



AUDIT

OF

UNDP COUNTRY OFFICE

IN

THE CONGO

Report No. 2292
Issue Date: 17 August 2021

Report on the Audit of UNDP Congo Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Congo (the Office) from 7 to 18 June 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 March 2021. The Office recorded programme and management expenses of approximately \$7.13 million. The last audit of the Office was conducted by OAI in 2016.

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 **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 the implementation of the Harmonized Approach to Cash Transfers (HACT), weaknesses in project management, and weaknesses in procurement.

Key recommendations: Total = 5, high priority = 3

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	2, 3	High
	1, 5	Medium
Safeguarding of assets	4	High

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

Weaknesses in implementation of Harmonized Approach to Cash Transfers (HACT) (issue 2)

The audit disclosed the following weaknesses with HACT implementation: weaknesses in the monitoring of quality assurance activities; inadequate follow-up of outstanding recommendations, inadequate reporting of implemented activities due to incorrect recording of transactions; and weaknesses in the completion of 'Funding Authorization and Certificate of Expenditure' (FACE) forms related to direct payments.

Recommendation: The Office should improve the management of HACT by: (a) implementing the planned HACT quality assurance activities in line with UNDP policies; (b) following up on outstanding recommendations relating to implementing partners; and (c) reinforcing the oversight of direct payments, cash transfers for implementing partners, and correct use of FACE forms in line with UNDP policies.

Weaknesses within project management (issue 3)

The audit disclosed the following weaknesses within project management: incomplete project design; incomplete project monitoring; and delays in Global Environment Facility (GEF) project implementation.

Recommendation: To strengthen project management, the Office should: (a) prior to project inception, ensure project documents include project objectives, results and resources framework, annual work plans and social and environmental screening; (b) ensure project reports include progress information and a risk analysis, and that the Atlas project module is updated; and (c) address internal and external capacity issues for projects funded by the GEF.

Weaknesses within procurement (issue 4)

The following weaknesses were noted in procurement: weaknesses in planning; weaknesses in the oversight of procurement activities and contract management; and ineffective monitoring of purchase orders.

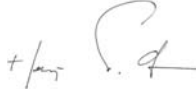
Recommendation: The Office should enhance oversight and performance over procurement processes by: (a) preparing a consolidated procurement plan and ensuring applicable procurement processes are initiated with a requisition in Atlas; (b) reinforcing oversight on procurement activities including creation of purchase orders when funding is available; and (c) ensuring that contracts are correctly monitored and renewed prior to the expiration date.

Management comments and action plan

The Resident Representative accepted all 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.

 Helge Osttveiten
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