UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

SIERRA LEONE

Report No. 2444

Issue Date: 16 June 2022

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Report on the Audit of UNDP Sierra Leone
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Sierra Leone (the Office) from 22 February to 17 March 2022. 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:

I. Governance
II. Development activities
III. Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

In addition, OAI assessed the performance of the Office in the following sub-areas:

1. Operations - Procurement
2. Operations - Finance

Performance auditing is an independent, objective and reliable examination of an entity or process to assess whether economy, efficiency and effectiveness in the employment of available resources is being achieved.

The performance audit questions were selected on the basis of a risk assessment, and they are as follows:

Procurement

(a) Was procurement conducted with fairness, transparency, and integrity?

Finance
(b) Were financial transactions processed on time?

The audit covered the activities of the Office from 1 January to 31 December 2021. The Office recorded programme and management expenses of approximately $12.7 million. The last audit of the Office was conducted by OAI in 2019.

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 ICT area was not reviewed on-site.

Overall audit rating

OAI issued an audit rating for the Office of **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 structure not being financially sustainable, and weaknesses in procurement processes.

Conclusion on the performance audit areas reviewed was as follows:

(a)   Operations - Procurement

(i)   Was procurement conducted with fairness, transparency, and integrity?

A review of sampled transactions highlighted exceptions, which indicated concerns pertaining to fairness, transparency and integrity. A sample of 42 purchase orders totalling $1.06 million, representing 26 percent of the value of purchase orders processed in the audit period were reviewed. There were five cases with a total value of $206,244, where there was insufficient evidence of a transparent and competitive process. The exceptions observed included bids excluded without adequate justification, bid submission deadline changes not communicated to all vendors, and limiting competition by requesting specific brands (refer to issue 2).

(b)   Operations – Finance

(ii)   Were financial transactions processed on time?

During the period under review, the Office processed 144 vouchers totalling $1.3 million (representing 11 percent of the total value of vouchers) that had delays in the payment process. The number of vouchers processed during 2021 were 2,021 with a total value of $11.8 million (refer to issue 4).

These findings have been incorporated in the overall auditing rating.

Key recommendations: Total = **5**, high priority = **2**

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	High
Reliability and integrity of financial and operational information	4	Medium
Effectiveness and efficiency of operations	2	High
	3	Medium
Safeguarding of assets	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:

Office structure not financially sustainable (Issue 1)	During the period from 2019 to 2021, the Office mobilized $40.2 million in programme resources compared to the target of $49.8 envisaged in the Office's Transformation Plan, to remain financially sustainable. In addition:

- The Office had a high management efficiency ratio (management costs/programme costs) of 17 as compared to the Regional Bureau for Africa's ratio of 9 in 2021, indicating relatively higher management costs in respect of programme delivery.

- The Office was unable to charge personnel costs that qualify as delivery enabling services directly to respective projects as there were insufficient resources in project budgets to cover these costs. Consequently, the Office resorted to using programme resources to meet operational costs.

- The Office continued to employ 15 drivers on service contracts (with an annual cost of $65,076), following the closure of projects they were assigned to, without adequate justifications.

- The Office's also faced challenges in mobilizing resources. In 2020 and 2021, the Office mobilized a total of $27 million (27 percent of the Country Programme Document target).

Recommendation: The Office should improve its financial sustainability by: (a) taking steps to reduce management costs and general operating expenditures and recovering costs pertaining to delivery enabling services from respective projects; (b) prioritizing resource mobilization efforts through the traditional development partners, private sector, and government funding; and (c) assessing and if necessary, revise the current Country Programme Document to ensure that the resource targets are realistic and achievable.

Weak procurement processes (Issue 2)	From a sample of 42 purchase orders totalling $1.06 million and representing 26 percent of the value of purchase orders processed in 2021, the following weaknesses were noted:

- In five cases with a total value of $206,244. there was insufficient documentary evidence of a transparent and competitive process.
- In nine cases with a total value of $80,241, purchase orders were created post facto.
- In four cases with a total value of $121,284, specific brands were included in the product specifications

Further, the Office was not using e-tendering in its procurement process.

