

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



*Empowered lives.
Resilient nations.*

AUDIT

OF

UNDP COUNTRY OFFICE

IN

COMOROS

Report No. 1880

Issue Date: 11 August 2017

**Report on the Audit of UNDP Comoros
Executive Summary**

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Comoros (the Office) from 15 to 26 May 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 31 March 2017. The Office recorded programme and management expenditures of approximately \$11.6 million. The last audit of the Office was conducted by OAI in June 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 / 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 weaknesses in procurement.

Key recommendations: Total = 7; high priority = 1

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1, 2	Medium
Efficiency and effectiveness of operations	4	Medium
	5	High
Compliance with legislative mandates, regulations and rules, policies and procedures	3, 6, 7	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. The high (critical) priority recommendation is presented below:

Inadequate procurement management processes (Issue 5)

The review of 24 procurement transactions totaling \$ 1.2 million identified weaknesses in procurement management, which included lapses in procurement planning, ineffective sourcing of vendors, lapses in the processing of cases for submission to the Contracts, Assets and Procurement Committee, and duplicate vendor accounts.

Recommendation: The Office should strengthen the effectiveness and efficiency of its procurement function by: (a) drafting a consolidated procurement plan timely to develop relevant procurement and sourcing strategies incorporating known challenges and barriers in the local markets, and regularly updating the consolidated procurement plan to reflect major changes during the year; (b) processing all procurement cases above the Office normal delegation of authority through the online procurement management tool (ACP Online); and ensuring that Contract Asset and Procurement committee recommendations are fully substantiated; and (c) completing all areas of the vendor forms when creating vendors, and ensuring adequate supporting documents are maintained on file and ensuring that vendor forms are only signed by authorized persons.

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.

Low risk issues (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