

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



AUDIT

OF

UNDP COUNTRY OFFICE

IN

THE UNITED REPUBLIC OF TANZANIA

Report No. 2305
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Report on the Audit of UNDP in the United Republic of Tanzania Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP in the United Republic of Tanzania (the Office) from 20 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)

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

Development Activities

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

Procurement

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

Finance

- 5. Were financial transactions processed timely and accurately?

Human Resources

- 6. Were human resource activities conducted in a timely manner?

The audit covered the activities of the Office from 1 January 2020 to 31 July 2021. The Office recorded programme and management expenses of \$44 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*. In view of 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 design and implementation.

Key recommendations: Total = **4**, high priority = **1**

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	Medium
Effectiveness and efficiency of operations	3	High
	2	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	4	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:

Weaknesses in project design and implementation (Issue 3)	A review of performance on five sampled projects indicated weaknesses in project design and implementation including: funding gaps; inadequate development of baselines and indicators; project monitoring data was not verified; and delivery was overstated due to non-project related transactions.
	<u>Recommendation:</u> The Office should improve project design and implementation by: (a) ensuring that projects are formulated with realistic budgets; (b) defining baselines and setting targets and measurable indicators for all new projects, training staff on data collection and developing a monitoring system to ensure data is adequately collected, verified and used to monitor progress; and (c) establishing a Memorandum for Provision of Services to support Government procurement.

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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