

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

SUDAN

Report No. 1285

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Report on the audit of UNDP Sudan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Sudan (the Office) from 16 February to 6 March 2014. 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 (organizational structure and delegations of authority, leadership, ethics and values, risk management, planning, monitoring and reporting, financial sustainability);
- (b) United Nations system coordination (development activities, Resident Coordinator Office, Harmonized Approach to Cash Transfers);
- (c) programme activities (programme management, partnerships and resource mobilization, project management); and
- (d) operations (human resources, finance, procurement, information and communication technology, general administration, safety and security, asset management).

The audit covered the activities of the Office from 1 January to 31 December 2013. The Office recorded programme and management expenditures totalling \$148 million. However, the audit did not include expenses funded from the Global Fund to Fight AIDS, Tuberculosis and Malaria amounting to \$55 million, as this was covered in a separate audit (OAI Report No. 1245, 12 March 2014). The last audit of the Office was conducted by OAI in 2012 (OAI Report No. 1070) as a follow-up to the regular audit conducted in 2011.

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 long-outstanding advances not being cleared.

Good practice

The Office developed a Performance Dashboard to improve efficiency, information sharing and better monitoring of overall office performance. The dashboard summarizes key financial and managerial data, sets benchmarks and allows staff to view the office's performance ratings which help them in making office-related decisions.

Key recommendations: Total = 6, high priority = 1

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:

Long-outstanding
advances not cleared
(Issue 4)

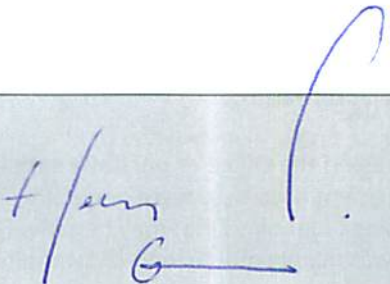
The Office had long-outstanding staff advances amounting to \$0.45 million dating from 2004 to December 2011. Furthermore, project cash advances were not properly approved. The Office made 115 project cash advances during 2013, and experienced delays of up to 571 days in clearing these advances. The Office also experienced delays in clearing advances made to partners, such as NGOs. As at 31 December 2013, such advances amounting to \$4.9 million were outstanding for more than six months. Although the Office cleared \$3.3 million of these advances, approximately \$265,000 was outstanding for between 10 and 27 months and had not been liquidated.

Recommendation: Comply with the 'Programme and Operations Policies and Procedures' pertaining to project cash advances by: (a) clearing advances within seven days after the last day of the project activities, as well as having them approved by the Deputy Country Director (Operations) or more senior managers; and (b) ensuring that advances to NGOs are liquidated in a timely manner. Also, OAI reiterates an unimplemented prior audit recommendation addressing staff advances.

Management comments and action plan

The Resident Representative accepted all of the recommendations 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 significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Ostveiten
Director
Office of Audit and Investigations