UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

SUDAN

Report No. 2327

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Report on the Audit of UNDP Sudan
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Sudan (the Office) from 26 September to 12 October 2021. 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)

OAI designed the following performance audit questions to guide the review of the following areas:

(a) Operations/Procurement

Did the procurement activities effectively support the implementation of the programme objectives?

(b) Operations/Finance

Did the Office adequately manage and support its cost recovery to ensure financial sustainability?

The audit covered the activities of the Office from 1 January 2020 to 31 July 2021. The Office recorded programme and management expenses of approximately $149 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*. 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) Safe contents and petty cash were not verified.
(e) The information communication and technology area were not reviewed on-site.

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: weaknesses in HAT implementation and assurance activities; inadequate oversight over procurement and contract management; weaknesses in cost recovery processes, and the need to recover long outstanding cash advances to implementing partners.

Key recommendations: Total = **8**, high priority = **4**

The eight recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Effectiveness and efficiency of operations	2, 4, 5	High
	3, 6	Medium
Compliance with legislative mandates, regulations and rules, policies, and procedures	1	High
	7, 8	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:

<u>Weaknesses within the HACT implementation and assurance activities (Issue 1)</u>

The micro-assessment for two implementing partners receiving cash transfers exceeding the annual threshold of $150,000 was not performed or performed late.

In the 2020 HACT audit, the auditors provided a qualified or disclaimer opinion on the on three projects which included a net financial misstatement of $177,468. Only one project assurance activity plan was provided out of six projects sampled.

<u>Recommendation 1:</u> The Office should strengthen HACT implementation and assurance activities by: (a) conducting HACT micro-assessments per the policy, prior to making cash disbursements to implementing partners; (b) preparing and implementing project assurance activities plan; and (c) following up on the findings of periodic on-site reviews (spot checks) and audits with a view to strengthening controls.

Inadequate oversight mechanism over procurement and contract management (Issue 2)

(a) Poor performance of contractors not considered in issuing subsequent contracts

The same vendor was contracted on three consecutive occasions, totalling $0.5 million, without considering prior poor performance. Additionally, the Office did not adequately document one vendor's non-performance (partial completion of contract) in 2019. In 2020, the vendor was awarded a Long-Term Agreement and awarded further another contract of $0.3 million, despite the issues of previous non-performance not being resolved.

(b) Contracts not properly managed

The Office issued four contracts amounting to $0.9 million prior to a construction site becoming available. This led to implementation delays and all four contracts expiring before the contractor could complete the work.

Additionally, performance securities were not provided in three instances as follows:

i. In one procurement amounting to $1.7 million the performance security was not obtained from a vendor despite being a requirement from the Advisory Committee on Procurement (ACP).
ii. In two purchase orders amounting to $0.3 million the performance security was not provided, despite being a contractual requirement.

	Recommendation 2: The Office should implement adequate oversight over vendor performance and contract management by ensuring: (a) the procurement evaluation process includes an assessment of vendor past performance; (b) instances of poor performance are documented and corrective action taken; and (c) adherence to contract requirements and monitoring contracts for expiration.
Weaknesses in the cost recovery process (Issue 4)	(a) Long outstanding cost-sharing deficit The Office's Financial Dashboard in Atlas showed a cost-sharing deficit of $1.2 million that had been outstanding for over one year. (b) Delayed cost recoveries for services provided to the UN entities The Office provided services on behalf of UN agencies between 2020 and 2021 valued at $731,522 but only recovered $236,887 as of October 2021. (c) Long outstanding amounts The Office had the long outstanding amounts of $450,000 dating back to 2006 and staff advances of $60,216 dating back to 2011. (d) Outstanding Government Contribution to Local Office Cost (GLOC) and Value Added Tax (VAT): The Office had $2.6 million of outstanding receivables, including: Government Contribution to Local Office Cost (GLOC) of $2.2 million for the period 2006 to 2019 and Value Added Tax (VAT) reimbursements amounting to $0.4 million since 2019. Recommendation 4: The Office should strengthen the cost recovery process by: (a) recovering the costs related to support services provided to other UN agencies in timely manner; (b) resolving cost-sharing deficits on legacy projects and long outstanding legacy figures with headquarters so amounts can be cleared; and
Long outstanding cash advances (Issue 5)	The Office had outstanding National Implementation Modality (NIM) advances amounting to $1.3 million, which had been outstanding over one year. Recommendation 5: The Office should follow up on the long outstanding advances to implementing partners, determine the cause of the issue, and take corrective actions.

