



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**SOUTH SUDAN**

**Report No. 1016**  
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## Report on the audit of UNDP South Sudan Executive Summary

From 22 August to 11 September 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the UNDP Country Office in South Sudan (the Office). The audit covered the activities of the Office during the period from 1 January 2011 to 30 June 2012. During the period reviewed, the Office recorded programme and management expenditures totalling \$280 million. The last audit of the Office was conducted by OAI in 2010.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

### Audit rating

OAI assessed the Office as **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.”

This rating was mainly due to weaknesses in project oversight, and weaknesses in the application of corporate policies on financial management, procurement, asset management and general administration. Ratings by audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
<b>1. Governance and strategic management</b>				
<b>2. United Nations system coordination</b>				
2.1 Development activities	Satisfactory			
2.2 Resident Coordinator Office	Satisfactory			
2.3 Role of UNDP – “One UN”	Not Applicable			
2.4 Harmonized Approach to Cash Transfers	Satisfactory			
<b>3. Programme activities</b>				
3.1 Programme management	Partially Satisfactory			
3.2 Partnerships and resource mobilization	Satisfactory			
3.3 Project management	Satisfactory			
<b>4. Operations</b>				
4.1 Human resources	Satisfactory			
4.2 Finance	Partially Satisfactory			
4.3 Procurement	Partially Satisfactory			
4.4 Information and communication technology	Satisfactory			
4.5 Asset management & general administration	Unsatisfactory			
4.6 Safety and Security	Satisfactory			

### Key issues and recommendations

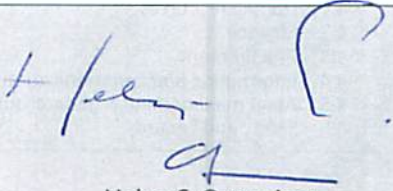
The audit raised 11 issues and resulted in 11 recommendations, of which three (27 percent) were ranked high (critical) priority, meaning “prompt action is required to ensure that UNDP is not exposed to high risks. Failure to

take action could result in major negative consequences for UNDP and may affect the organization at the global level.”

Programme Management (Issue 3)	<u>Low programme delivery.</u> At the end of August 2012, expenditures stood at \$53.5 million, against total resources of \$135 million. There was an unspent balance of \$81.5 million, of which about 40 percent was for contracts that were expected to be liquidated in the last quarter of 2012. The remaining unspent resources related primarily to infrastructure projects, some of which were affected by procurement delays. OAI recommends that the Office: (a) expedite implementation plans for affected projects; and (b) strengthen its procurement capacity in order to address bottlenecks in the procurement process in certain projects.
Finance (Issue 6)	<u>Poor quality of supporting documents.</u> OAI found that 14 vouchers valued at \$956,000 did not have a physical receipt of goods or certification for receipt of services. Furthermore, requests for payments totalling \$1.2 million were processed without evidence showing that Finance Officers verified signatures of requesting officers. In addition, \$337,540 in payments were made to suppliers without original copies of invoices. The Office had also processed payments to contractors based on uncertified copies of Certificates for Work Completion. OAI recommends that the Office enforce standard procedures by ensuring that: (a) payments are processed only when there is proof of goods received or certification of services; (b) the Finance Unit maintains a list of signatures of certifying officers of other United Nations agencies and implementing partners in order to be able to verify requests for payments; (c) payments for goods and services are made exclusively on the basis of original documents; and (d) for civil works, original Certificates for Work Completion are provided for processing payments.
Procurement (Issue 7)	<u>Delays and inefficiencies in procurement.</u> Procurement processes were generally quite labour intensive, as almost 90 percent of goods and services were procured through individual bidding with very limited use of Long Term Agreements. Also, the Procurement Unit did not have adequate capacity, as three key positions were vacant. OAI recommends that the Office improve its procurement activities by: (a) increasing the use of Long Term Agreements to limit individual bidding, where possible; (b) filling the vacant positions to increase the capacity of the Procurement Unit; and (c) reinforcing centralization of all procurement processes in the Office.

### Management's comment and action plan

The Resident Representative accepted all of the recommendations and is in the process of implementing them.



Helge S. Osttveiten  
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