



AUDIT

OF

UNDP COUNTRY OFFICE

IN

MOROCCO

Report No. 1927

Issue Date: 1 February 2019

Report on the Audit of UNDP Morocco Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Morocco (the Office) from 19 to 30 November 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 2017 to 30 September 2018. The Office recorded programme and management expenses of approximately \$25.1 million. The last OAI audit of the Office took place in 2013.

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 oversight and financial management, exceptions with bank reconciliations, and lapses in the monitoring of cash transfers to implementing partners.

Key recommendations: Total = **10**, high priority = **3**

The 10 recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	7	High
	2, 3, 4, 5	Medium
Effectiveness and efficiency of operations	1, 6	Medium
Safeguarding of assets	8, 9	High
	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 oversight and financial management (Issue 7)	The audit uncovered the following exceptions in oversight and financial management: incorrect use of the Chart of Accounts, delays in submitting reports to donors, and instances of value added tax (VAT) either not recorded or not recovered.
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Recommendation: The Office should strengthen the management of financial resources by: (a) enforcing oversight and controls from the Operations Unit to limit errors and promoting the correct use of the Chart of Accounts through regular trainings; (b) developing a tracking system to monitor timely submission of reports due to donors; and (c) liaising with local authorities for the full recovery of outstanding VAT.

Exceptions in bank reconciliations
(Issue 8)

The review of the bank reconciliations disclosed unexplained differences between the cashbook in Atlas (enterprise resource planning system of UNDP) and bank statements, as well as long-unreconciled items dating back to 2016.

Recommendation: The Office should strengthen its bank reconciliation system by: (a) finalizing the analysis of unexplained differences noted in bank reconciliations and taking corrective actions; (b) reviewing long-outstanding unreconciled items; and (c) following up with the technical support team to resolve the technical issue as soon as possible.

Lapses in the monitoring of cash transfer to implementing partners
(Issue 9)

The following exceptions were noted in the monitoring of cash transfers to implementing partners: advances were neither adequately monitored nor timely justified; the direct payment modality was incorrectly used; and the Funding Authorization and Certification of Expenditures (FACE) forms were incomplete.

Recommendation: The Office should enhance the cash transfer modality by: (a) ensuring that transfers to implementing partners adhere to the 'UNDP Programme and Operations Policies and Procedures'; and (b) verifying that disbursements are timely justified and supported with proper documentation.

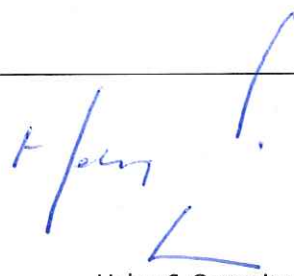
Implementation status of previous OAI audit recommendations: Report No. 1141, 30 August 2013.

Total recommendations: 6
Implemented: 6

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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