



AUDIT

OF

UNDP COUNTRY OFFICE

IN

CHAD

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Report on the Audit of UNDP Chad Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Chad (the Office) from 27 March to 18 April 2023. 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)

In addition, OAI assessed the performance of the Office in the following areas and sub areas: governance and development activities.

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.

- (a) Governance
 - i. Was the Office’s organizational structure appropriately set up to achieve the Country Programme results?
- (b) Development activities:
 - ii. Were the Country Programme results adequately monitored?

The audit covered the activities of the Office from 1 January 2021 to 31 December 2022. The Office recorded programme and management expenses of approximately \$101.6 million. The last audit of the Office was conducted by OAI in 2020.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (The IIA).

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 outstanding Government Contributions to Local Office Costs (GLOC); weaknesses in project appraisal, monitoring and closure; deficiencies in procurement processes and oversight; inadequate use of UNDP vehicles; and delays in Internet back-up connection and lapses in testing the Disaster Recovery Plan.

Conclusions on the performance audit areas reviewed:

The Office’s structure was, overall, adapted to the programme delivery, and the Country Programme priorities were well reflected in the programmatic structure. The Office effectively and adequately monitored and updated development results of programme output indicators. Procurement processes were performed overall in a timely manner compared to the average of the Regional Bureau.

These findings have been incorporated in the overall auditing rating.

Key recommendations: Total = **6**, high priority = **1**

The six recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	Medium
Safeguarding of assets	5	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3	High
	2, 4, 6	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. The high (critical) priority recommendation is presented below:

<p>Deficiencies in procurement oversight (Issue 3)</p>	<p>During the audit period, the audit team noted the following deficiencies:</p> <ul style="list-style-type: none"> ▪ Procurement cases for 11 vendors were not submitted to the respective procurement review committees although their cumulative purchase order amounts exceeded the Contract, Assets and procurement Committee (CAP) and Regional Advisory Committee on Procurement (RACP) thresholds. The total amount of cumulated purchase orders for all vendors reached \$443,795 in 2021 and \$284,975 in 2022. ▪ The RACP identified anomalies in the cases submitted to the committee and recommended the Office to implement measures to limit similar future occurrences. However, there was no evidence that the Office used the RACP feedback as a source of information or risk identification for the procurement function. <p><u>Recommendation:</u> The Office should enhance procurement oversight by: a) ensuring procurement thresholds for each vendor are monitored to ensure they are submitted to the appropriate procurement review committee once the threshold is exceeded; and b) establishing a monitoring mechanism to ensure that procurement committee recommendations are discussed and timely implemented.</p>
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Implementation status of previous OAI audit recommendations: Report No. 2206, 24 December 2020.
Total recommendations: 12
Implemented: 12

As noted above, the finding from the previous audit related to the cumulative value of payments made to vendors had recurred. Thus, OAI is opening Recommendation No. 8 a) contained in Report No. 2206, as follows: "The Office should adhere to the UNDP procurement policies by ensuring procurement thresholds for each vendor are monitored to ensure they are submitted to the appropriate procurement review



committee once the threshold is exceeded.” OAI will continue to monitor the implementation of this recommendation as part of its regular desk follow-up.

Management comments and action plan

The Resident Representative accepted all six 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 N'Djamena, Chad (the Country) and its Country Programme initially covered the period from 2017 to 2021 and was later extended to 2023. The Country Programme had the following development priorities:

- a) Inclusive growth,
- b) Governance,
- c) Environmental sustainability, and
- d) Human capital improvement (malaria).

During the period from 1 January 2021 to 31 December 2022, the Office spent \$95.4 million on development activities, an increase by 7 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 2021 \$million	Expenditure Jan-Dec 2022 \$million
Chad malaria control support project	13.6	29.0
Support to the transition in Chad	0.8	4.4
Lake Chad area regional stabilization facility	6.8	3.7
Local development and inclusive finance	2.1	2.4
Improvement of the management of the lake Chad basin	1.5	1.9
Total	24.8	41.4

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
Vertical Fund- Global Fund (GFATM)	50.6
Vertical Fund – Global Environment Facility (GEF)	9.8
Chad	6.7
Multi-Partner Trust Funds	3.1
Switzerland	2.2
Total	72.4

II. Audit results

Effective controls were established and functioning in the areas of finance and human resources.

OAI made one recommendation ranked high (critical) and five recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.

High priority recommendation:

- (a) Enhance procurement oversight (Recommendation 3).

