cost status for 2018–2020 highlighted the following:

- (a) The Office's management budget increased from \$1.8 million in 2018 to \$2.1 million in 2019. The increase related to the replacement of laptops and the purchase of mobile airtime required to enable staff to work from home. This represented an increase of 16 percent, while programme delivery was almost the same at \$8.6 million in 2018 and \$8.7 million in 2019.
- (b) The 2019 management to programme ratio was 21 percent; this ratio was expected to increase due to lower projected delivery in 2020 following the COVID-19 pandemic. The management expenditure as at August 2020 stood at \$1.1 million and would likely reach or surpass the 2019 level. The Office operated at a substantially high ratio of 21 percent compared with the Regional Bureau for Africa average of 8 percent in 2019.

Contributing factors to the high operational costs and low programme funding of the Office were as follows:

- (a) Limited donor base

The Office was dependent on a narrow funding base where over 72 percent of 2019's programme expenditure was from a single donor (Global Environment Facility), with limited opportunities for cost recovery through Direct Project Costing.

- (b) Weaknesses in resource mobilization

According to the May 2020 25-year review of UNDP's work in South Africa, the Office should have been focusing on delivering scaled-up results on a number of high impact issues, such as youth employment, poverty reduction and economic equality. The Office's programmatic portfolio comprised of small-scale initiatives that were not explicitly linked to the Sustainable Development Goals. Further, the provision of high-level policy-related support to government was limited.

The Office has had limited success in mobilizing government resources. Between 2016 and 2017, the Office was successful in signing agreements valued at \$2.3 million with one government department. However, the National Treasury considered this cost-sharing arrangement as a deviation from the Country's Public Financial Management Act; this issue remained unresolved, creating challenges in identifying further cost sharing opportunities. The 2020–2025 Country Programme Document included a budget of \$9.7 million (14 percent) of the resource envelope to be cost-shared by the Government.

- (c) Inadequate utilization of available resources

Programme size was not sufficient to generate the revenue required to cover the Office's cost base due to modest utilization of available resources. In 2019, the available programme resources totalled \$12 million while the Office's programme expenditure was \$8.8 million.

Management confirmed that actions were being taken to address these shortcomings, including engagement with the private sector and International Financial Institutions such as the African Development Bank. The Office had developed a resource mobilization strategy; however, it was incomplete, and an action plan for its implementation was yet to be developed.

Failure to address the funding challenges will affect the Office's sustainability and may have a negative impact on the achievement of planned development results.

Priority	High (Critical)
Recommendation 1:	
The Office should address the operational cost and funding challenges by:	
<ul style="list-style-type: none"> (a) enhancing its business and advisory service capacity to expand and diversify the donor base, such as through private sector engagement and innovative financing; (b) finalizing the resource mobilization strategy and instituting a partnership management platform; and (c) consulting with the Regional Bureau for Africa to revisit its business model and organizational structure with a view to rationalizing its cost base. 	
Management action plan:	
<ul style="list-style-type: none"> (a) The Office has already started to expand its business development and advisory services and is working on partnerships with the private sector and foundations. Resource mobilization efforts with development partners and International Financial Institutions are ongoing, and the Office has been assigned a lead role in youth entrepreneurship initiatives. Partnerships with various academic institutions is a new initiative being pursued by the Office. (b) The resource mobilization strategy is being finalized. (c) Office restructuring is envisaged as part of the new Country Programme Document roll-out. 	
Estimated completion date:	
<ul style="list-style-type: none"> (a) and (b): December 2020 (c) June 2021 	

B. Development Activities

1. Project administration

Issue 2 Project design, management and oversight weaknesses

The 'UNDP Programme and Operations Policies and Procedures' outline procedures and specific policies to be adhered to in implementing programmes and projects. These include project quality standards, such as those relating to: (a) programme and project design; (b) project monitoring and assurance; and (c) accountability.

