

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

SOUTH SUDAN

Report No. 1910
Issue Date: 19 April 2018

Report on the Audit of UNDP South Sudan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP South Sudan from 13 to 28 February 2018. 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 to 31 December 2017. The Office recorded programme and management expenses of approximately \$86.9 million. The last audit of the Office was conducted by OAI in 2015.

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 noted in project oversight.

Key recommendations: Total = 2, high priority = 1

The two recommendations aim to ensure the following: (a) achievement of the organization’s strategic objectives (Recommendation 1, medium priority); and (b) reliability and integrity of financial and operational information (Recommendation 2, high priority).

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:

Weak project oversight (Issue 2)	<p>From a sample of five projects reviewed with a total expenditure of \$29.8 million and representing 37 percent of project expenditure in 2017, the audit team noted that there was no proof that three of the projects had been appraised and approved.</p> <p>The audit team also noted additional weaknesses related to a project funded by the Common Humanitarian Fund, such as: (i) inadequate controls over long</p>
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outstanding advances; (ii) inconsistent follow-up on quarterly reporting; (iii) no indication of the minimum threshold utilization that non-governmental organizations (NGOs) must reach before being eligible for the next advance under the project; (iv) lack of monitoring of subcontracting; and (v) inconsistent certification and verification of Funding Authorization and Certification of Expenditure (FACE) forms.

Recommendation: The Office should improve project oversight and address the Common Humanitarian Fund project weaknesses by: (a) ensuring projects are appraised and approved before implementation is started; (b) following up on long outstanding advances and enforcing reporting requirements on NGOs, including amendments to address gaps in the current Project Partnership Agreement with regards to minimum threshold requirements and monitoring of subcontracting; and (c) developing a standard operating procedure that will ensure effective and consistent checks on FACE forms/financial reports received from NGOs.

Implementation status of previous OAI audit recommendations: Report No. 1433, 5 June 2015.

Total recommendations: 4

Implemented: 4

Management comments and action plan

The Resident Representative accepted both 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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