

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT

OF

UNDP COUNTRY OFFICE

IN

MALI

Report No. 2296
Issue Date: 17 December 2021

Report on the Audit of UNDP Mali Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Mali (the Office) from 27 September to 8 October 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 July 2020 to 31 July 2021. The Office recorded programme and management expenses of approximately \$35.48 million. The last audit of the Office was conducted by OAI in 2019.

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 contents and petty cash 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.” This rating was mainly due to weaknesses in governance, development activities, procurement, and finance.

Key recommendations: Total = 4, high priority = 2

The four recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	High
	4	Medium
Effectiveness and efficiency of operations	2	High
Compliance with legislative mandates, regulations and rules, policies and procedures	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:

Low generation of General Management Services (GMS) income (Issue 1)

As of the beginning of December 2021, only \$1 million of GMS had been generated, showing a consistent decrease from \$1.28 million in 2020 and \$1.67 million in 2019. The lower GMS income generation resulted from a relatively low programme delivery. In addition, the GMS target of \$2 million for 2021 was overestimated, as only half of the target had been met. This was a recurring issue as the GMS targets for 2020 and 2019 were not met either, achieving respectively 72 and 77 percent, even when the programme delivery for those years were satisfactory.

Recommendation: The Office should improve General Management Services (GMS) income generation and the assessment of its performance by: a) implementing the delivery acceleration measures for 2021, and streamlining them for 2022 to avoid the situation from re-occurring; and b) setting realistic GMS targets in line with expected delivery.

Cash advances incorrectly recorded as expenditures (Issue 2)

During the audit period, a responsible party agreement in the amount of \$4.9 million incorrectly was recorded as a low value grant. Disbursements made through cash transfers to the responsible party were incorrectly recorded as expenditures instead of advances. As such, FACE forms were not used to request a cash transfer and to justify expenses. No evidence of financial and programmatic reporting was provided to the audit team.

Recommendation: The Office should strengthen its monitoring of responsible party agreements by: (a) recording cash transfers to responsible parties as advances; (b) ensuring the use of FACE forms when requesting and liquidating advances; and (c) closely monitoring implementation of activities through financial and programmatic reporting.

Implementation status of previous OAI audit recommendations: Report No. 2090, 6 August 2019.

Total recommendations: 9

Implemented: 9

Management comments and action plan

The Resident Representative accepted all four 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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