Medium priority recommendations, arranged according to significance:

- (b) Enhance efforts to collect the outstanding GLOC (Recommendation 1).
- (c) Improve procurement processes (Recommendation 4).
- (d) Strengthen project appraisal, monitoring and closure processes (Recommendation 2).
- (e) Improve the ICT infrastructure and testing of the Disaster Recovery Plan (Recommendation 6).
- (f) Improve vehicle management (Recommendation 5).

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

To form an opinion and conclude on the performance elements of this audit, the audit team used the following audit criteria:

- The Office's internal control framework and standard corporate key performance indicators, such as performance indicators for measuring and reporting development results in the Country Programme results and resources framework.

The audit team used the following questions on the governance, development activities and procurement functions of the Office:

- i. Was the Office's organizational structure appropriately set up to achieve the Country Programme results?

The Office's structure was, overall, adapted to the programme delivery. The audit team noted that some reporting lines were inadequate, as follows: (i) staff with procurement functions in two projects were reporting to the project coordinators (who might not have had the appropriate technical skills for proper supervision) instead of reporting to the operations unit of the Office; (ii) the monitoring and evaluation officers on five projects were reporting to project coordinators instead of reporting directly to the Office's management; and (iii) the Risk Management Specialist was reporting to the Deputy Resident Representative - Operations, instead of reporting directly to the Resident Representative.

The Office initiated corrective actions to address the above issues by centralizing the procurement functions within the Office's operations unit since 2022, and amending the job descriptions and the reporting lines for M&E officers and risk management specialists.

- ii. Were the Country Programme results adequately monitored?

The review of 2021 and 2022 results oriented annual reports (ROAR) showed that the Office was adequately monitoring and updating development results of Country Programme Document output indicators. The Office's Country Programme Document initially covering the period from 2017 to 2021 had four outcomes. The results and resources frameworks established 34 indicators to measure the achievement of development objectives. The Country Programme Document was later extended twice, until 31 December 2023.

The detailed assessment is presented below, per audit area:

A. Governance

1. Office budget, cost recovery and financial sustainability

Issue 1 Outstanding Government Contributions to Local Office Costs (GLOC)

The 'UNDP Programme and Operations Policies and Procedures' stipulate that Country Offices should ensure financial sustainability by generating sufficient funds to cover operating costs. In accordance with the provision of the Standard Basic Assistance Agreement that governs UNDP operations and programme countries, host governments are expected to contribute towards the local costs of Country Offices.

At the time of the audit, outstanding GLOC was valued at \$2.2 million. The Government has not contributed to GLOC in the past 15 years and the last contribution was made in 2008. The Country's GLOC cash target had already been reduced by applying a 75 percent waiver based on the Country's average gross national income per capita. In the previous audit report (Report No. 2206, issued on 24 December 2020), OAI recommended that the Office continue advocating for the collection of outstanding GLOC. In response, the Regional Bureau for Africa indicated in September 2021 that the Office had exhausted all efforts to collect GLOC. In June 2022, the Office sent three reminder letters to the Government, but did not receive any response.

The audit team followed up with Regional Bureau for Africa regarding the Office's recovery of GLOC. The Regional Bureau indicated that they now encourage offices to develop a "new narrative" that would rather highlight the additional opportunities UNDP could bring to the governments, such as the support provided during the COVID-19 pandemic.

The Office was not aware of the new shift in the Regional Bureau for Africa strategy regarding GLOC recovery.

Non-collection of GLOC arrears may compromise the financial sustainability of the Office in the long term.

Priority	Medium (Important)
Recommendation 1:	
The Office should collect the outstanding GLOC by consulting with the Regional Bureau for Africa for further guidance, and raising this issue with the Permanent Mission of the Republic of Chad to the United Nations.	
Management action plan:	
(a) The Office will enhance advocacy activities and consult with the Regional Bureau for Africa for further guidance on the new approach regarding the GLOC.	
(b) With the support of the Regional Bureau for Africa, the Office will raise the issue with the Permanent Mission of the Republic of Chad to the United Nations.	
Estimated completion date: 31 October 2023	

B. Development activities

1. Project administration

Issue 2 Weaknesses in project appraisal, monitoring and closure

According to the 'UNDP Programme and Operations Policies and Procedures', the purpose of the local appraisal committee is to review the proposed project quality, and the capacity of the implementing partner to deliver before project approval, and signature of the project document. Project appraisal quality assurance report should be distributed to local appraisal committee members at least one week prior to the scheduled appraisal meeting.

The UNDP project and portfolio management guidelines state that programming activities must collect appropriate and credible data as evidence for adequate monitoring, as established in the results framework and the monitoring plan. On 1 January 2023, UNDP changed its project management system, from Atlas to Quantum.

