



**AUDIT**

**OF**

**UNDP PACIFIC OFFICE**

**IN**

**FIJI**

**Report No. 2238**  
**Issue Date: 21 July 2020**

## Report on the Audit of UNDP Pacific Office in Fiji Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UNDP Pacific Office in Fiji (the Office) from 18 May to 3 June 2020. 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
- (b) Development activities
- (c) Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

OAI designed six performance audit questions to guide the review of the following areas and sub-areas:

- (a) Governance
  - (i) Was the Office's organizational structure appropriately designed to carry out its mandate, including oversight of projects implemented?
- (b) Development Activities
  - (i) Was programme monitoring undertaken effectively?
- (c) Procurement
  - (i) Were procurement transactions being completed in a timely manner?
  - (ii) Was the Office adequately leveraging economies of scale in its procurement processes?
- (d) Financial Management
  - (i) Were payments to vendors processed in a timely manner?
- (e) General Administration
  - (i) Were travel services (airline tickets) being procured at economical values (in line with a Long Term Agreement signed with a travel services provider)?

The audit covered the activities of the Office from 1 January 2019 to 30 April 2020. The Office recorded programme and management expenses of approximately \$57 million. The last audit of the Office was conducted by OAI in 2017.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Due to the COVID-19 pandemic, the audit was conducted remotely. Scope limitations due to the nature of the remote audit related to the following activities:

- (a) A review of original supporting documentation could not be carried out, and therefore the audit team relied on scanned copies of documents provided by the Office for all audit areas reviewed.
- (b) Meetings with Office staff and personnel were carried out virtually, which limited the audit team's understanding of the Office's working environment.
- (c) Project visits (location, site visits, meeting with counterparts/beneficiaries) were not conducted.
- (d) A physical verification of assets was not performed, although photo images of sampled assets were shared.
- (e) Safe contents and petty cash were not verified.

- (f) The information communication and technology area was not reviewed on-site although video images were shared.

### Overall audit rating

OAI assessed the Office's performance 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 gaps in Country Programme governance and oversight.

**Key recommendations:** Total = **3**, high priority = **1**

The three recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	2	High
Compliance with legislative mandates, regulations and rules, policies and procedures	1, 3	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:

Gaps in Country Programme governance and oversight (Issue 2)

The Office's 2018–2022 Sub-Regional Programme Document for the Pacific Island Countries and Territories comprised a combined Country Programme for the 14 Pacific Island Countries. The Sub-Regional Programme Document, however, did not specify the outputs to be delivered by each of the 14 countries implementing the Sub-Regional Programme. This resulted in various gaps in governance and oversight of the overall Country Programme:

(a) Unclear budget allocation structure:

As the Sub-Regional Programme Document covered two UNDP Offices, the Office and the Multi-Country Office in Samoa, the Office prepared a consolidated annual delivery figures for the period 2020 – 2022 for both Offices without breaking down the amount of delivery attributed to each Office. In addition, the Sub-Regional Programme Document did not indicate the specific outputs and budgets attributed to the Office and the Multi-Country Office in Samoa, and therefore, it was not possible to determine the individual target of the Country Programme budget for the Office.

(b) Absence of a programme board:

The Office had not instituted a programme board to monitor the Sub-Regional Programme Document. In the absence of a programme board, the

Office relied on individual project boards to provide oversight; however, these were focused on specific projects and not on the overall outcome-level programme. Further, as the Sub-Regional Programme targets were not linked to individual countries, this created progress reporting challenges, specifically for the Results Oriented Annual Report.

(c) Inadequate programme oversight:

Senior management programme oversight was not consistent; only two programme oversight meetings were held, in March and July 2019, despite the risks identified and recent local and global factors affecting programme implementation.

Recommendation: The Office should enhance its programming and oversight mechanisms by: (a) ensuring all new regional programmes include, to the extent possible, estimated budget allocations and expected results by the country implementing the programme, which will also address reporting challenges; (b) establishing an annual programme review process; and (c) establishing regular programme monitoring meetings by senior management to ensure emerging risks and issues are identified and addressed in a timely manner.

**Implementation status of previous OAI audit recommendations:** Report No. 1877, 26 July 2017.

Total recommendations: 10

Implemented: 9

Withdrawn: 1

**Management comments and action plan**

The Resident Representative accepted all three 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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