

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

CHAD

Report No. 1886
Issue Date: 5 October 2017

Report on the Audit of UNDP Chad Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Chad (the Office) from 10 to 25 July 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 30 April 2017. The Office recorded programme and management expenditures of approximately \$23.2 million¹. 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 / major improvement needed**, which means that “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 internal control weaknesses noted in programme and asset management.

Key recommendation(s): Total = 10, high priority = 3

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	5, 7	Medium
Safeguarding of assets	8 6	High Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2, 3 9, 10	High Medium

¹ The total expenditure incurred by the Office for the audit period amounted to \$53,564,006. This figure includes expenditure pertaining to Global Fund activities under fund code 30078 that were not under the scope of this audit.

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 project monitoring and oversight (Issue 2)

Five out of 21 active projects, representing 24 percent of the total portfolio, had not been quality assured as of June 2017, whereas the comprehensive quality assurance of all projects was due by end of February 2017. Of the 16 projects that had been quality assured, none had been assessed as satisfactory; 10 (62 percent) were assessed as inadequate, whereas six (38 percent) were assessed as in need for improvement. Risk logs were neither exhaustive nor updated to consider changing risks faced for three out of five projects. The audit noted overcharging of expenses to the Project 'Human Security Trust Fund' for 2016 and 2017, amounting to \$53,000.

Recommendation: The Office should improve project monitoring and oversight by: (a) timely completing the annual project quality assurance and addressing any identified gaps; (b) periodically updating the risk register; and (c) instituting oversight over project expenditures to avoid overcharging.

Inadequate oversight of Non-Governmental Organisations as Micro Capital Grant recipients (Issue 3)

The Elections project engaged ten non-governmental organizations and advanced grants amounting to \$406,000. No micro-assessments were made to determine risk thresholds prior to making the advances for two of these organizations that received grants above the threshold of \$50,000. The audit validated six of the ten grants and noted that some of the transactions therein were not properly justified, as the supporting documentation submitted by four of the six non-governmental organizations related to the Election project, were not adequately reliable and sufficient, to substantiate the expenses incurred.

Recommendation: The Office should enhance oversight on micro-capital grant recipients by conducting micro-assessments prior to disbursing funds and closely monitoring recipients assessed as high risk.

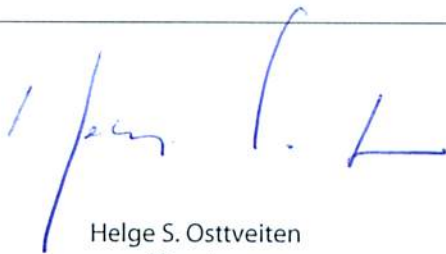
Weaknesses in assets management (Issue 8)

The audit determined that the number of vehicles used and controlled by the Office did not reconcile with the number recorded in either the Atlas asset registry, or the number reported in the certified annual physical year-end count. Moreover, at the time of the audit, no asset tagging was performed for both capitalized and non-capitalized assets.

Recommendation: The Office should strengthen asset management by: (a) developing a comprehensive list of all assets owned by the Office and reconciling it to the Atlas records, together with any necessary adjustments for obsolete and/or disposed assets on a timely basis; (b) providing to the Asset Management Team / committee adequate training on UNDP policies related to the asset management process; and (c) properly tagging all assets and enforcing project managers' accountability in periodically certifying and reporting on assets under their control.

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. Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



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