Recommendation: The Office should strengthen the procurement process by (a) ensuring adequate vendor due diligence is completed; (b) sharing relevant information consistently among vendors; (c) using LTA's in accordance with corporate requirements; (d) and using the e-tendering system in its procurement processes.

Implementation status of previous OAI audit recommendations: Report No. 2052, 23 December 2019.
Total recommendations: 4
Implemented: 4

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. Osttveiten
Director
Office of Audit and Investigations

I.   About the Office

The Office, located in Freetown, Sierra Leone (the Country) and its Country Programme covered the period 2020–2023 with the following development priorities:

1.   Inclusive Democratic Governance; and
2.   Sustainability and Inclusive Local Economic Development.

During the period from January to December 2021, the Office spent $10.8 million on development activities, a decrease of 13.6 percent compared to the previous period of January 2020 to December 2020.

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

Title	Expenditure Jan.-Dec. 2021 $million
Local Economic Revitalization for Local Communities	2.2
Coastal Risk Management	1.8
Strengthen Democratic Institutions	1.7
Rule of Law, Sustaining Peace and Social Cohesion	1.6
Total	**7.3**

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 Fund	1.9
UN agencies	0.8
Multi Partner Trust Funds	0.6
Ireland	0.5
Total	**3.8**

II.   Audit results

Effective controls were established and functioning in the following area:

▪   <u>Information communication and technology.</u> Controls and procedures on information communication and technology were found to be adequate following the remote assessment of this area.

OAI made two recommendations ranked high (critical) and three 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 financial sustainability (Recommendation 1).
   (b) Strengthen procurement processes (Recommendation 2).

Medium priority recommendations, arranged according to significance:
   (a) Address delays in processing financial transactions (Recommendation 4).
   (b) Strengthen oversight and selection of individual contractors (Recommendation 3).
   (c) Strengthen management of assets and custodial items (Recommendation 5).

Conclusion on the Office's performance in the following audit areas/sub areas:

(a)   Procurement

    1. Was procurement conducted with fairness, transparency, and integrity?

    The procurement processes were not conducted with fairness, transparency and integrity. From a sample of 42 purchase orders totalling $1.06 million, representing 26 percent of the value of purchase orders processed during the audit period, there were 5 cases with a total value of $206,244, where there was insufficient evidence of a transparent and competitive process. The exceptions observed included: bids excluded without adequate justification, bid submission deadline changes not communicated to all vendors, and limiting competition by requesting specific brands. The exceptions represented 19 percent of the selected sample. Further the Office, had not used the e-tendering system during the audit period (refer to issue 2).

(b) Finance

    2.   Were financial transactions processed on time?

    During the period under review, the Office processed 144 vouchers totalling $1.3 million (representing 11 percent of the total value of vouchers) that had delays in the payment process. The number of vouchers processed during 2021 were 2,021 with total value of $11.8 million. Vouchers should be processed in a timely manner, which as a good practice, should not take more than 90 days under normal circumstances. The Office could not explain the reasons for the delays. The delays observed were as follows:

- 84 vouchers totalling $739,463 required in excess of 120 days to be paid. This Included six vouchers totalling $14,998 where the Office took more than one year to make payments.
- 58 vouchers totaling $595,200 had taken between 91 and 120 days to be paid (refer to issue 4)

The detailed assessment is presented below, per audit area:

A.   Governance

1.   Organizational Chart and Overall Staffing

Issue 1   Office structure not financially sustainable

Management is responsible for ensuring that the Office is financially sustainable. Where the Office creates a stand-alone project to charge delivery enabling services, the costs allocated against such projects must be transferred and charged against the respective development projects at the end of the year.

The Country Office strategic planning process requires the Office to establish resource mobilization strategies to achieve the programmatic objectives outlined in the strategic plan.

