



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**KENYA**

**Report No. 2300**  
**Issue Date: 28 January 2022**

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## Report on the Audit of UNDP Kenya Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Kenya (the Office) from 2 to 26 November 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).

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

### Development activities

- 1. Are development results being achieved effectively and are results monitored based on pre-defined monitoring frameworks?
- 2. Are development results being achieved in accordance with the planned budget and timeframe?

### Procurement

- 3. Did procurement processes result in the contracting of required services and products (effectiveness) in a timely manner (efficiency), ensuring best value for money (economy)?
- 4. Were procurement processes conducted with fairness and transparency?

### Finance

- 5. Were financial transactions processed timely and accurately?

### Human resources

- 6. Were human resource activities conducted effectively?

The audit covered the activities of the Office from 1 January 2020 to 30 September 2021. The Office recorded programme and management expenses of approximately \$39.2 million. The last audit of the Office was conducted by OAI in 2018.

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 project management.

### Good practice

The Office launched a transformation initiative called “CO-RESET”, which has delivered a holistic and transformational working environment and internal change by bringing Office staff together to strengthen performance and accountability to address programmatic and operational issues (refer to page 2 for details.)

**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	1	Medium
	2	High
Effectiveness and efficiency of operations	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:

Weak project management  
(Issue 2)

The following weaknesses in project management were noted (four projects sampled):

- (a) Lack of definition and measurement of the government in-kind contributions (two cases / both GEF projects),
- (b) Missing baseline information in two out of three outputs (one case / GEF project) and lack of an exit strategy and sustainability plan (one case)
- (c) There were delays, ranging from 6 months to 1 year, in the start of the implementation of the four sampled projects.
- (d) There was inadequate monitoring of project progress in achieving programme results in all four projects.
- (e) Data collection was conducted at the project activity level; however, the data was not linked to project outcomes, and thus, it was unclear how the results at the project and programme levels were measured.

**Recommendation:** The Office should improve project management by: (a) defining the in-kind contributions and establishing a system for their measurement; (b) establishing project baselines, exit strategies and sustainability plans in the project documents; (c) improving planning for new projects by incorporating the Government’s requirements for signing agreements; (d) monitoring results at project and programme levels to facilitate the oversight of results by the project board; and (e) ensuring that data collected are linked to project and programme outcomes, supported by training.

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**Implementation status of previous OAI audit recommendations:** Report No. 2003, 7 December 2018.

Total recommendations: 6

Implemented: 6

**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.

A handwritten signature in black ink, appearing to be 'H. S. Osttveiten', is located to the left of the printed name and date.

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Osttveiten  
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Helge S. Osttveiten  
Director  
Office of Audit and Investigations