



AUDIT

OF

UNDP COUNTRY OFFICE

IN

THE GAMBIA

Report No. 2633
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Report on the Audit of UNDP Gambia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Gambia (the Office) from 11 to 22 September 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 areas of procurement and 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 audit reviewed the following performance audit questions:

- (a) Procurement

Were procurement activities processed in an effective manner?

- (b) Governance

Was the Office effectively and efficiently managing the cost recovery process to ensure its financial sustainability?

The audit covered the activities of the Office from 1 January 2022 to 30 June 2023. The Office recorded programme and management expenses of approximately \$14.5 million. The last audit of the Office was conducted by OAI in 2018.

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 **satisfactory/some improvement needed** which means "The assessed governance arrangements, risk management practices and controls were 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." This rating was mainly due to challenges in attracting and retaining qualified staff and lapses in management oversight.

Conclusions on the performance audit areas reviewed:

- i. Procurement

The Office used multiple travel agencies and did not have a Long-Term Agreement to procure travel tickets. This could lead to ineffective and inefficient travel procurement processes. After the audit fieldwork, the Office initiated the selection process of a travel agency to establish a Long-Term Agreement.

ii. Governance

In 2022, the Office collected \$1.2 million in institutional revenue against its institutional costs of \$1 million. However, there was an increased likelihood that the Office would not generate enough income to fully cover its operational costs in 2023. As of October 2023, the Office had collected \$71,657 of its budgeted institutional income (\$417,271) and incurred expenditures of \$677,766.

Key recommendations: Total = 5, high priority = 2

The five recommendations aim to ensure the following:

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

Challenges in attracting and retaining qualified personnel (Issue 1)

The Office faced challenges in attracting and retaining staff. During the audit period, the Office faced 23 departures, of which six (25 percent) were due to resignations, as the result of dissatisfaction with the Office’s low salary scale.

Recommendation: The Office should improve its staffing capacity by: (a) following up with the Resident Coordinator and UN Country Team (UNCT) to lobby key comparators to share qualitative and accurate salary data; and (b) seeking from the Regional Bureau for Africa financial support to recruit international expertise, especially to strengthen the Office programme team whilst using detail assignments to fill short-term open positions.

Lapses in management oversight (Issue 2)

The Office lacked efficient internal controls to detect and address project delivery and closure issues in a timely manner. These lapses in oversight were the root cause of several audit observations noted.

Recommendation: The Office should improve its second line of defense by establishing an oversight mechanism on key processes, to ensure that issues are detected and addressed in a timely manner.

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.

A handwritten signature in black ink, appearing to read 'Guillermo Munoz'. The signature is enclosed in a rectangular box.

Guillermo Munoz
Deputy Director (Audit) a.i.
Office of Audit and Investigations

I. About the Office

The Office, located in Banjul, the Gambia (the Country) and its Country Programme covered the period 2017–2023 with the following development priorities:

- a) Inclusive economic growth and poverty eradication
- b) Governance and human rights
- c) Environment and resilience development

During the period from January 2022 to June 2023, the Office spent \$13.2 million on development activities, a decrease by 15 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. 2022 \$million	Expenditure Jan.-June. 2023 \$million
Eco. Mgt & Evidence-based Policy, Planning & Budget	1.4	0.5
Response to COVID-19	1.4	-
Disaster Risk and Natural Resource Management	1.3	0.2
Economic and Social Vulnerability Project	1.2	0.1
Consolidating Democratic Governance for Development	0.7	-
Total	6.0	0.8

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
Government of the Gambia	1.8
Multi Partner Trust Funds	1.7
Vertical Funds – GEF	1.6
Total	5.1

II. Audit results

Effective controls were established and functioning in the following areas:

- (a) Procurement. A review of the procurement function, including samples of procurement transactions and the management of individual contractors, indicated that adequate controls were in place.
- (b) Human resources. The governance, risk management and control systems within human resource management, including recruitment and separations, were adequate.

- (c) Administrative services. The controls and procedures regarding travel and asset management were adequate.
- (d) Information Communication and Technology. ICT systems managed by the Office were operating effectively.

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.

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) Improve staffing capacity (Recommendation 1).
- (b) Establish an oversight mechanism on key processes (Recommendation 2).

