Audit

Of

The UNDP Joint Office

In

Cabo Verde

Report No. 2093

Issue Date: 17 January 2020
Report on the Audit of the Joint Office in Cabo Verde  
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the Joint Office in Cabo Verde (the Office) from 18 to 29 November 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);

(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.¹

The audit covered the activities of the Office from 1 January 2018 to 30 September 2019. The Office recorded programme and management expenses of approximately $14.8 million. The last 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 financial obligations relating to a UNDP house, and inadequate procurement management processes.

Key recommendations: Total = 11, high priority = 2

The 11 recommendations aim to ensure the following:

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<tr>
<th>Objectives</th>
<th>Recommendation No.</th>
<th>Priority Rating</th>
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<tbody>
<tr>
<td>Achievement of the organization’s strategic objectives</td>
<td>1, 2, 3, 6</td>
<td>Medium</td>
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<tr>
<td>Effectiveness and efficiency of operations</td>
<td>4, 5, 10</td>
<td>Medium</td>
</tr>
<tr>
<td>Safeguarding of assets</td>
<td>8</td>
<td>High</td>
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<tr>
<td>Compliance with legislative mandates, regulations and rules, policies and procedures</td>
<td>7</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>9, 11</td>
<td>Medium</td>
</tr>
</tbody>
</table>

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. Both high (critical) priority recommendations are presented below:

¹ This audit covered the activities under this area only for 2018.
In March 1989, an agreement was signed between UNDP and the Government on housing for UNDP personnel. In 1992–1993, UNDP built a house on this land to be used by the Resident Representative/Resident Coordinator. Despite the house being vacant since February 2018, the Office was still required to pay for security costs (around $15,600 per year). Furthermore, in the absence of rental income, UNDP was unable to repay the loan from Headquarters and hence recover the investment.

**Recommendation:** The Office should, in coordination with the Regional Bureau for Africa and the Bureau for Management Services, identify a solution for the UNDP house to be occupied and prevent further deterioration.

A number of issues were identified within procurement management, including: deficiencies within procurement planning; lack of clear accountability within contract management; weaknesses within the formulation contract specifications; lapses in the timing of the raising of requisitions and purchases and purchase orders; and unnecessary use of the direct contracting modality.

**Recommendation:** The Office should prepare a comprehensive procurement plan and ensure that requisitions are created at the inception of the procurement process, and purchase orders are approved following the selection of the vendor; and that direct contracting is only used when adequately justified in accordance with the policy.

**Management comments and action plan**

The Joint Office Manager a.i and the Director of the Regional Bureau for Africa accepted all of the recommendations and are 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.