The audit team reviewed 8 out of 14 development projects, representing 71 percent and 61 percent of total programme delivery for 2019 and 2020, respectively. A review of the programme-related processes highlighted the following weaknesses:

(a) Programme and project design standards

- The Office had not developed project documents for three out of the eight ongoing projects reviewed. Therefore, it was not possible to determine the project strategy, overall budget, results to be achieved, monitoring arrangements and the intended duration of these projects. Two of these projects only had Project Cooperation Agreements signed, of which one project was ongoing even though the Agreement had expired. Three other projects that were supported by a project document were extended without reassessing the underlying theory of change.
- 11 pipeline proposals were incorrectly established as projects. Further, additional outputs were added on to existing projects without any revisions to the project document.
- Local Project Appraisal Committee meetings were not held for 7 out of the 14 projects. The Office stated that from July 2019, new projects were subject to a Local Project Appraisal Committee meeting.
- Project board meetings were not held in 2019 and 2020 for three out of the eight projects reviewed. In addition, the Governance and Inclusive Growth portfolios provided only one set of project board meeting minutes for 2019 for one project out of a total of 6 projects.
- A programme board had not been established for the current or previous Country Programme 2013–2020.

(b) Project monitoring and assurance standards

- The Office had not developed a detailed monitoring plan to monitor the progress towards the developmental results established within the Country Programme Document.
- There was a lack of segregation of functions relating to project implementation and project assurance, resulting in the blurring of responsibilities where staff could not be held accountable.
- Project assurance monitoring, such as site/field visits by programme staff, was not undertaken for three projects. The Office confirmed that meetings were held with counterparts, but these were not documented.
- The 2019 HACT Assurance Plan included seven spot checks; however, only five spot checks were completed.
- Progress and annual reports were not consistent; for example, under the Governance and Inclusive Growth portfolios, there were no consolidated project-level reports provided. Instead, most of the reporting was at the individual output level.
- The 2019 Results-Oriented Annual Report listed government initiatives, with limited information regarding the achievement of planned targets.
- Atlas (enterprise resource planning system of UNDP) risk logs had not been updated since 2018 for any of the 14 development projects, while 1 project did not have an Atlas risk log.

(c) Accountability standards

- The Office showed weaknesses in the accountability over project fund utilization. A site visit report for one project noted that the first tranche of advance disbursement (\$83,500) may not have been used for its intended purpose. The Office failed to exercise adequate due diligence, relying only on a progress report with photographs without a financial breakdown or narrative of results achieved before releasing the second instalment of \$55,655. The project was not supported by a

project document; instead, a Project Cooperation Agreement was signed with the implementing partner, which contained an annual work plan without itemized budget activities.

According to the Office's management, the above weaknesses were due to the lack of knowledge of UNDP's rules and regulations.

Due to weaknesses in the programme and project design, project monitoring and assurance, and accountability, the projects may not achieve the desired outputs.

Priority	High (Critical)
Recommendation 2:	
The Office should enhance its project management practices by:	
<ul style="list-style-type: none"> (a) providing training to staff on UNDP rules and regulations relating to programme and project management, including project design and monitoring activities; (b) establishing a quality assurance function within the Office to provide oversight of programme and project management processes; and (c) developing programme/project management business workflows to clarify responsibilities. 	
Management action plan:	
<ul style="list-style-type: none"> (a) A mandatory learning plan for all staff is currently being developed for all staff and will cover all aspects of the 'UNDP Programme and Operations Policies and Procedures' and will be initiated as of 15 October. (b) The quality assurance functions are undertaken by the M&E Specialist and the Programme Finance Associate. Their respective job descriptions will be reviewed to specify these functions. (c) A business workflow will be developed. 	
Estimated completion date:	
<ul style="list-style-type: none"> (a) and (c): December 2020 (b) November 2020 	

C. Operations/Procurement

1. Goods and services

Issue 3 Inadequate control over commitments

The Operational Guide of the Internal Control Framework for UNDP states that all procurement activities should commence with a requisition, except for non-travel transactions below \$5,000 that do not require a purchase order. All project requisitions must be entered in the Atlas e-procurement module and approved by project managers. UNDP Financial Regulations and Rules further require that resources must be committed, by means of a commitment document, as soon as a commitment is made. The Office should ensure that all active contracts are tracked.

- During the audit period, 62 percent of all purchase orders (56 percent of total purchase order value of \$6.53 million) were created and approved without an e-requisition.

- During the audit period, a sample of 30 purchase orders (representing 39 percent of the value of purchase orders) showed delays ranging between 3 and 110 working days in 19 instances (66 percent), with a majority exceeding 15 working days (10 instances). The service level agreement established by the Office provided an indicative timeline of two working days between contract signature and purchase order approval.
- The Office was not using the Atlas contract management module. Although a spreadsheet was maintained by the Procurement Unit to track signed contracts, it was not possible to determine its completeness or accuracy.

