

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UNDP COUNTRY OFFICE

IN

TRINIDAD AND TOBAGO

Report No. 1954
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Report on the Audit of UNDP Trinidad and Tobago Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Trinidad and Tobago from 11 to 22 June 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 31 March 2018. The Office recorded programme and management expenses of approximately \$9.9 million. The last audit of the Office was conducted by OAI in 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." The rating was due to weaknesses in the payment process.

Key recommendations: Total = 5, high priority = 1

The five recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	Medium
Reliability and integrity of financial and operational information	3	High
Effectiveness and efficiency of operations	4	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2, 5	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:

Weaknesses in payment
process (Issue 3)

In the absence of an online transmission option from Atlas and the bank for making payments, the Office utilized an E-banking web application from a local bank to make disbursements online. There were internal control weaknesses and non-compliance issues noted, such as: (a) The procedure for the use of the E-banking web application was not documented through a standard operating procedure. It was also not reviewed and cleared by Treasury. Further, the agreement with the local bank for the E-banking services had not been cleared by the Legal Office. (b) Since the E-banking web application allowed for vendor creation, there could be differences with vendor profiles in Atlas (enterprise resource planning system of UNDP). Further, vendors were created by staff members within the Finance Unit without requiring any approval, which was not in line with the Internal Control Framework. (c) The Office did not match payment information from Atlas against the information entered into the E-banking web application prior to the disbursement of funds. The control was carried out on a post-facto basis in the preparation of the bank reconciliation.

Recommendation: The Office should enhance its payment process by: (a) establishing a standard operating procedure for using the E-banking web application that is reviewed and cleared by Treasury; and ensuring that the agreement with the bank covering the use of the E-banking service and conditions is cleared by the Legal Office; (b) developing an automated application to transmit payment information from Atlas to the E-banking web application to eliminate the manual data entry, including reviewing the administrator roles of the E-banking web application; and (c) when using the web application, comparing Atlas payment information with the E-banking web application information before approving payments to release funds.

Management comments and action plan

The Resident Coordinator/Resident Representative accepted all five 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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