

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

COTE D'IVOIRE

Report No. 1296
Issue Date: 2 May 2014

[REDACTED]

Report on the audit of Côte d'Ivoire Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Côte d'Ivoire (the Office) from 10 to 26 February 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, role of UNDP – “One UN”, 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, leave management, Global Environment Facility).

The audit covered the activities of the Office from 1 January to 31 December 2013. The Office recorded programme and management expenditures totalling \$19.4 million. The last audit of the Office was conducted by OAI in 2012.

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 the selection, negotiation and formulation of the agreement, and financing of the newly rented office building not being in line with policies and procedures.

Good practices

The Office had developed three information systems, namely: (a) Country Office Management Report, (b) Payment Advice Delivery, and (c) Service Tracking System. These systems supplement the corporate systems and assist the Office in tracking its operational performance and in improving its relationship with vendors, UN agencies, and other UNDP projects.

Key recommendations: Total = 9, 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:

Process for renting office building not in line with policies and procedures (Issue 4)

The Office rented a new annex building in December 2013. However, due diligence was not exercised in the search and selection of the new rented building, as the Office did not conduct a needs assessment or analyse cost implications, and did not obtain a commitment from occupants of the old building to take up the cost of the increase in rent as well as the additional operational costs arising from the larger space. The new building that was rented was much larger than the space actually needed, which resulted in increased rent and maintenance costs. In addition, the selection process was not submitted for review by the Contracts, Assets, and Procurement Committee. Furthermore, the lease agreement, which was not in full compliance with the UNDP standard template, was not reviewed and approved by the Legal Support Office. In renting this building, the Office has taken operational, financial and legal risks with no immediate short and long-term viable solution.

Recommendation: Take actions to mitigate the operational, financial and legal risks relating to the newly rented office building by: (a) renegotiating as soon as possible the lease agreement with the assistance of the Legal Support Office, and submitting the revised lease agreement to the Administrative Services Division and the Legal Support Office for review prior to signing; (b) ensuring that all costs incurred in renovating the building for office use are to be borne by the landlord; (c) exploring alternate ways to minimize costs by expediting the negotiation with the two prospective UN agencies as additional partners; and (d) determining whether to renegotiate with the landlord to immediately reduce the current space being rented, or offer the unused space to other entities. As an alternative plan, the Office should consider relocating to other premises.

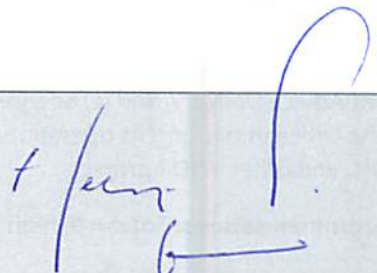
Implementation status of previous OAI audit recommendations: Report No. 882, 1 May 2012.

Total recommendations: 10
Implementation status: 100 percent

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. Osttveiten
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