The Office's existing structure was established through a Transformation Plan that was completed in 2018, which was undertaken as the Office had insufficient resources to meet its operating costs. The Transformation Plan reduced the staff force from 58 to 49 personnel and included the expectation that the Office would mobilize resources of $16.6 million per annum from 2019. However, from 2019 to 2021, the Office mobilized $40.2 million in programme resources compared to the target of $49.8 million envisaged in the Transformation Plan. Out of the $40.16 million mobilized, $10.12 million was from vertical funding, for which there were restrictive conditions imposed on recovering delivery enabling services.

The following weaknesses were noted:

- The Office had a high management efficiency ratio (management costs/programme costs) when compared to the Regional Bureau for Africa's (RBA) average. In 2020 the Office's management ratio was 16 compared to RBA's average ratio of 8. In 2021, the Office's management ratio was 17 compared to RBA's average ratio of 9, indicating a trend of high management efficiency ratio.

- During the audit period, the Office was unable to charge personnel costs that qualify as delivery enabling services directly to the respective projects as these projects did not have adequate financial resources. Consequently, the Office resorted to using regular resource targets for resource assignment from the core (TRAC) fund, which was meant for programme activities to meet operational costs such as personnel expenses. There were 22 personnel (7 holding fixed-term appointments and 15 service contract holders) that were being paid using TRAC resources. The costs for these personnel were $597,364 per annum, which represented approximately 9.5 percent of budgeted TRAC resources for 2021.

- The Office continued to employ 15 drivers on service contracts (with an annual cost of $65,076) following the closure of the projects they were assigned to, without proper justifications.

- As a result of funding constraints, four positions were vacant since September 2019. These positions were the Finance Analyst, Human Resources Associate, Communications Assistant, and Vital Statistics Co-ordinator.

Following the audit, the Office identified several areas where management costs could be reduced, such as decreasing rental space thus reducing rental expenses, charging staff costs directly to respective projects where appropriate, and terminating service personnel in the Office whose services are no longer required.

- In addition, the Office also faced challenges in mobilizing resources. The Country Programme Document (CPD) covering the period from 2020 to 2023 has a resource mobilization target of $102 million. However, the Office has been unable to meet its annual resource mobilization target for the first two years of the programme cycle. In 2020 and 2021, the Office mobilized a total of $27 million (27 percent of the CPD target). Following the audit, the Office indicated that hard pipeline (projects approved for funding) of $14 million had been confirmed and $3 million of soft pipeline were expected to be approved this year. The Office planned to revise and develop realistic programme resource targets for projects based on available funding. The Office will use the results of the planned Independent Country Programme Evaluation to revise the CPD targets in consultation with the key stakeholders.

The Office's financial sustainability may be at risk if operational costs are not reduced and delivery enabling services are not fully recovered from projects. The Office may be unable to achieve its programmatic objectives if the required resources are not mobilized.

Priority	High (Critical)
Recommendation 1: The Office should improve its financial sustainability by: (a) taking steps to reduce management costs and general operating expenditure, and recovering costs pertaining to delivery enabling services from respective projects; (b) prioritizing resource mobilization efforts through the traditional development partners, private sector, and government funding; and (c) assessing and if necessary, revise the current Country Programme Document to ensure that the resource targets are realistic and achievable.	
Management action plan: The Office takes note of the current management costs and has initiated pragmatic measures to reduce the high operational cost of running the Office, which includes: ▪ Determining to what extent additional staff costs can be charged directly to respective projects. ▪ In addition to the hard pipeline, the Office is continually pursuing other soft pipelines (estimated $50 million) as well as engaging with: the private sector; co-funding from the Government as well as pursuing joint programming with other UN Agencies. The Office will also capitalize on the 2023 General Elections (Electoral Cycle) as an opportunity to mobilize additional funding. **Estimated completion date:** December 2022	

B. Operations

1. Procurement – Goods and Services

Issue 2   Weak procurement processes

The 'UNDP Programme and Operations Policies and Procedures' stipulate that procurement principles should be based on (i) competitive selection; (ii) fairness, integrity, and transparency; (iii) obtaining value for money; and (iv) in the best interest of UNDP.