Medium priority recommendations, arranged according to significance:

- (a) Strengthen project monitoring and closure (Recommendation 4).
- (b) Strengthen HACT processes (Recommendation 5).
- (c) Enhance cost recovery (Recommendation 3).

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:

- Procurement: The UNDP Programme and Operations Policies and Procedures, including Transactional Procurement Strategies and Procurement Planning, Sourcing and Market Research, and Procurement Oversight and Procurement Review Committees.
- Governance: The Harmonized Conceptual Funding Framework and Cost Recovery Methodology Policy.

The audit used the following questions on the procurement and governance processes in the Office:

(a) Procurement:

- (i) Were procurement activities managed in an effective manner?

The audit team reviewed 32 purchase orders amounting to \$1.9 million, or 45 percent of the total value (\$4.3 million) during the audit period. Travel procurement was not managed effectively. The Office used multiple travel agencies and conducted a bid selection process for each procurement case, which created inefficiencies and additional administrative work.

(b) Governance:

- (i) Was the Office effectively and efficiently managing the cost recovery process to ensure its financial sustainability?

In 2022, the Office collected \$1.2 million in income to finance its operations. However, the Office's cost recovery income declined from \$334,939 in September 2022 to \$71,341 in October 2023. This occurred due to delays in UN agency fee collections, Delivery Enabling Service (DES) collection shortcomings, and low General Management Support (GMS) fee collection. Therefore, there was an increased likelihood that the Office would not generate budgeted income (\$417,271) through its cost recovery measure to fully cover its management expenses in 2023 (Issue 5).

The detailed assessment is presented below, per audit area:

A. Governance

1. Office Organizational Structure and Staffing

Issue 1 Challenges in attracting and retaining qualified personnel

As a best practice, the Office's staffing structure should be in line with the programme delivery target and support the achievement of the Country Programme objectives.

During the audit period, the Office faced 23 staff departures, out of which six (25 percent) were due to resignations and/or staff moving outside the UN system. Therefore, key positions like the Finance Analyst, Monitoring and Evaluation Specialist, and Programme Specialists and Analysts were vacant. The staff mainly expressed dissatisfaction with the low salary scale in the Office. In addition, a candidate for the Finance Analyst post declined an offer due to the salary not being competitive.

The audit team observed that the December 2022 interim salary survey resulted in a 12 percent salary increment; however, this was below the 17 percent inflation rate. The survey had limitations due to the reluctance of comparators (international organizations, government agencies, and private sector firms) to share information or provide accurate data.

The Operations Management Team indicated that they were considering escalating the case to the International Civil Service Commission (ICSC), to seek a waiver from the regular process of using salary surveys and to consider other parameters, such as the inflation rate to update the salary scale. However, the Office did not liaise with the United Nations Country Team (UNCT) and the Resident Coordinator's Office before engaging with the ICSC to address the issues of staff turnover.

At the last UNCT meeting, the Office informed the Resident Coordinator of the need to intensify advocacy efforts with key comparators, including international organizations, government agencies, and the private sector. The goal was to obtain accurate data that would inform the comprehensive salary survey and result in a salary scale increase in the Country.

A high turnover of key staff may contribute to loss of institutional memory, and insufficient capacity to build long-term relationships with national counterparts and implement the planned programme and project activities.



The Office utilized temporary staff under the detail assignment modality to fill in its capacity gaps.

Priority	High (Critical)
Recommendation 1:	
<p>The Office should improve its staffing capacity by:</p> <p>(a) following up with the Resident Coordinator and UNCT to lobby key comparators to share qualitative and accurate salary data; and</p> <p>(b) seeking financial support from the Regional Bureau for Africa to recruit international expertise, particularly to strengthen the Office’s programme team, while using detail assignments to fill short-term open positions.</p>	
Management action plan:	
<p>The Office takes note of the need to attract and retain its staffing capacity through a competitive salary structure. In addition to mobilizing the UNCT under the leadership of the RC, the Office is taking the following actions:</p> <ul style="list-style-type: none"> - The Resident Representative raised the issue with the Resident Coordinator through a meeting and exchange of letters in addition to discussing within UNCT the importance of communicating with key comparators for accurate salary data for the upcoming comprehensive salary survey in January 2024. - The Office will actively follow up by sending reminders to the Resident Coordinator’s Office, UNCT, and Operations Management Team as well as support in participating in any meetings to communicate and engage key comparators to share accurate data. - The Office will seek financial support from Regional Bureau for Africa to recruit an international programme, risk management and oversight expert for the first two years of the new Country Programme Document (2024–2028) implementation while continuing to use detail assignments as a stop-gap measure. 	
Estimated completion date: June 2024	

Issue 2 Lapses in management oversight

According to the UNDP Programme and Operations Policies and Procedures, appropriate management arrangements and oversight mechanisms need to be established at programme and project levels to ensure UNDP’s accountability for activities, results, and the use of resources.

