

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

BENIN

Report No. 1830

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Report on the audit of UNDP Benin Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Benin (the Office) from 19 to 28 April 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 2016 to 28 February 2017. The Office recorded programme and management expenditures of approximately \$16.5 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 / 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 the management of individual contracts and weaknesses in procurement processes and activities.

Good practice

The Office received, from the UNDP Bureau for Policy and Programme Support, the Silver Gender Award, which denoted good practices in promoting gender equality and the empowerment of women. The achievement was based on an established score of 70 percent, with the Office fulfilling 26 out of 37 benchmarks. It was a significant improvement from the baseline of 54 percent in 2015.

Key recommendations: Total = 10, high priority = 2

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

Weaknesses in management of individual contracts (Issue 7)

The audit found weaknesses in the management of individual contracts, related to inadequate procurement and sourcing of consultants, unjustified direct contracting, inadequate contract management, and weaknesses in the evaluation of candidates.

Recommendation 7: The Office should improve individual contract management by: (a) complying with UNDP policies and procedures for individual contractor recruitment and management that includes changes in sourcing strategy, evaluation of candidates and contracts management based on requirements set by the organization's policies and procedures; (b) establishing mechanisms to strengthen the oversight process over individual contractor management in order to timely spot and mitigate associated risks; and (c) providing appropriate procurement awareness trainings to both the programme and operations staff involved in the recruitment of individual contractors.

Weaknesses in procurement processes and activities (Issue 8)

Several weaknesses were found in the management of procurement processes and activities. These included inadequate vendor management processes, and weaknesses in the management of civil contracts.

Recommendation 8: The Office should strengthen procurement processes and activities by: (a) requiring that UNDP vendor forms are used and that all sections of the forms are completed and signed, and data provided in the vendor forms is verified, and matches the legal supporting documentation provided by the vendors; (b) improving contract terms and, as necessary, enforcing penalties when terms are breached; and (c) capturing the entirety of contract value when purchase orders are raised.

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 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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