Implementation status of previous OAI audit recommendations: Report No. 1760, 26 April 2017.

Total recommendations: 10
Implemented: 8
In progress: 2

The pending recommendations pertains to recovery of Value-Added Tax and Government Contributions to Local Office Costs. Their implementation is in progress.

Management comments and action plan

The Resident Representative accepted all eight 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.

Moncef Ghrib

Moncef Ghrib
Officer-in-Charge
Office of Audit and Investigations

I. About the Office

The Office, located in Khartoum, Sudan (the Country) and its Country Programme covered the period 2018-2021 with the following development priorities:

a) Improving Governance and Rule of Law
b) Community Stabilization
c) Addressing Vulnerability to Climate Change
d) Promoting Equitable Access to Project Services

During the period from 1 January 2020 to 31 July 2021, the Office spent $143 million on development activities, an increase by 6 percent compared to the previous period.

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

Title	Expenditure Jan.-Dec. 2020 $million	Expenditure Jan.-Jul. 2021 $million
Health For Development GFATM	21.0	9.9
SDN 2019 Sudan Humanitarian Fund - UNDP-NGOs-SA1	11.2	2.6
SDN 2019 Sudan Humanitarian Fund - UNDP-NGOs-SA2	11.1	10.8
Darfur Stabilization, Transition and Recovery Programme	9.9	0.8
SDN 2018 Sudan Humanitarian Fund - UNDP-NGOs-SA3	7.5	0
Total	**60.7**	**24.1**

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
Sudan	22.8
Vertical Fund - GFATM	22.5
Multi Partner Trust Funds	22.0
Total	**67.3**

Other critical information

In response to the 25 October 2021 events in the Country (military takeover), UNDP activated its Business Continuity Plan and Crisis Management Team. The team has been monitoring the situation and coordinating regularly with its 18 field offices, ensuring staff safety, business continuity, information flow and connectivity. Given the present situation, communication and security disruptions, UNDP Sudan had paused non-essential missions. As of 1 November 2021 UNDP, Sudan offices in the states and Khartoum reopened.

II. Audit results

Satisfactory performance was noted in the following areas:

(a) Governance. Activities including corporate planning, updating risk registers, adherence to the Internal Control Framework and delegation of authority requirements and business continuity plans were found to be adequate.
(b) General Administrative Services. Controls over asset management, travel, and vehicles were functioning adequately.

(c) Information and Communications Technology (ICT). ICT systems managed by the Office were found to be operating effectively.

Conclusions for the performance audit questions reviewed were as follows:

(a) Procurement

Did the procurement activities effectively support the implementation of the programme objectives?

The audit team assessed whether procurement activities effectively supported the implementation of the programme objectives and concluded there was need for improvement. A review of 28 out of 818 purchase orders totalling $11.6 million (representing 31 percent out of the $35 million in procurements processed during the audit period) was completed. Weaknesses were identified in 15 procurement cases, which included repeated contracting of vendors following poor performance, issuance of construction contracts before sites became available, and performance securities not being provided (refer to issue 2).

(b) Finance

Did the Office adequately manage and support its cost recovery to ensure financial sustainability?

The audit team concluded the Office did not adequately manage its cost recovery. There were long outstanding cost-sharing deficits, delayed cost recoveries for services provided to other UN entities, long outstanding cash advances, as well as unrecovered Government Contribution to Local Office Cost (GLOC) and Value added Tax (VAT) (issue 4 and 5).

OAI made four recommendations ranked high (critical) and four recommendations ranked medium (important) priority.

Low priority issues/ recommendations were discussed directly and agreed with the Office and are not included in this report. Medium priority recommendations that had been implemented as advised by the Office (and independently validated by OAI) prior to the issuance of this report are not included in this report.

High priority recommendations, arranged according to significance:

(a) Implement adequate oversight over vendor performance and contract management (Recommendation 2).
(b) Follow up on long outstanding advances (Recommendation 5).
(c) Strengthen the cost recovery process (Recommendation 4).
(d) Strengthen Harmonized Approach to Cash Transfers (HACT) implementation and assurance activities (Recommendation 1).

Medium priority recommendations, arranged according to significance:

(a) Strengthen the selection and management processes of individual contractors (Recommendation 3).
(b) Strengthen the processing of payments (Recommendation 6).
(c) Complete the performance management and development assessments (Recommendation 7).
(d) Ensure the completion of mandatory training courses (Recommendation 8).