The 'UNDP Programme and Operations Policies and Procedures' require projects to be operationally closed when activities are completed, and financially closed not more than 12 months after operational closure. Prior to project closure, a final project quality assurance assessment is required along with a summary of lessons learned during the project. Moreover, the project closure checklist details all steps to undertake during project closure, such as ensuring there are no financial commitment or pending liabilities. The steps also include ensuring the transfer of assets following UNDP project closure policies.

The audit team reviewed a sample of 6 out of 43 ongoing development projects managed by the Office, with expenditures of \$31 million over the period under review. The audit team noted the following exceptions:

- a) Project quality assurance not carried out in a timely manner
 - For four projects, the initial project quality assurance was performed after the review of the local appraisal committee and the signature of the project documents. With this critical step not being carried out in a timely manner, the appraisal committee could not assess the quality of the project and the capacity of the implementing partner to deliver the expected results.
- b) Project information not monitored in enterprise management system
 - In five out of six projects reviewed, monitoring and evaluation activities as well as project results were not recorded into Atlas, the former enterprise resource planning system of UNDP that was in use until December 2022.
 - For two projects (139700 and 108410), the audit team noted that targets and results of the projects' results frameworks were not fully entered into Atlas.
 - Project result frameworks were not yet captured in Quantum, the new enterprise resource planning system of UNDP since January 2023.

Without accurate and update project information in the corporate management system, the Office cannot ensure that projects are effectively managed.

c) Weaknesses in project closure

The Office closed 29 projects since the beginning of the programme cycle. The audit team noted that 10 out of 29 projects were financially closed without conducting their final project quality assurance assessment. The audit team also reviewed a sample of six projects and noted the following:

- The Office shared the signed project closure checklist for only one out of six projects. For the other closed projects, the checklists were incomplete and not signed. The audit team could not confirm that the Office carried out all project closure steps.
- Two project outputs (108249 and 111576) were operationally closed on 28 and 29 March 2022, respectively. However, these outputs were still pending financial closure more than 12 months after their operational closure.
- Two project outputs ended on 30 June and 31 August 2022 and remained ongoing for 10 months without being operationally closed.

The above-mentioned issues were due to the lack of oversight of project closure activities. The Programme Management Support Unit did not adequately support the project appraisal process. In addition, there was a lack of second-level reviews due to the unavailability of the Risk Management Specialist who was providing support to other Country Offices in 2022 (for a total of 161 days).

Not completing the quality assurance process in a timely manner may result in not assessing the quality of the proposed project against UNDP standards for programming. Without adequate monitoring, the Office may not be able to identify and address project implementation challenges in a timely manner. Not closing projects in a timely manner may lead to financial and reputational risks for the organization, as well as the risk of misuse of remaining project funds.

Priority	Medium (Important)
Recommendation 2:	
The Office should strengthen project appraisal, monitoring, and closure processes by:	
(a) ensuring that quality assurance assessment of the project design is performed before the Local Project Appraisal Committee;	
(b) recording and updating all project information in Quantum, including monitoring and evaluation activities and results; and	
(c) signing off the project closure checklists and performing final closing quality assurance for all projects due for closure.	
Management action plan:	
The Office will, as part of the quality review of the oversight unit:	
a) ensure that project quality assurance for new projects is performed before the Local Project Appraisal Committee,	
b) recording all project information in the enterprise management system (Quantum), including monitoring and evaluation activities as well as project results, and regularly updating it; and	

- c) ensuring that all projects due for closure are reviewed for compliance prior to operational and financial closure – the review will include signature of closure checklists and timely completion of the final project quality assurance.

Estimated completion date: 31 December 2023

C. Operations - Procurement

1. RACP/CAP

Issue 3 Deficiencies in procurement oversight

The 'UNDP Programme and Operations Policies and Procedures' state that offices should conduct an independent review of the procurement process prior to a contract award, to ensure procurement activities are conducted in line with accepted professional practices and appropriate rules and regulations.

The Contracts, Assets and Procurement Committee (CAP) reviews procurement actions under the Office's standard Delegated Procurement Authority (between \$50,000 and \$200,000). The Regional Advisory Committee on Procurement (RACP) reviews cases above \$200,000 up to \$2 million.

- Procurement cases not submitted to the procurement review committees:

Procurement cases for 11 vendors were not submitted to the respective procurement review committee although their cumulative purchase order amounts exceeded the CAP and RACP thresholds. The total amount of cumulated purchase orders for all vendors reached \$443,795 in 2021 and \$284,975 in 2022.

The deficiencies noted were due to insufficient monitoring of the contracts awarded to vendors and their cumulative amounts. This monitoring is required by policies. The Office failed to systematically enforce controls to detect, in all evaluation reports, vendors exceeding procurement committee thresholds.