The Office explained that requesting units were asked to initiate procurement activities using e-requisitions, but requests were received by email in many instances. The Office attributed delays in the creation and approval of purchase orders after contract signature to budget exceptions encountered in Atlas.

When e-requisitions are not used, the required funds are not pre-encumbered in project budgets. In turn, this results in budget exceptions at the purchase order creation and approval stage. Without assurance on the completeness and correctness of all tracked contracts, the Office may face challenges in the monitoring and implementation of contracts. Furthermore, the Office may not have resources to honour its financial obligations if funding commitments are not known.

Priority	Medium (Important)
Recommendation 3: The Office should improve controls over the management of its commitments by ensuring: <ul style="list-style-type: none"> (a) all procurement requests are initiated with an approved Atlas e-requisition; (b) approved purchase orders are in place for all signed contracts within its defined service level agreement timelines; and (c) the use of the Atlas contracts management module for generation of contracting documents and tracking of contracts. 	
Management action plan: <ul style="list-style-type: none"> (a) A memo from the Resident Representative has been issued to indicate mandatory use of e-requisition for all procurement requests. (b) Currently under implementation. (c) Atlas contract management is being enforced, and a training session to all staff on how to use the contract management module is planned. 	
Estimated completion date: <ul style="list-style-type: none"> (a) and (b): October 2020 (b) November 2020 	

Issue 4 Weaknesses in procurement management

The 'UNDP Programme and Operations Policies and Procedures' require offices to develop consolidated annual procurement plans and to update these plans regularly. They also provide guidance on effective procurement practices and contract management.

The following weaknesses were observed in the Office's procurement management practices:

(a) Inadequate procurement planning

An analysis of the Office's procurement plans from PROMPT (the corporate procurement planning tool) for the audit period indicated incomplete and delayed submissions of procurement plans by requesting units. The 2019 procurement plan represented 55 percent of the total purchase order value for the year while a majority (83 percent of value) of the procurement plan submissions for 2020 were made on or after 7 August 2020. Inadequate procurement planning impacted the effectiveness and efficiency of the procurement process, as outlined below:

- A review of 26 procurement cases during the audit period (36 percent of total purchase order value) disclosed that two or less technically compliant offers were received in 23 cases (88 percent). While a procurement process that results in less than three technically responsive bidders does not invalidate the process, it indicates the use of ineffective sourcing strategies, which may be caused by inadequacies in procurement planning.
- Data from another sample of 28 procurement cases was analysed to measure time taken to complete procurement processes relative to the service level agreement established by the Office. The analysis reviewed the duration between the start of solicitation to approval of purchase orders. It was observed that the time taken to complete the procurement segment exceeded the derived service level agreement target¹ in 19 cases (68 percent). The main cause for the delay was the time taken to complete the bid evaluation, which averaged 43 percent of the process time. The Office did not use the PROMPT functionality to track the status of procurement requests through each stage of the process.

(b) Non-conformance with policies and procedures

The Office processed 287 purchase orders with a total value of \$6.53 million during the audit period. The audit team reviewed a sample of 46 purchase orders (including 16 purchase orders related to services from individual contractors) with a total value of \$3.61 million (55 percent). The following weaknesses were observed:

- The Office did not implement the use of the e-tendering system as mandated from 1 September 2019 for international competitive procurements valued at \$150,000 or above. Three competitive procurements that exceeded the threshold did not make use of the e-tendering system in the solicitation process.
- In the three cases above, the signed contract values with the selected vendors exceeded \$150,000, which required submission of the procurement cases for review to the Regional Advisory Committee on Procurement. However, these cases were only reviewed by the Office's Contracts, Assets and Procurement Committee. The Office attributed this oversight to the erroneous exclusion of tax amounts from the contract value.
- The Office used two generic email accounts for the receipt of bids, which were under the control of one individual. In addition, the Office did not maintain bid opening records.
- **In seven procurement cases, non-UNDP personnel had been included as voting members on evaluation teams for the evaluation of bids without proper authorization or**

¹ The service level agreement targets set by the Country Office vary based on the procurement method and nature (i.e., request for proposal, invitation to bid, request for quotation).

documentation. The Office explained that the approvals had not been documented due to an oversight.

