

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

CAMEROON

Report No. 1768
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Report on the Audit of UNDP Cameroon Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Cameroon (the Office) from 13 to 24 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, knowledge management);
- (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 2015 to 31 December 2016. The Office recorded programme and management expenditures of approximately \$22 million. The last audits of the Office were conducted by OAI in 2012 (full scope) and 2013 (follow-up audit).

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 / major improvement needed**, which means “The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.” This rating was mainly due to weaknesses in project design and implementation, financial resources management, procurement, and ICT and general administration.

Key recommendations: Total = 11, high priority = 4

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	2	Medium
	3, 5	High
Reliability and integrity of financial and operational information	6, 8	High
Effectiveness and efficiency of operations	9	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	1, 4, 7, 10, 11	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:

Exceptions in project monitoring and implementation (Issue 3)

The selection of three NGOs as grant recipients did not comply with the prescriptions in the 'UNDP Programme and Operations Policies and Procedures'. The selection was conducted by the project team rather than through programming modalities (i.e. review by the Project Appraisal Committee or Project Board). The three selected NGOs only scored 58.5, 34.5 and 30 points, respectively, out of 100 in the combined technical and financial evaluation undertaken by the Office, which meant that they did not meet the minimum requirements. Further, recommendations regarding close monitoring from the capacity assessment for two of the three selected NGOs were not implemented. The audit further reviewed the financial liquidation reports for the period from November 2016 to January 2017 totalling approximately \$42,000 and noted inconsistencies and poor supporting documents, resulting in errors and irregularities. The financial documents were forwarded to the OAI Investigations Section for further guidance.

Recommendation: The Office should strengthen project risk management and monitoring by: (a) selecting NGOs as grant recipients meeting the selection criteria and selecting them through programming modalities (review by Project Appraisal Committee or project board) and (b) enhancing the oversight of project implementation and the oversight mechanism outside the project team by establishing the required decision-making groups.

Weaknesses in financial resources management (Issue 5)

The Office had 44 electronic funds transfer (EFT) payments amounting to \$42,600 that were unreconciled for more than six months, with the oldest dating back to December 2011. The Office had not followed up on these outstanding payments as required by the policies. In addition, the certifying officers and disbursing officers approved payment vouchers for payments where goods or services had not been received or rendered or payee information did not match the supporting documentation in 12 percent of the cases reviewed. An international consultant received an unjustified payment for cost of living expenses amounting to \$1,430. The Office paid, on average, \$10,000 to \$12,000 annually for banking services that were provided for free to other customers of the bank.

Recommendation: The Office should improve financial resource management by: (a) timely following up on unreconciled payments that are older than two months and reviewing the supporting documentation; (b) following up and as necessary recovering the payment amounting to \$1,430 and ensuring that payments are only raised in Atlas upon receipt of goods and services; and (c) negotiating lower transaction fees or exploring alternative and more competitive banking arrangements.

Inadequate management of travel (Issue 6)

In 13 cases of travel (61 percent of sample), only one or two itineraries were considered instead of three as required by the policy, without adequate justification. In other instances, the itinerary chosen was based on the travellers' preferences. In addition, weaknesses were noted with respect to the calculation of Daily Subsistence Allowances, resulting in overpayments to travellers.

Recommendation: The Office should improve travel management by: (a) ensuring that the most direct and economical route is used; (b) correctly calculating and validating the amount of Daily Subsistence Allowance to be paid;

and (c) continuing its efforts in recovering the amount in excess of the allowable travel costs.

Inadequate procurement management processes (Issue 8)

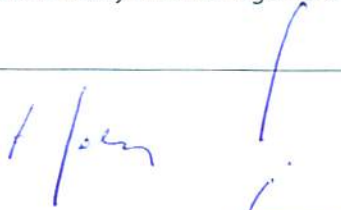
The 2015 and 2016 consolidated procurement plans did not include requisition plans from all project activities. The consolidated plans were not regularly monitored and updated during the year to reflect major changes during the year. The audit noted that 15 vouchers above \$2,500 estimated at \$50,000 were processed in 2015 and 2016 without purchase orders as required by the policy. Further, the Office did not efficiently monitor the cumulative procurement volume to identify vendors who had reached the threshold for submission to the relevant procurement review committee. The cumulative value of the procurement transactions of \$66,176, \$60,809, and \$62,649 for three vendors was not reviewed by the Contracts, Assets and Procurement Committee as required by the policies due to an inefficient monitoring mechanism. Nine procurement cases amounting to approximately \$200,000 were awarded with only one or two vendors competing instead of a minimum of three as required by the UNDP procurement policy. For 84 percent of vendor forms reviewed, there was no evidence that the Office conducted the minimum due diligence before the vendor was approved in Atlas.

Recommendations: The Office should reinforce controls over procurement activities and processes by: (a) establishing a consolidated risk based procurement plan that contains requisitions from all projects at the beginning of the year and regularly updating this plan in order to include major changes during the year; (b) monitoring vendor thresholds so that vendors are reviewed by the responsible procurement committees, and ensuring that a purchase order is raised for all orders above \$2,500; and (c) obtaining a minimum of three offerors and conducting a market analysis to identify vendors known to be specialists and strengthening the vendor screening process in accordance with the organization's procedures.

Management comments and action plan

The Resident Representative a.i accepted all of the 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.



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