The same issue was also reported in the previous audit (Report No. 2206 issued in 2020), where it was noted that 15 vendors with transactions amounting to \$1.7 million were not submitted to the procurement review committees.

- Weaknesses in addressing the observations from the procurement committees:

During the audit period, the Office submitted 60 cases to the CAP and 11 cases to RACP for review. The audit team reviewed 17 procurement cases (10 CAP and seven RACP) valued at \$9.4 million endorsed by the procurement committees.

The RACP identified the following anomalies in the cases submitted to the committee and recommended the Office to implement measures to limit similar future occurrences. However, there was no evidence that the Office used the RACP feedback as a source of information or risk identification for the procurement function:

- In three cases, the shortcomings noted could have limited the number of potential bidders:
 - In two cases amounting to \$5.8 million, the Office did not abide by the bid publication requirements since specifications were narrow, and brands were included in the requirements.



- The competition period was too short for one case valued at \$1 million; the bid was open for one week instead of 10 days, as required.
- For one case valued at \$1 million, the Office did not perform reference checks for the recommended bidders that had not previously worked with UNDP; this was a requirement for contracts above \$200,000.
- A wrong solicitation document was filled in for one case of \$1.38 million, as the template used was for cases below \$150,000.
- The Office did not conduct ex-ante reviews even though it was recommended by the RACP in July 2021 and could have helped increase the quality of cases submitted to the procurement committee.

There was a lack of a monitoring system in place to implement the recommendations from the procurement review committees.

Ineffective oversight over procurement may increase the risk of contracts not being awarded to the appropriate vendor, and may ultimately lead to unfair and fraudulent procurement practices. Not respecting bid publication requirements could negatively impact the fairness of the process.

Priority	High (Critical)
Recommendation 3:	
The Office should enhance procurement oversight by:	
(a) ensuring procurement thresholds for each vendor are monitored to ensure they are submitted to the appropriate procurement review committee once the threshold is exceeded; and	
(b) establishing a monitoring mechanism to ensure that procurement committee recommendations are discussed and timely implemented.	
Management action plan:	
The Office will:	
(a) enhance the monitoring system on cumulative amounts to vendors to ensure that eligible cases are timely submitted to the review committees; and	
(b) put in place a tracking table to ensure recommendations are discussed within the procurement team and timely followed-up on, as well as a checklist to validate compliance with basic requirements prior to the submission of procurement cases to the RACP.	
Estimated completion date: 31 December 2023	
OAI Response	
As noted above, the finding from the previous audit related to the cumulative value of payments made to vendors had recurred. Thus, OAI is opening Recommendation No. 8 a) contained in Report No. 2206, as follows: "The Office should adhere to the UNDP procurement policies by ensuring procurement thresholds for each vendor are monitored to ensure they are submitted to the	

appropriate procurement review committee once the threshold is exceeded." OAI will continue to monitor the implementation of this recommendation as part of its regular desk follow-up.

2. Procurement of Goods, Professional Services, Works

Issue 4 Weaknesses in procurement processes

The 'UNDP Programme and Operations Policies and Procedures' require offices to issue requisitions of works, goods, and services before creating purchase orders.

The audit team reviewed 21 out of 625 purchase orders approved, valued at \$2.94 million, representing 19 percent of the total amount of all goods, services, and works procured during the period under review. It also reviewed 4 out of 102 individual consultant contracts valued at \$0.22 million of the total over the audit review period. The audit team observed the following weaknesses:

- The Office created 86 purchase orders without any requisitions, amounting to \$1.1 million. This resulted from insufficient oversight.
- Requisitions and purchase orders were not created in a timely manner in the below cases:
 - For 108 purchase orders amounting to \$1.83 million, the requisitions were created on the same day as the purchase orders.
 - Six requisitions were created after advertisement, and in one case, after the contract date, for a total value of \$1.52 million.
 - 37 purchase orders amounting to \$389,199 were created or approved on the same day goods or services were received.

This issue occurred mainly because the Office did not communicate standard procurement timelines to the requesting national partners to encourage them to submit purchase requests sufficiently in advance.

- Six purchase orders valued at \$420,267 were approved more than 14 working days after contracting vendors.

The Office's management did not implement controls to identify anomalies related to the creation and approval of requisitions and purchase orders. Moreover, the oversight unit (composed of the Programme Management Support Unit and Risk Management Officer) did not sufficiently review internal controls on the procurement function, as the Risk Management Specialist was absent for 161 working days in 2022.

The Office could incur financial losses if the vendors are contracted before reviewing and approving the requisitions and purchase orders.