The 'UNDP Programme and Operations Policies and Procedures' also stipulate that country specific Long-Term Agreements (LTAs) should not be used in another country as market conditions may differ. If a country-specific LTA is used, then value for money needs to be demonstrated.

A sample of 42 purchase orders were reviewed, with a total value of $1.06 million, representing 26 percent of the value of purchase orders processed in 2021. The review highlighted 18 exceptions totalling $407,769 (38 percent of the sample), as detailed below:

1. For five cases totalling $206,244, there was insufficient evidence of a transparent and competitive process being followed. Specifically, the audit team observed the following:

- Two of the eight vendors that submitted bids for electronic equipment valued at $66,364 had the same business address; one of these vendors was selected as the successful bidder.
- A contract for $22,817 was awarded to a company that submitted a quote after the submission deadline. The initial deadline for submission of quotes was 30 March. The deadline was then extended to 28 April; however, this was only communicated to one of the vendors who was subsequently awarded the contract, following submission of the lowest bid.
- In two cases for the purchase of electronic equipment ($98,143), the companies with the lowest quotes were excluded for trivial reasons. In one instance, the lowest quote was rejected on the basis that it did not include two of the required items, which was incorrect. In another case, the Office rejected the lowest quote due to a difference of 0.2 inches in computer screen size from the procurement specifications.
- The Office used an LTA from another country for the purchase of goods costing $18,920 without analyzing whether this provided value for money.

2. There were nine cases with a total value of $80,241 (representing 7 percent of the selected sample) where the purchase order was created after the goods and services had been received. Given the exceptions noted, there is a risk that there may be more such cases as the Office was not able to provide clear explanations regarding the reasons for this.

3. There were four cases with a total value of $121,284 (representing 11 percent of the selected sample) where specific brands were included in specifications sent to the suppliers (for goods such as photocopiers and cameras). Requesting specific brands limits the market size and reach to achieve value for money.

4. The 'UNDP Programme and Operations Policies and Procedures' state that the use of e-tendering is mandatory for procurement above $150,000, while all business units are encouraged to utilize e-tendering for all procurement processes above $5,000. The Office had not been using e-tendering in its procurement process although it indicated that it was planning to do so.

Additionally, the audit team noted a lack of segregation of duties. Within the audit period the Procurement Specialist approved purchase orders in Atlas (enterprise resource planning system of UNDP) (totallling $1.4 million) for procurement cases that had been overseen by him in his capacity as Procurement Specialist. In March 2022 the Office's management removed the approving manager profile from the Procurement Specialist.

A lack of segregation of duties, transparency and consistency in bid evaluations, as well as restrictive procurement requirements, increase the risks of value for money not being achieved and the likelihood of fraud occurring.

Priority	High (Critical)
Recommendation 2: The Office should strengthen the procurement process by: (a) ensuring adequate vendor due diligence is completed; (b) sharing relevant information consistently among vendors and not restricting the bids by stipulating specific brands; (c) using LTAs in accordance with corporate requirements; and (d) using e-tendering system in its procurement processes when receiving bids from vendors in line with the 'UNDP Programme and Operations Policies and Procedures'.	

Management action plan:

(a) Management will ensure that the Office immediately reviews and updates the standard operating procedures for procurement so as to emphasize clearly the independent roles played by all staff.

(b) The Office is currently recruiting a Procurement Analyst on detail assignment. The Analyst will support procurement staff capacities to address the issues highlighted through on-the-job training. Management has instructed procurement staff to have at least CIPS 3 as a minimum qualification within a period of two years.

Estimated completion date: December 2022

2. Procurement – Individual Contractors

Issue 3   Weaknesses in the selection and management of individual contractors

The selection process of individual contractors is governed by UNDP's procurement principles of (i) achieving best value for money; (ii) fairness, integrity and transparency; (iii) effective competitive selection; and (iv) in the best interest of UNDP. The Office should adhere to the requirements of the selection process, including obtaining reference checks for the selected candidates.

