



AUDIT

OF

UNDP COUNTRY OFFICE

IN

THE DEMOCRATIC REPUBLIC OF THE CONGO

Report No. 2307
Issue Date: 14 March 2022

Report on the Audit of UNDP in the Democratic Republic of the Congo Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP in the Democratic Republic of the Congo (the Office) from 29 November to 17 December 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)

Performance auditing is an independent, objective and reliable examination of an entity or process to assess whether economy, efficiency and effectiveness in the employment of available resources is being achieved. OAI designed two performance audit questions to guide the review of the following areas:

- (a) Development activities:
 - i. Were the Country Programme results being achieved effectively and are results monitored based on pre-defined monitoring frameworks?
- (b) Procurement
 - ii. Were the procurement processes conducted ensuring best value for money?

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 \$128 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 ICT area was not reviewed on-site.

Overall audit rating

OAI issued an audit rating for the Office of **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), Office structure not aligned with programme priority areas and weaknesses in measuring programme results

Good practice

The Office took measures to ensure assets were disposed in an ecological way.

Key recommendations: Total = **8**, high priority = **3**

The eight recommendations include actions to address:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	8, 2, 3	Medium
	1	High
Reliability and integrity of financial and operational information	4	High
Effectiveness and efficiency of operations	7	Medium
Safeguarding of assets	5	High
Compliance with legislative mandates, regulations and rules, policies and procedures	6	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 recommendations are presented below:

Weaknesses in the Harmonized Approach to Cash Transfers (Issue 5)

The review of the Harmonized Approach to Cash Transfers (HACT) showed late completion of HACT audits, unclear follow-up of HACT assurance activities, payments to implementing partners not being tagged within Atlas, and weaknesses in the management of advances to implementing partners for nationally implemented projects.

Recommendation: The Office should address the weaknesses in the implementation of HACT by: (a) completing all scheduled audits and spot checks as planned; (b) updating the HACT monitoring dashboard and tagging all payments in the system; and (c) providing support to the implementing partners to ensure timely liquidation of advances with adequate supporting documentation.

Office structure not aligned with programme priority areas (Issue 1)

The Country Programme Document contained three priorities (outcomes): (i) governance for sustainable development, (ii) economic transformation and sustainable management of natural resources, and (iii) support to stabilization and strengthening the resilience of the populations. The first two priorities had dedicated pillars and staff. However, the third pillar (stabilization), representing \$50 million of estimated expenditure over the programme cycle 2020–2024, was supported by only one staff member.

The stabilization priority area included seven projects representing (25 percent of development expenditure), including four projects directly implemented by the Office (9 percent of development expenses). The Office indicated that the recruitment of the team was ongoing.

Recommendation: The Office should ensure adequate staffing is in place to fulfil the implementation of the stabilization priority area.

Weaknesses in measuring programme results (Issue 4)

The Office's evaluation plan included four project evaluations to be finalized in 2021. As of year-end 2021, three scheduled for December 2021 had not been initiated.

The audit team reviewed a sample of four development projects with expenses plus commitments of \$37.6 million, which represents 57 percent of the total during the audit period.

- The audit team identified four outputs that were not fully achieved in 2020, however these were not reported within the Results-Oriented Annual Reporting.
- No performance indicators were measured in 2020, nor were they defined for 2021 for one of the four projects, project 87442 ("Sustainable energy for women empowerment, agriculture").

Recommendation: The Office should strengthen the measurement of programme results by: (a) finalizing the outstanding evaluations; (b) documenting how development projects contribute to the achievement of Country Programme outputs and outcomes; (c) designing and measuring project performance indicators that are aligned with Country Programme output indicators.

Implementation status of previous OAI audit recommendations: Report No. 1981, 24 August 2018

Total recommendations: 12


Implemented: 11

Withdrawn: 1

Management comments and action plan

The Resident Representative accepted all eight 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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