



AUDIT

OF

UNDP COUNTRY OFFICE

IN

TOGO

Report No. 2092

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Report on the Audit of UNDP Togo Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Togo (the Office) from 17 to 28 June 2019. 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); and
- (c) operations (financial resources management, ICT and general administrative management, procurement, human resources management, HACT, and staff and premises security)

The audit covered the activities of the Office from 1 January 2018 to 31 March 2019. The Office recorded programme and management expenses of approximately \$28.7 million. The last OAI audit of the Office took place 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/major improvement needed**, which means “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 in monitoring and capacity, challenges with resource mobilization, lapses in procurement management, and weaknesses in the management and control over cash advances.

Key recommendations: Total = 9, high priority = 4

The nine recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	Medium
	3	High
Effectiveness and efficiency of operations	2, 5	High
	4	Medium
Safeguarding of assets	8	High
Compliance with legislative mandates, regulations and rules, policies and procedures	6, 7, 9	Medium

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to act could result in major negative consequences for UNDP. All high (critical) priority recommendations are presented below:

Weaknesses in monitoring and capacity (Issue 2)

The audit disclosed the following weaknesses relating to monitoring and capacity:

- The Office scored low in the 2017 Partnership Survey of the Regional Bureau for Africa. However, there was no action plan to remedy the weaknesses uncovered and monitor them.
- Following the Project Quality Assurance review, the Office did not develop an action plan to correct the weaknesses noted.
- In the 2019 Integrated Monitoring and Evaluation Plan, project board meetings were not scheduled for the governance portfolio and the reporting plan was related to two projects only, and not to the entire portfolio.
- The Office's delivery during the period under audit was low. As of 31 December 2018, delivery was at 24.6 percent of the total budget. At the end of the fieldwork, delivery against available resources and budget was at 17.2 percent.
- The following six positions were vacant: operations manager, procurement associate, driver, and three experts for the Strategic and Political Unit.

Recommendation 2: The Office should: (a) reinforce monitoring and capacity by systematically formalizing action plans to tackle significant issues; and (b) increase its delivery rate by finalizing ongoing recruitments and assessing the capacities at the local level and drafting a strategy including actions plans to reinforce capacity at the local level.

Challenges in resource mobilization (Issue 3)

The audit disclosed the following weaknesses related to resource mobilization:

- The resource mobilization strategy for the current cycle (2019–2023) and its related action plan had not been finalized.
- The Office was increasingly dependent on core funds. As at 31 December 2018, the resources available for the Office were made up of core resources (34 percent), and local cost sharing related to the Emergency Community Development Programme (45 percent). As of May 2019, the Office had increased its reliance on core resources (59 percent) while local cost sharing had decreased (18 percent).
- The Office's pipeline was composed of 10 projects: 4 were classified as Class B (potential project) for a total amount of \$16.1 million and 6 as Class C (initial ideas) amounting to \$34.6 million. None were under Class A (interventions with secured funding and implementation capacity ready to be launched).

Recommendation 3: The Office should secure funds aligned to its commitments in the Country Programme Document by: (a) finalizing and operationalizing its resource mobilization strategy and securing funds to deliver on its commitments; and (b) aligning the Country Programme Document to the available resources.

Lapses in procurement management (Issue 5)

The following weaknesses were noted as part of the review of procurement activities:

- The 2018 and 2019 consolidated procurement plans had not been updated on a regular basis to reflect changes.
- As of 31 May 2019, 229 purchase order lines with an average past due date of 386 days were yet to be received and paid.
- The Office did not put in place an oversight and monitoring system to support the management of contracts. In six cases valued at \$405,840, the Office amended contracts that had already expired.
- In three instances, procurement processes were conducted by programme staff without delegation of authority and without the appropriate skills to do so.
- In 8 out of the 38 reviewed cases amounting to \$190,000, supporting documents of the selection process were not attached to the purchase order.

Recommendation 5: The Office should adhere to the UNDP procurement principles and all relevant policies by: (a) regularly updating the procurement plan in order to include major changes during the year; (b) processing procurement activities by qualified staff members as well as implementing a proper archiving system for easy retrieval of supporting documentation; and (c) reinforcing oversight mechanisms to ensure that contracts are amended before they expire, and that outstanding purchase order lines are regularly reviewed.

Weaknesses in the monitoring and control of cash transfers to implementing partners (Issue 8)

The audit disclosed the following weaknesses relating to the monitoring and control of cash advances:

- Two staff members approved 76 vouchers for cash advances for \$503,915 even though they did not have the authority to do so. In addition, the Office did not comply with the cash advance policies stipulating that new requests for advances can only be approved if at least 80 percent of the previous advance has been justified.
- Cash transfer transactions were not correctly recorded.
- There were delays in the justification of advances.

Recommendation 8: The Office should improve the management and control of cash transfers to implementing partners by approving and recording cash transfers in compliance with UNDP policies.

Implementation status of previous OAI audit recommendations: Report No. 1496, 17 December 2015.

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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