Priority	Medium (Important)
Recommendation 4:	
The Office should improve procurement processes by:	
(a) ensuring that all requisitions and purchases orders are created and approved in a timely manner in the system; and	
(b) having the oversight unit perform regular reviews of procurement internal controls and processes.	
Management action plan:	
The Office will:	
(a) ensure that procurement processes are only conducted when the requisitions are received, and the requests are linked to the procurement plan.	
(b) update and conduct the 2023 oversight plan to include regular spot checks regarding the issues raised during the OAI audit.	
Estimated completion date: 31 December 2023	

D. Operations – Administrative services

1. Vehicles

Issue 5 Inadequate use of UNDP vehicles for non-official business

The 'UNDP Programme and Operations Policies and Procedures' stipulate that the Head of Office may, upon the written request of a staff member, grant exceptional permission for the use of UNDP vehicles for non-official purposes.

The audit team noted that the Office allowed 14 staff to use UNDP vehicles during the audit period, upon the approval of the Resident Representative. The Office calculated the average vehicle usage rate composed of the maintenance and amortization of the vehicles. Based on this calculation, the Office decided to recover \$150 per month for the use of vehicles. However, this practice did not comply with UNDP vehicle policies, because the approval to use the vehicles should be granted in exceptional cases. Instead, management allowed staff to use the vehicles on a continuous basis.

The misinterpretation of UNDP vehicle policies by management was at the cause of the issue.

Non-compliance with the policies on the use of UNDP vehicles by staff for non-official business may lead to abuse of the policies and reputational risks.

Priority	Medium (Important)
Recommendation 5:	
The Office should improve vehicle management by obtaining authorization from the Bureau for Management Services to use UNDP vehicles for non-official business on a regular basis at the duty station or discontinuing this practice.	
Management action plan:	
The Office will request authorization from the Bureau for Management Services to use UNDP vehicles for non-official business on a regular basis at the duty station. Based on their feedback, the corrective measures will be implemented, if needed.	
Estimated completion date: 31 July 2023	

E. Operations - ICT

1. Business continuity

Issue 6 Delays in Internet back-up connection and lapses in testing the Disaster Recovery Plan

According to UNDP's standards on information and communication technology (ICT), each UNDP office must have at least one back-up Internet connection link available. In locations where risks of man-made and/or natural disasters are of such magnitude that Internet access is at risk, back-up connectivity must be independent of national telecommunications infrastructure. This can be achieved by retaining back-up VSAT¹ outstations (satellite terminals).

As per the ICT Disaster Recovery Standards, "to ensure improvement and to verify adequacy of disaster recovery arrangements for every critical ICT system and/or infrastructure, they shall be periodically tested either individually, in groups, or all together as part of a broader business continuity testing exercises." Actual recovery times and actual recovery points achieved during the verification shall be included in the test execution documentation.

The audit team observed the following gaps in the management of the ICT function:

a) Absence of Internet back-up connection:

The Office did not have an Internet back-up connection independent from the local Internet service provider. Due to risks of Internet shutdowns, the Office had been in touch with the Office of Information and Technology Management (ITM) on the set-up of the back-up connection in the form of VSATs, which required installation work at the Office's premises. The Office initiated a procurement process in May 2023 for VSAT installation work. While actions were initiated by the Office, there was still a risk of internet connectivity disruptions, particularly in instances of political or civil unrest.

¹ VSAT, or Very Small Aperture Terminal is a small-sized earth station used in the transmit/receive of data, voice and video signals over a satellite communication network

The installation of VSATs was delayed due to negotiations with the landlord regarding additional work required on the premises occupied by the Office since 2021.

b) Lapses in the testing of the Disaster Recovery Plan:

- The Disaster Recovery Plan was tested in November 2022, but the testing was not comprehensive, as it did not test the Office’s back-up site.
- The test execution report did not include actual recovery times and actual recovery points results during the disaster recovery test.

Incomplete testing of the Disaster Recovery Plan may result in lack of preparedness in cases of natural disasters, political or civil unrest.

Priority	Medium (Important)
Recommendation 6:	
The Office should improve the ICT infrastructure and testing of the Disaster Recovery Plan by:	
(a) expediting the set-up of its own Internet back-up connection; and	
(b) testing the back-up site as part of the Disaster Recovery Plan testing, and including in the test execution documentation the actual recovery times and actual recovery points achieved during the verification.	
Management action plan:	
The Office will:	
(a) expedite the ongoing process to ensure that the VSAT is deployed and functioning as Internet backup; and	
(b) ensure that the relocation site is included during the next test of the Disaster Recovery Plan.	
Estimated completion date: 30 November 2023	

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.