The detailed assessment is presented below, per audit area:

A. Development Activities

1. Project Implementation and Monitoring

Issue 1 Weaknesses within the HACT implementation and assurance activities

The policy on Harmonized Approach to Cash Transfers (HACT) requires a micro-assessment on any implementing partner or responsible party that is expected to receive cash transfers of more than $150,000 per year. An assurance plan should be developed according to the risk ratings following the micro-assessment.

The audit team reviewed six projects with expenditures of $24.1 million during the audit period (19 percent out of total programme delivery of $125.8 million), and made the following observations:

- One implementing partner received $658,625 during the programme cycle (2018-2021) and the annual threshold of $150,000 was exceeded in both 2018 and 2019. However, the micro-assessment was only performed on this implementing partner in June 2021.
- Another implementing partner received $305,457 during 2020-21, and despite the annual threshold having been exceeded, no micro-assessment was performed.

In the 2020 HACT/NIM/NGO audit, the auditors provided:

- a "disclaimer" opinion on the Combined Delivery Report (CDR) of Project 78764, with a net financial misstatement of $177,468, because (a) there was inadequate documentation supporting expenses reported as 'learning training of counterparts' amounting $151,878; (b) the accounting records were different from the reported amounts by $25,590; and (c) the cashbook for the period January 2020 to March 2020 was not provided.
- The auditors expressed a "qualified" opinion on the CDR of project 80570, because the classification of expenses reported in accounts 'Learning Training' and 'Local Consultant' for a totalling $9,486 was not in accordance with the budget and work plan.
- The auditors expressed a "qualified" opinion on the CDR of Project 110751 for the amount of $13,729.

The Office only provided one project assurance activity plan out of the six projects sampled. In addition, the financial spot check template did not include the requirement to include the required support to determine the eligibility and validity of expenditures. These deviations could have been prevented through completion of detailed financial spot checks. In October 2021, the Office enhanced the financial spot check policy and template.

In the event HACT procedures are not followed there is an increased risk of financial loss and creates a reputational risk for the organization.

Priority	High (Critical)

Recommendation 1:

The Office should strengthen HACT implementation and assurance activities by:

(a) conducting HACT micro-assessments per the policy, prior to making cash disbursements to implementing partners;
(b) preparing and implementing project assurance activities plan; and

(c) following up on the findings of periodic on-site reviews (spot checks) and audits with a view to strengthening controls.
Management action plan: (a) The Office will ensure that no payment transfer to implementing partners receiving $150,000 or more per annum will take place before conducting the HACT micro-assessment, which will be part of the supporting documents for payment vouchers, reviewed by the Compliance Unit. (b) The Office will formulate a consolidated annual assurance plan for 2022 for all projects. The plan will be reviewed on a quarterly basis, and the Office will continue engaging third-party service providers for conducting financial spot checks of high value projects. (c) The Office's HACT Focal Point will update the HACT platform and CARDS at the end of each quarter on the status of findings. As per the established assurance activities plan, periodic on-site reviews (financial spot checks) will be undertaken by UNDP Staff and third-party service in accordance with the policy. **Estimated completion date:** September 2022

B. Operations – Procurement

1. Goods and Services

Issue 2 Inadequate oversight mechanism over procurement and contract management

The 'UNDP Programme and Operations Policies and Procedures' require that supplier performance be monitored, poor performance documented, and corrective action taken. In addition, prior performance of suppliers should be reviewed when considering a subsequent engagement. Furthermore, contract terms should be adhered to and the start date of construction contracts should be aligned with the date site accessibility is granted.

A review of 28 out of 818 purchase orders totalling $11.6 million (representing 31 percent of the $35 million in procurement processed during the audit period) was completed. Weaknesses were identified in 15 procurement cases reviewed:

(a) Poor performance of contractors not considered in issuing subsequent contracts

- The same vendor was contracted on three consecutive occasions, totalling $0.5 million, without considering prior poor performance. The initial contract experienced delivery delays of seven months. The vendor was contracted a second time using genuine exigency justification and a third time using a competitive process, despite not offering the lowest price, on the grounds of having available stock for delivery. At the time of the audit the subsequent contracts were also delayed for three months.
- The Office did not adequately document one vendor's non-performance (partial completion of contract) in 2019. In 2020, the vendor was awarded a Long-Term Agreement and awarded another contract of $0.3 million, despite the issues of previous non-performance not being resolved.

