

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP COUNTRY OFFICE

IN

LIBYA

Report No. 1243
Issue Date: 16 April 2014

[REDACTED]

Report on the audit of UNDP Libya Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Libya (the Office) from 11 November to 4 December 2013. 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 and strategic management;
- (b) United Nations system coordination;
- (c) programme activities (programme management, project management, and partnerships and resource mobilization); and
- (d) operations (human resources management, procurement, finance, information and communication technology, and safety and security).

The audit covered the activities of the Office from 1 January 2012 to 30 September 2013. The Office recorded programme and management expenditures totalling \$19 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*.

Overall 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 human resources management, weaknesses in the Contract, Assets and Procurement Committee review, weaknesses in the Disaster Recovery Plan, [REDACTED]. The majority of the reported audit issues relate to 2012 and the first half of 2013. OAI took into account improvements in the Office's internal processes and further enhancement of internal controls in the second half of 2013.

Key recommendations: Total = 8, high priority = 4

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:

Weaknesses in human resources management (Issue 2)	The Office did not have an adequate filing system in place, and was therefore unable to provide documentation to support that recruitment of personnel was carried out on a competitive basis. In addition, there were cases where job descriptions were not signed by staff members, mandatory training courses were not completed and performance assessments were not conducted.
--	---

Recommendation: Improve human resource management by: (a) better organizing personnel files; (b) having staff members sign their job descriptions; (c) requiring all staff to complete the UNDP mandatory training courses; (d) and completing performance assessments for all staff.

Weaknesses relating to Contracts, Assets and Procurement Committee processes (Issue 4)

The Office's Contracts, Assets and Procurement Committee provided inadequate review and advice on procurement actions leading to the award or amendment of procurement contracts. In 10 cases with a value of \$1.2 million, the documentation submitted was incomplete and the Contracts, Assets and Procurement Committee meeting minutes did not demonstrate that the procurements were critically reviewed. There were also cases of post facto review and approval.

Recommendation: Strengthen the standard practices of the Contracts, Assets and Procurement Committee by: (a) ensuring that all required supporting documentation is submitted to the appropriate procurement review committee; (b) improving the review process of the Contracts, Assets and Procurement Committee by documenting its discussions and conclusions, and providing justification for the approval of the procurement cases; and (c) improving the planning and timeliness of submissions to the appropriate committees.

Weaknesses in the Disaster Recovery Plan (Issue 7)

The Office's Disaster Recovery Plan was incomplete and still in draft form. Furthermore, the Plan was missing critical information, and was not tested for adequacy.

Recommendation: Improve the Disaster Recovery Plan by: (a) completing relevant sections in accordance with the template issued by the Office of Information Systems and Technology; (b) sharing the Plan with all relevant staff; and (c) testing it on a regular basis.

[REDACTED]

[REDACTED]

[REDACTED]

Management comments and action plan

The Resident Representative accepted all recommendations in the areas of safety and security, human resources, procurement, information and communication technology, and project management and is in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less impact (not included in this report) have been discussed directly with management and actions have been initiated to address them.

A handwritten signature in blue ink is written over a light gray rectangular background. The signature is cursive and appears to read 'H. S. Osttveiten'.

Helge S. Osttveiten
Director
Office of Audit and Investigations