The audit team found that oversight exercised by the Office’s management needed to be strengthened. The Office lacked efficient internal controls to detect and address project delivery and closure issues in a timely manner. These lapses in oversight were the root cause of the following audit observations:

Low project delivery



As of September 2023, the programme delivery (expenditure versus commitment) was low at 46 percent, which was attributed to incorrect budget entries, delayed application of funds in Quantum¹ and advance disbursements and liquidation.

After the audit fieldwork, the Office made the necessary adjustments, which increased delivery to 72 percent as of October 2023 (expenditures and commitments). This happened because of limited knowledge in the use of Quantum, and a lack of efficient oversight of project performance.

Delays in project closure

The Office had seven operationally closed projects pending financial closure for more than 12 months. Three of the seven projects could not be financially closed due to outstanding commitments and pending evaluations. The outstanding commitments were carried over from Atlas and the pending evaluation from the United Nations Environment Programme (UNEP) related to a project that ended prior to 2021. This happened because the Office failed to regularly review project commitments and monitor the availability of project evaluations.

Delayed implementation of assurance activity recommendations

Five partners had not implemented recommendations in the micro assessment reports issued between September 2017 and April 2022. In addition, the 2022 spot checks resulted in additional recommendations that were not implemented as of September 2023. This occurred because the Office’s project and programme teams had not followed up to determine whether partners were implementing the recommendations.

The Office indicated that high staff turnover and challenges with Quantum caused the above-mentioned issues. Lapses in programme and project oversight may prevent the implementation of timely corrective actions.

Priority	High (Critical)
Recommendation 2:	
The Office should improve its second line of defense by establishing an oversight mechanism on key processes to ensure that programme and project issues are detected and addressed in a timely manner.	
Management action plan:	
The Office has established structures to support oversight of key processes including senior management meetings; operations meetings; programme meetings; and programme and operations meetings resulting in IFD acclaim status for all four quarters in 2022. To enhance oversight mechanisms in a timely manner the Office will take the following additional actions:	
<ul style="list-style-type: none"> - Establish a risk management and oversight unit, which will work closely with programmes and operations to strengthen the second line of defense and improve compliance. 	

¹ UNDP’s enterprise resource planning system, which replaced Atlas in January 2023.

- Revamp the programme and operations meeting to enhance monitoring of key performance indicators to detect and address issues in a timely manner including reporting to the senior management team for decision-making.

Estimated completion date: June 2024

2. Office Budget, Costs Recovery and Financial Sustainability

Issue 3 Inefficiencies in cost recovery processes

The Harmonized Conceptual Funding Framework and Cost Recovery Methodology Policy state that funding for Country Offices is available through the application of the cost recovery methodology: a) cost recovery income earned through charging a GMS fee on other non-core resources; b) income generated from the provision of support services to UN agencies; and c) DES, all of which directly contribute to the achievement of development results of projects and programmes.

Guidelines on preparing fully costed budgets for project policy require that a comprehensive project/portfolio planning exercise be conducted annually to assess the magnitude of DES required for the upcoming year across all projects within a Country Office.

The DES project policies require Country Offices to regularly review actual delivery of support services vis-à-vis actual costs incurred and revise project budgets if necessary.

The Workload Study policy states that each Country Office should plan to conduct a workload study at least once a year for all its personnel, irrespective of the current funding source or contractual modality.