(b) Contracts not properly managed

- The Office issued four contracts amounting to $0.9 million prior to a construction site becoming available. This led to implementation delays and all four contracts expiring before the contractor could complete the work.
- Performance securities were not provided in three instances as follows:
  i. In one procurement amounting to $1.7 million the performance security was not obtained from a vendor despite being a requirement from the Advisory Committee on Procurement (ACP).
  ii. In two purchase orders amounting to $0.3 million the performance security was not provided, despite being a contractual requirement.

These issues arose due to inadequate oversight over the procurement processes and subsequent contract management.

Weaknesses in the performance evaluation of vendors and management of contracts may result in project delays and increased costs.

Priority	High (Critical)

Recommendation 2:

The Office should implement adequate oversight over vendor performance and contract management by ensuring:

(a) the procurement evaluation process includes assessment of past vendor performance;
(b) instances of poor performance are documented, and corrective action taken; and
(c) adherence to contract requirements and monitoring contracts for expiration.

Management action plan:

a) Procurement Evaluation
- The Office will enforce using the vendor past performance assessment as a mandatory requirement for the evaluation according to the UNDP standard/ corporate evaluation report template.
- The Office will enforce using the UNDP standard/ corporate template for the vendor Performance Evaluation Report as a condition for processing final payments.
- These initiatives will be supported by training.

b) Contract Management
- The Office will enforce utilizing the Atlas (CM) Contract Module (or equivalent tool under Quantum) for all types of contracts to ensure that both contract manager(s) and procurement focal points to ensure the fulfilment of contractual terms, and monitoring contracts' delivery due date, milestones, as well as the completion date in advance, in order to take necessary action(s) on time.
- The Office will regularly generate the opened PO Balance Report and share with projects to verify if the deliveries under the POs/ Contracts are done on a timely manner, for further actions if needed.

Estimated completion date: March 2022

2. Individual Contractors

Issue 3 Weakness within the selection of Individual Contracts

The 'UNDP Programme and Operations Policies and Procedures' stipulate the following requirements when selecting individual contractors: i) avoidance of the individual contract modality when the work performed is similar in nature to that of a staff function; ii) providing written justification for direct contracting in line with the policy; iii) utilizing the genuine exigency justification only to support emergency interventions; and iv) following a consistent methodology when evaluating individual contract offers.

The audit team sampled 16 out of 171 individual contractors totalling $1 million (representing 16 percent out of a total contract value of $3.3 million, for the audit period). The following weaknesses were identified in five cases:

a) The Office used direct contracting for two consultants (totalling $59,500) using the genuine exigency justification without documenting the reasons.
b) In one case valued at $27,300, no explanation was documented as to why the "previous determination or need for standardization" was used to justify the direct contracting of an individual contractor.
c) In one case, the individual contractor's title, 'Programme Finance Support to the Fund Management Unit', and corresponding Terms of Reference resembled that of a staff function. The contract duration was for one year and seven months from May 2020 to December 2021, totalling $210,650.
d) In one case, during the selection process the technical points were not consistently applied amongst applicants. This resulted in an individual contractor being selected with a higher contract price of $11,400 (29 percent of contract value) compared with another technically qualified candidate.

The exceptions were due to inadequate oversight of the individual contractor selection.

Improper use of the individual contract modality may lead to a lack of competition and may result in higher costs to the organization.

Priority Medium (Important)
Recommendation 3: The Office should strengthen the selection and management of individual contractors by: (a) ensuring a competitive selection is followed, with consistent methods for scoring of applicants; (b) adequately documenting reasons for direct contracting in line with the policy; and (c) avoiding the use of the individual contract modality for functions performed by staff.
Management action plan: The following systems will be put in place: a) All direct contracting requests for Resident Representative approval will be additionally channeled through Deputy Resident Representative (Operations) for additional review. b) All the individual contract requests will be reviewed and approved by Deputy Resident Representative (Operations) to ensure the correct contract modality is followed. **Estimated completion date:** February 2022

C. Operations - Finance

1. Office Budget & Cost Recovery

Issue 4 Weaknesses in the recovery of financial resources

In accordance with the provisions of the Standard Basic Assistance Agreements that govern UNDP operations in programme countries, host governments are expected to contribute towards the cost of Country Offices. In addition, the costs incurred by UNDP in providing services to other UN entities and donor contributions should be recovered in accordance with the respective agreements. As per UNDP financial closure instructions, managers should proactively follow up on outstanding staff advances and unreconciled differences within project expenses.

