



AUDIT

OF

UNDP COUNTRY OFFICE

IN

AFGHANISTAN

GENERAL ADMINISTRATION MANAGEMENT

Report No. 1287
Issue Date: 21 May 2014

Report on the audit of General Administration Management in UNDP Afghanistan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of general administration management in UNDP Afghanistan (the Office) from 16 February to 4 March 2014. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to general services, facilities management, travel and protocol, and transport management which are under the responsibilities of the Administrative Services Unit and Travel and Protocol Unit. The audit excluded asset management even though it is under the responsibility of the Administrative Services Unit, since this was separately audited in November 2013 (OAI Report No. 1261).

The audit covered the activities of the two units from 1 January 2013 to 28 February 2014. The Office recorded programme and management expenditures totalling \$759 million in 2013. The last audit of the Office covering general administration management was conducted by OAI in July 2008 (OAI Report No. 589).

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the general administration management of 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 inefficiencies in general administration management, and weaknesses in managing cost recoveries relating to shared premises, residential accommodation, and transport services.

Key recommendations: Total = 9, high priority = 5

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:

Need to enhance efficiency and utilization of resources in general administration (Issue 1)

The roles and responsibilities of the Heads of the Administrative Services Unit and the Travel and Protocol Unit were not in accordance with their job descriptions. The Administrative Services Manager (a national staff member – NOB) headed the Administrative Services Unit and supervised 87 personnel, managed the Office's premises in Kabul, the Office's assets valued at \$8 million, the Office's transportation with 34 armored vehicles, as well as accommodations. The Administrative Specialist (an international staff member at the P3 level) supervised 43 personnel, managed the Travel and Protocol Unit, the Office's travel arrangements, and the six regional offices. Further, he was discharging only some responsibilities set out in his job description.

Additionally, the Office had hired personnel on service contracts at a monthly cost of \$1,200 to \$1,300 per cleaner for cleaning the Office's premises. However, there was an opportunity to outsource the cleaning services to a local company at a monthly cost of \$260 per person. Furthermore, the seven vehicle mechanics of the Office were underutilized mainly due to the unavailability of spare parts and demand for vehicle repairs.

Recommendation: Continue exploring opportunities for more cost efficient

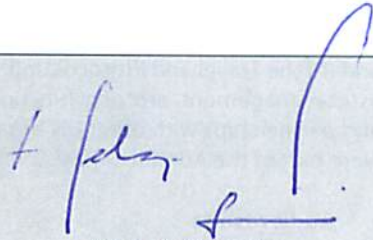
	<p>operations and optimum use of resources in conjunction with the recommended clustering of relevant functions in the Office's operations units.</p>
<p>Inadequate maintenance of documents for recording expenditures and calculating the related cost recoveries (Issue 2)</p>	<p>There was inadequate record keeping in several areas of the Office's general administration. In addition, there was a practice of using outdated pricing and delayed collection of recoverable costs from office and project budgets and from staff members.</p> <p><u>Recommendation:</u> Review and improve the processes for the documentation, recording, calculating, and tracking of cost recoveries from projects and other units of the Office and from staff members and consultants.</p>
<p>Weaknesses in managing operating costs of common premises and services (Issue 3)</p>	<p>The supporting documents to validate the operating costs of common premises and services were incomplete. Additionally, documents provided after the audit fieldwork were not the appropriate documents. The reported total operating expense of \$400,000 in Kabul was not fully substantiated, and a total of \$1 million in two selected regional offices was incomplete. In addition, payment of rental costs for the 3rd and 4th quarters of 2013 totalling \$400,000 for the two regional offices were not paid promptly.</p> <p><u>Recommendation:</u> Strengthen the management, controls, and recovery of operating costs of common premises and services by: (a) ensuring that the basis for the computations of allocations of costs are accurate, fully documented and reviewed by the responsible supervisor; (b) increasing oversight on timely processing of relevant general ledger journal entries for recording costs of common premises and services; and (c) enhancing monitoring of common premises and service costs so that allocations to the projects are based on actual costs incurred and recorded in the proper accounting period.</p>
<p>Weaknesses in managing costs of residential accommodation for staff and consultants (Issue 4)</p>	<p>The Office had been subsidizing the daily accommodation costs of staff and consultants by \$30 per day, on account of residential security costs. In 2013, the Office incurred \$600,000 for this cost but was unable to provide the basis for the calculation and appropriateness of the subsidy rate of \$30 per day.</p> <p>Further, there were delays in recovering these accommodation costs from the staff and the consultants. The Office had sought the assistance of the Office of Human Resources, Copenhagen in deducting the accommodation costs from the staff salaries and issued a revised process flow for efficient tracking of payments. Accordingly, OAI did not make a recommendation in regard to the process of recovering accommodation costs.</p> <p><u>Recommendation:</u> Determine and establish an appropriate security subsidy given to personnel.</p>
<p>Transport service costs not recovered from international personnel (Issue 5)</p>	<p>The Office had been providing transport services on armored vehicles between residential and office premises to all international UNDP personnel since November 2009 and was not recovering these costs from them. Prior to 2009, free transport was also provided to international personnel, but was not limited to armored vehicles. The Administrative Services Unit estimated that the transport costs for these services amounted to \$200,000 in 2013. The Office inquired from Headquarters the basis of this practice of providing free transport. However, the response received did not directly address the issue.</p>

Recommendation: Obtain clear and specific guidance from the Bureau of Management on whether international personnel should be charged for transport services in armored vehicles provided by the Office for commuting between residences and the Office.

Management comments and action plan

The Country Director accepted all of the recommendations in the areas of governance, general services, facilities management, and transport 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 significance (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 positioned above the printed name. The signature is stylized and appears to read 'H. Ostveiten'.

Helge S. Ostveiten
Director
Office of Audit and Investigations