As of October 2023, the Office had collected only 17 percent (\$71,657) of its budgeted institutional income of \$417,271 (comprising GMS, \$265,748; UN entities, \$50,543; and GLOC,² \$100,980). During the same period, the Office had incurred expenditures of \$677,766, as reflected in the UNDP "At a Glance" Executive Dashboard.³

The following shortcomings were noted:

- Low GMS collected: As of October 2023, the Office had collected 27 percent (\$71,187) of the targeted GMS of \$265,748, below the target delivery rate of 72 percent. This was because many advances and other commitments were yet to be liquidated. The Office initiated an acceleration plan, expected to increase delivery and GMS generation, concurrently.
- Fees for the provision of services to the UN agencies not timely collected: The total for the provision of services as of September 2023 was \$882 against \$78 collected, whereas the target for 2023 was \$50,543.

² Government Contributions to Local Office Costs.

³ The At a Glance Executive Dashboard provides informative infographics on finance, human resources and procurement.



- **Outstanding GLOC:** The outstanding GLOC balance was \$184,725.93. However, the audit team noted that annual payments were being made. According to information received from the Office of Financial Management, the outstanding GLOC balance was attributed to cumulative shortfalls over the years.
- **Inadequate DES management:** In 2022, the Office collected \$165,834 in DES, while as of September 2023, \$8,168 was collected. In addition, the following shortcomings were noted:
 - The audit team did not receive a comprehensive DES analysis for all projects, making it difficult to determine whether DES was properly charged. The Office indicated it was currently reviewing ongoing projects to align DES charges with donor agreements, guided by a recently issued DES policy.
 - There was no evidence that the Office planned for DES other than the payroll component, and no reconciliation was conducted to ensure proper DES was charged.

Cost recovery inefficiencies may increase outstanding balances and reduce the Office’s revenue.

Priority	Medium (Important)
Recommendation 3:	
The Office should enhance cost recovery processes by:	
<ul style="list-style-type: none"> (a) accelerating commitments and liquidation of advances to increase GMS income and following up on the collection of fees for services provided to UN entities to ensure timely collection; (b) finalizing the comprehensive DES analysis, including making any needed adjustments, and planning and reconciling DES charges going forward to ensure accuracy; and (c) consulting with the Office of Financial Management at HQ to ascertain the nature of the outstanding GLOC amount and continue following up with the national counterpart as needed. 	
Management action plan:	
The Office takes note of the need to enhance cost recovery efficiencies and will undertake the following actions:	
<ul style="list-style-type: none"> - Following up on the numerous correspondence, the Office will meet the heads of UN agencies with outstanding bills before sending another reminder communication to secure payment and if needed will escalate to the Regional Bureau for Africa by February 2024. - Develop, with the Regional Bureau for Africa, and support a comprehensive DES analysis to ensure accurate income generation and cost recovery. - Building on several correspondence and meetings, the Office will send a fourth follow-up letter to recoup the 2023 \$100,980 from the total outstanding arrears of \$285,705.93 already being processed by the ministry by December 2023. The discussion with the ministry on the remaining balance will be followed up in the first quarter of 2024. 	
Estimated completion date: March 2024	

B. Development activities

1. Projects Administration

Issue 4 Lapses in project monitoring and closure

The UNDP Programme and Operations Policies and Procedures stipulate that tracking performance, analyzing evidence, and reporting on performance are required to adhere to project monitoring standards. As such, output verification visits should be conducted to verify output progress at least annually.

In addition, the policies require projects to be operationally closed once activities have been implemented. Projects should be financially closed within 12 months of operational closure. A project is closed when all financial transactions have been reported and certified, and all project accounts are closed.

Lack of project progress verification

The audit team reviewed a sample of six development projects with expenditures amounting to \$7.2 million (60 percent) of the total programme expenditures during the audit period. The audit disclosed the following:

- During the audited period, output progress verification was not conducted for four out of the six projects reviewed. This was due to limited programme staff capacity and the Office's misunderstanding that field visits were no longer a requirement. If output progress verifications are not conducted, project implementation risks may not be identified and mitigated in a timely manner.

The shortcomings noted were attributed to the lack of a dedicated Monitoring and Evaluation Specialist and departure of the two Monitoring and Evaluation project focal points in May 2023 and six programme staff (one Specialist and five Analysts) in 2022.

Inadequate project closure process

Seven operationally closed outputs were not financially closed in Quantum for more than 12 months. The Office did not provide project closure documentation as required by UNDP procedures.

The Office indicated that four out of the seven projects were not projects, but activities and it did not explain why these were still pending closure.

