

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

SOMALIA

Report No. 1757
Issue Date: 7 April 2017

Report on the Audit of UNDP Somalia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Somalia (the Office) from 6 to 20 February 2017. 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 (leadership, corporate direction, corporate oversight and assurance, corporate external relations and partnership);
- (b) programme (quality assurance process, programme/project design and implementation);
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, and staff and premises security); and
- (d) United Nations leadership and coordination.

The audit covered the activities of the Office from 1 January to 31 December 2016. The audit did not cover the Harmonized Approach to Cash Transfers because the Office was not able to address this due to the still fledgling financial system at the national level. The Office recorded programme and management expenditures of approximately \$95 million in 2016. The last audit of the Office was conducted by OAI in 2014.

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 / some improvement needed**, which means, "The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to inadequate follow-up on financial data exceptions, outstanding contributions for shared services, and inadequate assets and inventory management procedures.

Key recommendations: Total = 7, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are seven medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." These recommendations include actions to address: inadequate follow-up on financial data exceptions; outstanding contributions for shared services; inadequate assets and inventory management procedures; the need to improve adherence to procurement business processes; inadequate controls over vendor data management; weak monitoring systems for development activities, and incomplete staff performance assessments.

The seven medium priority recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendation 7); (b) reliability and integrity of financial and operational information (Recommendation 1); (c) effectiveness and efficiency of operations (Recommendations 4, 5, 6); (d) safeguarding of assets (Recommendation 3); and (e) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 2).

Implementation status of previous OAI audit recommendations: Report No. 1299, 20 June 2014.

Total recommendations: 6

Implemented: 6

Management comments and action plan

The Resident Representative accepted all seven recommendations and is in the process of implementing them. Comments and/or additional information provided have 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, which appears to read 'Helge S. Ostveiten', is written over a rectangular box. The signature is stylized and extends beyond the top and right edges of the box.

Helge S. Ostveiten
Director
Office of Audit and Investigations