- In five cases, technical evaluations conducted by evaluation teams were flawed and invalid as the criteria and/or weighting used in the evaluation differed from those stated in the solicitation document.
- No documented background checks for suppliers or reference checks for individual contractors were found in any of the cases where the selection was based on a competitive process.
- In four cases for COVID-19 health-related procurement (totalling \$330,000), the Office had not conducted the required due diligence by sharing documentation/certificates with the regional procurement advisor for further quality assurance risk assessment. These cases were also not submitted for review by the appropriate committee, although they exceeded the thresholds. The Office explained that this oversight was due to the pressure to fast-track COVID-19 procurement requests.

Improper application of procurement rules and regulations may place the Office at risk of inefficiencies in procurement processes.

Priority	High (Critical)
Recommendation 4:	
The Office should enhance controls over its procurement processes by:	
<ul style="list-style-type: none"> (a) fully utilizing the PROMPT platform for timely submission and updates of procurement plans and ensuring that all procurement requests, both planned and unplanned, are recorded for tracking purposes; (b) implementing the e-tendering system and adhering to the required controls over the receipt and opening of bids; and (c) ensuring that procurement cases are evaluated, background checks and due diligence are completed, and that these are submitted to the appropriate review committee, in accordance with UNDP policies. 	
Management action plan:	
<ul style="list-style-type: none"> (a) The use of PROMPT is currently being enforced, and a memo has been issued by the Resident Representative to this effect. PROMPT also is being updated regularly to ensure that all new procurement requests are uploaded. (b) The Office is reviewing the requirements to use e-tendering. A strategy to build a database of suppliers and service providers, which will also feed into the e-tendering system is being developed. As part of the planning for 2021, a market survey will be conducted to give a good indication of what is saturated and scarce in the local market so that the Office can direct its sourcing strategy appropriately for each tender. (c) A checklist on the criteria for the various committee review level submission is being developed to inform all staff and procurement case approvers to ensure that the submitted cases go through appropriate committee level. 	
Estimated completion date:	
(a) and (c): October 2020	

(b) December 2020

D. Operations/ICT

1. Disaster recovery

Issue 5 Weaknesses in disaster recovery planning and testing

The 'UNDP Programme and Operations Policies and Procedures' require UNDP Country Offices to implement, maintain and improve ICT disaster recovery arrangements. Country Offices are expected to verify the adequacy and compliance of the disaster recovery arrangements and submit approved Disaster Recovery Plans to the Office of Information Management and Technology repository for review and record keeping.

A review of the Office's updated Disaster Recovery Plan of July 2020 was incomplete with regard to the following:

- Critical Classification Levels were not defined. There was no separate classification of "Critical", "Essential", "Non-Essential" and "Derived" when planning for criticality of the Disaster Recovery Plan.
- There was no classification of critical IT system services, such as local data storage, active directory file server and power backup system. The only critical systems identified were email, Atlas, Internet and cloud data.
- Other missing components included: (i) no definition of business requirements regarding the Recovery Point Objective (RPO) and Recovery Time Objective (RTO);² (ii) lack of procedures to perform ICT disaster recovery for critical systems; (iii) no document control and verification records on the Disaster Recovery Plan; and (iv) no testing of critical third-party services, such as telephony system, testing of Atlas and SharePoint access through alternate internet connections.

In 2018, an ICT remote assessment was conducted, and the weaknesses of the Office's disaster recovery planning were identified. The ICT remote assessment report contained recommendations for the Office, including following the UNDP Disaster Recovery Plan template, participating in a webinar on disaster recovery planning and submitting the Disaster Recovery Plan to the Office of Information Management and Technology for review and record keeping. The Office did not implement any of the recommendations.

In the event of a disaster affecting the Office's information systems, business operations may be disrupted.

² The desired quantitative restoration objectives defined in the Office's Business Continuity Plan.

Priority	Medium (Important)
Recommendation 5: The Office should improve its disaster planning and testing by: <ul style="list-style-type: none"> (a) ensuring the Disaster Recovery Plan includes all components within the template; and (b) submitting the revised ICT Disaster Recovery Plan to the Office of Information Management and Technology for review and record keeping. 	
Management action plan: <ul style="list-style-type: none"> (a) The correct template of Disaster Recovery Plan has been located in the system and the new plan is being developed. (b) The submission will be done once the plan is completed. 	
Estimated completion date: <ul style="list-style-type: none"> (a) November 2020 (b) December 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.