



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**CENTRAL AFRICAN REPUBLIC**

**Report No. 2291**  
**Issue Date: 23 April 2021**

## Report on the Audit of UNDP Central African Republic Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Central African Republic (the Office) from 1 to 17 March 2021. 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)

The audit covered the activities of the Office from 1 January 2020 to 31 December 2020. The Office recorded programme and management expenses of approximately \$77 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.
- (e) Safe and petty cash contents were not verified.
- (f) The information communication and technology area was not reviewed on-site.

### Overall audit rating

OAI assessed the Office's performance as **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."

**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, 3	Medium
Effectiveness and efficiency of operations	4	Medium
Compliance with legislative mandates, regulations and rules, policies, and procedures	2	High
	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:

Lapses in the implementation of the Harmonized Approach to Cash Transfers (Issue 2)	<p>From its review of the implementation of the Harmonized Approach to Cash Transfers (HACT), the audit team noted the following:</p> <ul style="list-style-type: none"><li>- Weak management of the HACT audits of responsible parties supporting project implementation;</li><li>- Incorrect cash transfer modality used when transferring funds to partners.</li></ul> <p><u>Recommendation:</u> The Office should adhere to the requirements of the HACT Framework by: (a) strengthening its financial monitoring over implementing partners; and (b) applying the cash transfer modality in line with the implementing partners' adjusted risk rating.</p>
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### Management comments and action plan

The Resident Representative accepted the 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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