

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

GUINEA-BISSAU

Report No. 1314

Issue Date: 7 January 2015

(REDACTED)

Report on the audit of UNDP Guinea-Bissau Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Guinea-Bissau (the Office) from 8 to 23 September 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).

The audit covered the activities of the Office from 1 January 2013 to 30 June 2014. The Office recorded programme and management expenditures totalling \$14.3 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 **unsatisfactory**, which means, “Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.” This rating was mainly due to the weak control environment, the lack of oversight of procurement practices, inconsistent vendor selection criteria, and the inadequate management of individual consultants. The rating was also due to numerous findings addressed in medium ranked recommendations. The findings could seriously compromise the Office’s ability to achieve its overall objectives.

Key recommendations: Total = 14 high priority = 4

The 14 recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendations 2, 5); (b) reliability and integrity of financial and operational information (Recommendations 8, 10); (c) effectiveness and efficiency of operations (Recommendations 6, 7, 9, 13); (d) safeguarding of assets (Recommendations 12, 14); and (e) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendations 1, 3, 4, 11).

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:

Weak control environment (Issue 1)

Several challenges, such as delays in addressing issues raised by the Global Staff Survey (i.e. lack of an open and trusting environment, lack of necessary resources for carrying out high quality work, fairness in the treatment of staff, management of conflicts and grievances) and difficulties in filling vacancies (including that of the Deputy Resident Representative-Operations) impacted the Office's ability to adhere to the Internal Control Framework. OAI also noted instances where duties were not adequately segregated and other instances where staff were given access rights in Atlas (the enterprise resource planning system used by UNDP) that were incompatible with their functions, grades or job descriptions.

Recommendation: Strengthen the control environment and conform to UNDP policies and procedures as well as the Internal Control Framework.

Lack of oversight of procurement practices (Issue 9)

Oversight of procurement activities was lacking, resulting in an incomplete procurement plan, the failure to submit procurement cases to the required procurement review committee, inadequate use of online procurement review systems, the inappropriate raising of purchase orders when the related procurement processes were not conducted by the Office, and dealing with a vendor without a contract for services amounting to \$180,000 for three years.

Recommendation: Strengthen procurement oversight and establish a procurement plan, take advantage of Atlas queries to ensure the timely submission of procurement cases to the appropriate review body when defined thresholds are reached, fully use the online system, raise purchase orders only when the selection process is under UNDP's responsibility, and sign contracts for recurring services.

Unclear and inconsistent vendor selection/disqualification criteria (Issue 10)

The evaluation and selection processes for vendors did not meet UNDP requirements in terms of transparency and equity. There were cases of vendors being disqualified without valid reasons and vendors not being given equal opportunity.

Recommendation: Reinforce transparency in procurement by ensuring that the evaluation criteria and processes are established in the bid document, and that vendor disqualifications are fully explained and documented.

Inadequate management of individual consultants (Issue 11)

The direct contracting modality, which involves selection of an individual consultant without a competitive process, was extensively used and consultants were evaluated based on unclear and inconsistent criteria.

Recommendation: Improve the management of individual consultants by: (a) avoiding the use of direct contracting modalities unless exceptional circumstances warrant their use; and (b) ensuring that final selection decisions are substantiated, and any disqualifications from the hiring process are fully documented and explained.

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
Director
Office of Audit and Investigations