



AUDIT

OF

UNDP COUNTRY OFFICE

IN

MAURITIUS

Report No. 2302
Issue Date: 27 July 2021

Report on the Audit of UNDP Mauritius Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Mauritius¹ (the Office) from 6 to 23 April 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 six performance audit questions to guide the review of the following areas:

- (a) Development activities
 - i. Was the Office on target in implementing its Country Programme Document (CPD) and projects as planned?
 - ii. Were project results achieved in accordance with their budget and timeframe?
 - iii. Were project results monitored based on pre-defined monitoring frameworks?
- (b) Procurement
 - i. Did procurement processes achieve best value for money with fairness, transparency, and integrity?
 - ii. Were procurement processes completed in a timely manner?
- (c) Finance
 - i. Were financial transactions processed timely and accurately?

The audit covered the activities of the Office from 1 January 2020 to 31 January 2021. The Office recorded programme and management expenses of approximately \$19.3 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

¹ The Mauritius business unit includes the Mauritius and Seychelles programmes, under the supervision of the Mauritius Country Office.

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 the incorrect posting of financial transactions and improper use of the direct contracting method.

Key recommendations: Total = **4**, high priority = **2**

The four recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendation 1, medium priority); (b) reliability and integrity of financial and operational information (Recommendation 3, high priority); (c) effectiveness and efficiency of operations (Recommendation 4, high priority); and (d) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 2, medium priority).

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. All high (critical) priority recommendations are presented below:

Incorrect posting of financial transactions (Issue 3)

Expenditures of three projects amounting to \$3 million were incorrectly charged to the 'Inclusive Development and Public Sector Efficiency' (IDPSE) project. As a result, the expenditure of the IDPSE project was overstated by \$3 million while the other three projects' financial statements were understated for the same total amount as of 31 December 2020.

Recommendation: The Office should improve the recording and presentation of project expenditures by: (a) reversing the recording of the expenditures incorrectly charged to the IDPSE project; and (b) ensuring that expenditures are posted to the correct projects.

Improper use of direct contracting method (Issue 4)

Two contracts valued together at approximately \$200,000 were awarded through direct contracting without meeting the permissible justifications for waiving the competitive process and without an adequate assessment on how value for money was achieved. Both contracts, awarded to the same vendor, were related to the implementation of the National Laboratory Information Management System (LIMS).

The Office's justification for direct contracting in relation to the first contract, amounting to \$24,975, was that the nature and technicality of services required were not available on the market. However, there was inadequate evidence of market research analysis being completed by the Office to make this determination. The second contract for the second phase of LIMS was awarded on the basis of genuine exigency for the requirement as well as compatibility and consistency with existing equipment, systems or technologies. However, there was no previous proper determination of consistency and compatibility as required by the UNDP policy, and regarding the genuine exigency for the requirement, the proof of exigency was not adequately substantiated by the Office. In addition, the value for money analysis was found to be inadequate. The combined value of contracts awarded to the vendor for the LIMS system was \$874,966.

Recommendation: The Office should strengthen its procurement activities by: (a) conducting adequate planning and risk assessment in order to select an

appropriate procurement strategy and method; (b) using the direct contracting modality only when valid justification exists and value for money is ensured, documenting the process properly; and (c) conducting early consultation with the Regional Advisory Committee on Procurement when dealing with time-critical transactions.

Implementation status of previous OAI audit recommendations: Report No. 1719, 2 December 2016.

Total recommendations: 3

Implemented: 3

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.

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