Direct contracting should be justified in accordance with UNDP's financial rules and regulations, and may be permitted in specific circumstances.

From a sample of eight individual contracts totalling $208,073, the following weaknesses were noted:

- There were four cases with a total contract value of $92,352 (representing 44 percent of the selected sample) where there was no evidence of competitive selection. In three of the cases, following advertising, there was only one applicant who was assessed, and was subsequently awarded the contract. In two of the three cases ($51,407) the same consultants were previously awarded contracts in 2020, where they were also the sole applicants. In the remaining case, the candidate was one of three qualifying candidates; however, the basis of the selection was not documented.
- There were four cases with a total contract value of $78,811 (representing 37 percent of the selected sample) where there was no evidence that reference checks for successful applicants had been completed. The selection process for these contracts required the completion of reference checks prior to contract approval.

The following weaknesses were noted in relation to contract management of the eight selected individual contractors:

- In all eight cases, the contracts had lapsed before the individual contractor had completed the work and the contracts were not extended.
- Certification of services in three of the selected cases (for $59,445) was not based on the contract. In the first case the payment was made based on days worked and in the remaining two cases, the full contract amount was paid even though the certification indicated only the first milestone had been completed.

Programme staff who were managing these cases were unaware of their roles and responsibilities in relation to managing contractual obligations stipulated in these contracts.

Weaknesses within selection process may prevent the organization from identifying the most suitable candidate offering best value for money. Further, weak contract management may result in the Office paying for services prior to completion and may also give rise to contractual disputes.

Priority	Medium (Important)
Recommendation 3: The Office should strengthen the oversight and selection of individual contractors by: (a) ensuring that the selection process is competitive and that justifications for direct contracting are documented in accordance with corporate policy; (b) adhering to the requirements for the selection process, including completing reference checks prior to contract approval; and (c) providing refresher training to relevant staff pertaining to management of individual contractors including monitoring of contract expiration and making sure payments are made in accordance with the contract.	
Management action plan: Management takes note of the above recommendation and has immediately instructed that: (a) Reference and background checks are conducted for the recruitment of individual contractors regardless of the contract amount. This will be part of the checklist in the standard operating procedures. (b) Delegations of Authority are strictly complied with in view of contract approval. (c) Project Managers are fully accountable for the management of individual contracts. These will form part of staff members performance review and contract renewal conditionality. **Estimated completion date:** December 2022	

3. Finance/Payments

Issue 4   Delays in processing financial transactions

The 'UNDP Programme and Operations Policies and Procedures' stipulate that payments should be made based on supporting documents confirming that services or goods have been received. The Office's standard operating procedure for organizational excellence stipulates the timelines for the processing of vouchers for purchase order and non-purchase items, which should be within 4 working days and 12 working days for the processing of direct payments.

During the period under review, the Office processed 2,045 payment vouchers totalling $12 million. This included 144 vouchers with a value of $1.3 million (11 percent of the value of vouchers processed). There were delays in the payment process, as detailed below:

- A total of 84 vouchers amounting to $739,463 required more than 120 days to be paid. This Included 6 vouchers totalling $14,998 where the Office took in excess of one year to make the payment.
- A total of 58 vouchers amounting to $595,200 took between 91 and 120 days to be paid.

The Office was unable to provide an explanation for the delays in the processing of payments. In addition, the Office does not track the request for payments to ensure payments are made in a timely manner.

Furthermore, the Office did not record the outstanding payments for which goods were received (totalling $14,998) as an accrual in the year end attestation.

Following the audit, the Office revised the standard operating procedures to incorporate a turnaround time of seven days to process voucher payments. The Office had not clustered its finance function as of the time of the audit. In addition, the payment authorization process was streamlined, through an automated document management system.

Delayed payments may negatively impact the Office's relationship with vendors. In the event the Office does not adhere to the accounting standards, there is a risk that the Office will understate its liabilities and expenditures at year end, if payments for which goods have been received are not accrued.

