



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**JORDAN**

**Report No. 1887**

**Issue Date: 15 December 2017**

## Report on the Audit of UNDP Jordan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Jordan (the Office) from 10 to 21 September 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 June 2017. The Office recorded programme and management expenditures of approximately \$37.8 million. The last audit of the Office was conducted by OAI in March 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 improvements 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 weaknesses identified in project initiation, and weak oversight in processing payments.

**Key recommendations:** Total = 11 high priority = 2

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1, 2	Medium
Efficiency and effectiveness of operations	3, 4 8, 9	High Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	5, 6, 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. The high (critical) priority recommendations are presented below:

Weaknesses in project initiation (Issue 3)

The review of four sampled projects disclosed weaknesses when initiating those projects. Specifically, no Local Project Appraisal Committee (LPAC) meetings were held for three projects, and no project documents were prepared or signed with the Government. The Office did not also provide evidence of approval to implement three projects under the direct implementation modality and operating under a fast track procedure. There was no evidence provided that assessments of the implementing partners or responsible parties were conducted.

Recommendation: The Office should improve project initiation by (a) holding LPAC meetings for new projects before project implementation; (b) obtaining prior authorization from the Regional Bureau when directly implementing projects and operating under fast track procedures; and (c) conducting capacity assessment of implementing partners prior to implementing project activities.

Weak oversight in processing payments (Issue 4)

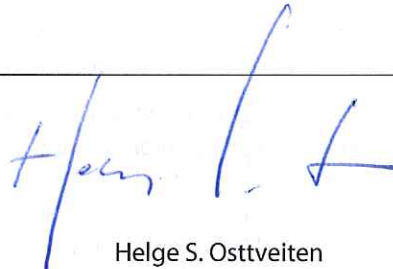
OAI reviewed payments processed in Atlas and noted the following issues: (a) payments totaling \$520,000 were processed before the receipt of goods and services; (b) four payment vouchers amounting to \$385,000 were charged to the wrong chart of accounts or project number; and (c) payments totaling \$1.7 million to five Non-Governmental Organizations were recorded as expenses instead of being recorded as advances in Atlas.

Recommendation: The Office should strengthen its oversight in processing payments by (a) raising account payable vouchers in Atlas only upon receipt of goods and services and the presentation of a vendor invoices; (b) providing training to staff and establishing standard operating procedures to reduce the level of errors in recording payments; and (c) recording payments made to Non-Governmental Organizations under the Host Community Project, as an advance in Atlas (the enterprise resource management system of UNDP).

### Management comments and action plan

The Resident Representative accepted all 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  
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