

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

GUINEA

Report No. 1738
Issue Date: 6 January 2017

Report on the Audit of UNDP Guinea Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Guinea (the Office) from 19 to 30 September 2016. 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, business continuity, 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 (ICT), general administration, safety and security).

The audit covered the activities of the Office from 1 January 2015 to 31 July 2016. The Office recorded programme and management expenditures of approximately \$48 million. The last audit of the Office was conducted by OAI in 2013.

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 lapses in project monitoring and oversight, and weaknesses in the management of vendor and procurement activities.

Key recommendations: Total = 10, high priority = 4

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1, 2	Medium
	3	High
Reliability and integrity of financial and operational information	4	Medium
	5, 6, 7	High
Safeguarding of assets	10	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	8, 9	Medium

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 according to significance:

Weaknesses in
management of
procurement activities
(Issue 6)

The audit noted weaknesses in the oversight of procurement activities, which included an inadequate procurement plan, purchase orders raised after the delivery of services or products, payment of activities without prior approval of the contract amendment, unjustified direct contracting, and inadequate safekeeping of bidding documents.

Recommendation: The Office should improve controls over procurement processes by: (a) establishing a procurement plan that contains requests for all planned activities at the beginning of the year and updating it regularly; (b) requesting that purchase orders are issued before the service is provided or the product delivered; (c) issuing contracts based on a competitive process and obtaining reference checks before the contract signature and logging receipt of all vendors' offers and adequately locking the box used for the receipt of these offers.

Lapses in project
monitoring and
oversight
(Issue 3)

The review of 9 out of 46 projects managed by the Office in the audit period noted weaknesses, such as the lack of systematic certification of Combined Delivery Reports on a quarterly basis, risk, monitoring and issue logs not systematically completed, gaps in field trip monitoring processes with missing data validation for project indicators, and inadequate monitoring of advances made to nationally implemented (NIM) projects. Specifically, in the case of NIM advances, these were not systematically liquidated within six months as required by UNDP policies. As of the time of the audit fieldwork, five implementing partners had outstanding advances of \$500,000 for more than 10 months.

Recommendation: The Office should improve its project monitoring by: (a) issuing Combined Delivery Reports (summarizing all expenditures) at the end of each quarter and year, signed by UNDP and certified by the designated authorized official of the implementing partner; (b) strengthening project risk management by maintaining issue, monitoring, risk logs and regularly updating their status; and (c) correctly recording and reconciling each NIM advance within six months.

Lapses in vendor
management
(Issue 5)

The review of vendor management identified the absence of oversight and lack of monitoring over vendor creation and file maintenance. Specifically, there were 43 vendors with two identification numbers, 1 vendor with three identification numbers, and 1 vendor with four identification numbers in Atlas. The audit team also noted 41 approved vendors with duplicate bank account numbers in Atlas. Lastly, there were cases where the creation of a vendor account in Atlas was not supported by adequate evidence.

Recommendation: The Office should strengthen controls over vendor management by: (a) systematically verifying its vendor database prior to creating any new vendors in Atlas, and regularly verifying the vendor database in order to timely deactivate all duplicate vendors; and (b) making the completion of vendor forms mandatory and approving new vendors only when all required

documentation has been provided and due diligence verification has been completed in the database.

Weaknesses in
management of
individual contracts
(Issue 7)

The audit noted weaknesses in the selection and contracting processes for 10 individual contract cases reviewed. Specifically, in three cases amounting to \$96,000, \$28,000 and \$51,000, respectively, the Office shortlisted less than three candidates for desk review. For one contract over \$50,000, the Office directly contracted the candidate without demonstrating adherence to UNDP Financial Regulations and Rules on direct contracting. Lastly, for two contracts amounting to \$55,000 and \$32,000, respectively, payments were based on several deliverables. However, management had not established a timeline for each intermediate deliverable that would have served to support the intermediate payments that were made.

Recommendation: The Office should improve individual contract management by: (a) adhering to the sourcing and selection requirements set by the organization's policies and procedures; and (b) establishing milestones for monitoring intermediate deliverables.

Implementation status of previous OAI audit recommendations: Report No. 1146, 20 February 2014.

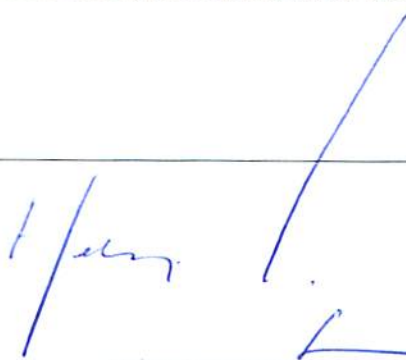
Total recommendations: 9

Implemented: 9

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.



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