Priority	Medium (Important)
Recommendation 4: The Office should address the delays in processing financial transactions by: (a) strengthening the monitoring of payments to ensure they are processed within the prescribed timelines; and (b) ensuring the timely receipt of goods and services and ensuring these are accrued when amounts have not been paid.	
Management action plan: The Office is taking the following actions: (a) The Office has streamlined payment authorization through an automated document management system (e-REGISTRY) which tracks invoices right from receipt from vendors to processing of the payment. (b) Standard operating procedures that relate to the payment process have been revised to include a maximum turnaround time for payments of goods and services of seven working days. Staff members PMDs will be updated accordingly to ensure accountability. (c) The Resident Representative has issued a memo directing all staff, including sister agencies, regarding the revised payment lead-time. (d) The Office will engage and where necessary reconcile outstanding bills/liabilities to avoid unnecessary delays in processing payments. **Estimated completion date:** December 2022	

4. Administrative Services/Assets

Issue 5   Weaknesses in asset management

The 'UNDP Programme and Operations Policies and Procedures' stipulate that as part of managing and safeguarding assets, appropriate records should be maintained. The records should include the asset acquisition date, cost, custodian and location. Where assets have been donated to offices, these must be recorded at fair market value. When purchasing assets shared by multiple agencies, the cost should be apportioned amongst them. The Office is required to record the UNDP portion in the asset module. For custodial items, it recommended that these are physically verified on a regular basis and that any discrepancies be investigated.

The following issues were noted:

(a) A verification of assets and custodial items that was completed remotely resulted in the following observations: (i) 2 vehicles ($42,369) were physically verified, but not recorded within the In-Service Report (ISR). The first vehicle with a value of $38,083 was not included as the corresponding invoice could not be located. The use of the second vehicle was shared between agencies; however, the Office's portion (totalling $8,300) was not included in the ISR. (ii) There were two other vehicles that had been donated to the Office that had not been included in the ISR. The Office was unable to provide the documentation relating to these donated vehicles and a fair market value had not been determined. (iii) There were nine vehicles that were purchased for projects that had since been closed; however, the procedure for transfer had not been agreed with the donor/government counterpart.

(b) The ISR contained 12 assets with the same description, tag number and asset number. The total value of the 12 assets was $ 215,232. This occurred as the Office had split the cost of the asset over multiple charts of account due to budget constraints. The assets were then recorded based on this split in the ISR instead of being recorded as one asset.

(c) The list of custodial items maintained by the Office was incomplete and did not include cost and date of acquisition information.

The weaknesses noted were due to lapses in oversight and inadequate knowledge of staff and management.

Incorrect recording of assets resulted in the ISR being understated.

Priority	Medium (Important)
Recommendation 5:	

Recommendation 5:

The Office should strengthen management of assets and custodial items by:

(a) Ensuring that all assets and custodial items are recorded and verified. The records must include the cost, acquisition date, and where applicable fair market value. The treatment of assets from closed projects should be agreed to with the donor/government counterpart.
(b) Including each asset as a single item within ISR.
(c) Holding managers accountable in certifying the ISRs and providing refresher training to staff and management responsible for asset management.

Management action plan:

The Office takes note of these observations and has immediately initiated actions including the following:

(a) The Office is undertaking a comprehensive custodial items verification exercise through the Office's asset verification team.
(b) Management has reviewed the current Asset Standard Operating Procedures to ensure that, all procured assets are well planned, received and recorded in a timely manner, and that all assets that contain multiple lines in the ISR, are revised to show the full cost of the asset on one line.
(c) The Office has a vehicle disposal plan (including donation) and is in the process of disposing about seven vehicles. The residual values of these vehicles have been received after a successful fair market value assessment conducted. Management will review the market values and take a decision whether to transfer the vehicles to partners or dispose through auction.
(d) Management is discussing with Global Shared Services Centre and Bureau for Management Services to provide on-the-job-training to the Office's asset management team.

Estimated completion date: December 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.