During the review of the cost recovery process in the Office, the following was observed:

(a) Long outstanding cost sharing deficit

The Office's Financial Dashboard in Atlas showed a cost-sharing deficit of $1.2 million that had been outstanding for over one year. The cost sharing deficit was mainly due to $0.9 million linked to a group of legacy projects that required further analysis on how the amounts can be recovered.

(b) Delayed cost recoveries for services provided to the UN entities

The Office provided services on behalf of UN agencies between 2020 and 2021 valued at $731,522 but only recovered $236,887 as of October 2021.

(c) Long outstanding amounts

The Office had the following long outstanding amounts:

- Unrecorded payments of $450,000 dating back to 2006, which occurred due to improper bank reconciliation resulting in a difference that requires further investigation.
- Long outstanding staff advances of $60,216 dating back to 2011, which represents advances issued to South Sudan personnel.

The Office explained these cases were shared with the Office of Financial Management (OFM) and Regional Bureau for Arab States (RBAS) for a solution. OAI encourages the Office to continue working with OFM and RBAS to find a solution. The cases were identified as part of the 'cleaning' of the ERP system (Atlas) prior to switching to its replacement Quantum.

(d) Outstanding (Government Contribution to Local Office Cost) GLOC and Value Added Tax (VAT) receivables:

The Office had $2.6 million of outstanding receivables, including:

- Government Contribution to Local Office Cost (GLOC) of $2.2 million for the period 2006 to 2019.
- Value Added Tax (VAT) reimbursements amounting to $0.4 million since 2019.

The OAI recommendations on collection of GLOC and VAT from the previous audit (Audit Report No. 1760 issued on 26 April 2017) have been reinstated. The Government had not cleared the outstanding obligations as of October 2021 due to continued volatile and complex political environment. As a result, OAI did not raise any new recommendations in this respect but encouraged the Office with the support of Regional Bureau for Arab States to continue compiling a consolidated list of outstanding VAT and GLOC amounts and to follow up with the Government on the reimbursement process once the political environment stabilizes.

Failure to recover donor contributions, reimbursable amounts and other costs may impact the financial sustainability of the Office.

Priority High (Critical)

Recommendation 4:

The Office should strengthen the cost recovery process by:

(a) recovering the costs related to support services provided to other UN agencies in timely manner; and
(b) resolving cost-sharing deficits on legacy projects and long outstanding amounts

Management action plan:

(a) For cost recovery - UN Agencies:

- The current frequency of billing is quarterly. The finance unit will document a monthly follow-up on issued statements, and involve senior management if billing is not settled within one month after issued billing.
- The Office is planning to conduct a Program and project management – Result based management training for all programme personnel with a focus on cost recovery strategies.
- Finance Unit will ensure settling all outstanding 2020 and 2021 cost recovery billing before the end of second quarter of 2022.

(b) The Office is already working on reconciliation of Multi-partner trust fund funded projects and resolving the cost-sharing deficits in legacy projects as well as the long outstanding amounts and is making progress. The Office will resolve all reconciliations and submit to OFM by February 2022

Estimated completion date: June 2022

2. Accounts Receivable

Issue 5 Long outstanding cash advances to implementing partners

The ‘UNDP Programme and Operations Policies and Procedures’ require that cash transfers to implementing partners are adequately monitored. If the balance at the end of the period is too high, the Office must determine the problem and take corrective action.

The Office's Financial Dashboard in Atlas included National Implementation Modality (NIM) advances amounting to $1.3 million (as of 30 September 2021) which had been outstanding for over one year. The Office indicated the high outstanding amount was due to the political uncertainty in the Country. A similar issue was reported in the audit report no. 2055 covering the Global Fund grants management and the corresponding recommendation 3 has not been implemented yet.

The Office commented that it had revised the cash transfer modality and introduced a mix of cash transfer and direct payment modalities to reduce the amounts advanced to implementing partners. Failure to adequately monitor cash transfers to implementing partners could result in financial losses and may negatively impact the programme delivery.