Below are the three projects that could not be financially closed due to outstanding commitments and missing evaluations:

- Project 131568 (Energy Initiative) had outstanding commitments of \$610,498 and a negative fund balance of \$808,841. The Office indicated that the balance was negative because resources



from the previous corporate system were not transferred into the project in Quantum. The Office made necessary adjustments after the audit fieldwork.

- Project 125533 (Economic and Social Vulnerability) had an active purchase order of \$64,993. After the audit fieldwork, the Office reviewed and adjusted the outstanding commitment. However, the balance was still \$10,565.
- Project 92043 (Early Warning System) ended in 2018 and was jointly implemented with UNEP. The Office stated that they were awaiting UNEP’s final evaluation to close the project.

The audit team found that project closure was delayed due to a lack of oversight of the project monitoring and lack of regular reviews and monitoring of project financial information. Inadequate project monitoring may prevent the achievement of objectives and negatively impact project activities. Inadequate project closure may lead to financial and donor reporting inaccuracies.

The Office indicated that in October 2023, they onboarded a new Monitoring and Evaluation Analyst who would support the programme team. In addition, the Office issued a memorandum reminding programme teams of the project closure requirements; this was done after the audit fieldwork.

Priority	Medium (Important)
Recommendation 4:	
The Office should strengthen project monitoring and closure by:	
<ul style="list-style-type: none"> (a) establishing an output progress verification schedule and ensuring field visits are conducted in line with monitoring and evaluation plans; (b) setting up an oversight mechanism to ensure that all projects are financially closed within 12 months of operational closure and that required closure documentation is kept on file; and (c) following up with UNEP on the pending evaluation to proceed with the closure of the related project. 	
Management action plan:	
The Office takes note that it should strengthen project monitoring and closure and will take the following actions:	
<ul style="list-style-type: none"> - An output progress verification schedule has been developed and a capacity-building training of staff on monitoring is being implemented to ensure field visits are conducted in line with plans. The training will be extended to partners to strengthen output verification monitoring. - A matrix has been developed on the list of projects that have been operationally closed. This matrix will be reviewed on a regular basis at programme meetings to monitor project closure and ensure the required documentation is kept on file electronically. - Weekly reminders will be sent to UNEP for the evaluation report. However, the Office will complete its due diligence and prepare a Note To File highlighting its efforts to secure the evaluation report if not received by the end of 31 January 2024, in order to produce with project closure. 	



Estimated completion date: June 2024

Issue 5 Delayed implementation of spot checks and recommendations

As per the Harmonized Approach to Cash Transfers (HACT) policy, spot checks should be conducted at least once per year for partners that report more than or equal to \$50,000 in actual expenditures in a year. Additionally, the HACT focal point should ensure that planned activities in the assurance plan are completed, and that the plan at the minimum, should be updated semi-annually. Issues identified through assurance activities need to be satisfactorily addressed, and any open assurance activities issues aged more than six months listed in the HACT platform need to be followed up by the Regional Bureau. Furthermore, the Office must document the issues noted from micro assessments conducted, along with the remedial actions envisaged.

The audit team reviewed HACT activities and noted delays in implementing the recommendations, as indicated below:

- The 2022 spot check reports were followed up on and showed that five partners had not implemented recommendations in the micro assessment reports issued between September 2017 and April 2022. In addition, these spot checks resulted in additional recommendations that were not implemented as of September 2023.
- The Office had developed a summary of significant issues and action plans; however, the plans were not executed during the time of the audit.

The issues noted above occurred because the Office had no robust oversight of project and programme activities including regular follow-up on the implementation of recommendations and monitoring of partners' activities.

After audit fieldwork, the Office shared with the audit team a programme monitoring schedule and implementation will be regularly monitored during delivery task force meetings. The audit team will follow up and assess at a later stage, whether the recommendations were effectively implemented.

Priority Medium (Important)
Recommendation 5:
The Office should strengthen HACT processes and reinforce oversight by requesting programme and project personnel to conduct regular reviews throughout the year, to ensure that partners promptly implement recommendations.
Management action plan:
To strengthen the HACT process and reinforce oversight, the Office will take the following actions:



-
- Regular reviews to monitor partner progress in implementing recommendations from spot checks and HACT audits will be conducted by project personnel and monitored in programme meetings.
 - Reinforce capacity building for partners and project personnel on HACT through annual training conducted in the first quarter of each year.

Estimated completion date: June 2024

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.