Priority	High (Critical)
Recommendation 5: The Office should follow up on long outstanding advances to implementing partners, determine the cause of the issue and take corrective actions.	
Management action plan: The Office will consolidate measures for reducing advanced amounts to partners based on quarterly needs and consider direct payment modalities. For the current outstanding balance of NIM advances, the Office will schedule meetings with all relevant partners with the attendance of senior management to ensure discuss solutions for challenges facing partners to liquidate. The schedule of meetings will be finalized in January 2022 considering the current political circumstances. **Estimated completion date:** March 2022	

3. Payments

Issue 6 Payment processing shortcomings

Contracts should be monitored and extended where required prior to expiration. Payments for goods and services should be made following delivery or receipt.

The audit team reviewed 30 payment vouchers valued at $9.2 million out of $98.5 million (representing 9 percent of the vouchers processed during the audit period). Weaknesses were observed in five of the payment vouchers sampled, amounting to $0.6 million as indicated below:

- In one voucher totalling, $101,795, the vendor was paid on 8 July 2021; however, the service was delivered on 25 July 2021.
- Four payment vouchers valued at $0.5 million were paid (after receipts being created in Atlas), despite the corresponding contracts having expired four to eight months prior.

Inadequate controls over payments and contract management creates both a financial and fiduciary risk to the organization.

Priority	Medium (Important)
Recommendation 6: The Office should strengthen the processing of payments by: (a) ensuring contracts are monitored for expiration and extended if required; and (b) processing payments once goods and or services are received.	
Management action plan: • The Finance Unit will prepare a checklist of the required documents for payment vouchers requests and circulate to relevant staff. • An action plan to ensure effective contract management will be implemented. **Estimated completion date:** February 2022	

D. Operations – Human Resources

1. Performance Management

Issue 7 Non-Completion of Performance Management and Development (PMD) assessment

According to the 'UNDP Programme and Operations Policies and Procedures', for effective performance management and development of staff, performance goals should be established and assessed in a timely manner.

As of October 2021, the following exceptions were observed within the performance management:

- Out of 110 staff, 26 had not completed their 2020 PMDs.
- Out of 115 staff, 72 had not created their 2021 goals.
- Out of 115 staff, 112 had not yet completed their 2021 mid-term reviews.

Not completing staff performance assessments may lead to delays in addressing performance issues and establishing career development plans.

Priority	Medium (Important)
Recommendation 7: The Office should complete the performance management and development assessments (goals, mid-term and annual reviews) for all staff members.	
Management action plan: Management is currently meeting the respective team leaders and engaging them on the importance of completing the Performance Management and Development (PMDs) for their respective teams. Furthermore, the following actions are being put in place:	

- Team leaders tasked to share a schedule of the PMD meeting of their respective team members.
- Team leaders will be assessed according to the completion rate of PMDs in their units, which will be a criteria for evaluating any staff managing a team.
- Senior management will be part of PMD discussions, dedicating weekly meetings with team leaders and assessed staff members.

Estimated completion date: February 2022

2. Personnel Development & Training

Issue 8 Non-completion of the UNDP mandatory training courses

Mandatory courses are important for ensuring that staff and managers understand the various policies, regulations as well as the goals and objectives of the organization.

Out of 181 personnel, the following rates of non-completion of mandatory courses were observed:

Course name	Staff without completed courses	Percentage of non-completion
Anti-fraud e-learning: Fraud and Corruption Awareness and Prevention	70	39%
BSAFE	47	26%
Ethics and Integrity at UNDP	35	19%
Greening the Blue	116	64%
Prevention of Sexual Exploitation and Abuse of the Local Population (PSEA)	31	17%
The Gender Journey	34	19%
UN Human Rights	47	26%
UNDP Legal Framework	46	25%
Prevention of Harassment	29	16%

The Office commented that delays in completion occurred mostly because of unavailability of the mandatory courses on the UNDP Talent Development Center due to maintenance, during part of 2021.

Non-completion of the UNDP mandatory training courses may lead to staff members not being aware of relevant the corporate policies applicable for performing their work.

Priority Medium (Important)

Recommendation 8:

The Office should ensure the completion of mandatory training courses of all personnel by:

(a) including the completion of mandatory courses within the Performance Management and Development (PMD) plans; and
(b) monitoring course completion.

Management action plan:

- Team leaders will be tasked to ensure 100 percent completion of mandatory training of their respective team members.
- Part of the Team Leaders assessment criteria will be the completion rate of mandatory trainings in their units.
- Completion of mandatory training to be considered part of the Performance Management and Development (PMD).
- Completion of mandatory trainings will be a condition for any official travel and detailed assignment.

Estimated completion date: February 2022

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Fully 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.

- **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.