



AUDIT

OF

UNDP COUNTRY OFFICE

IN

SURINAME

Report No. 2430
Issue Date: 28 April 2022

Report on the Audit of UNDP Suriname Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Suriname (the Office) from 7 to 22 February 2022. 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 and communication technology (ICT)

In addition, OAI assessed the performance of the Office in finance.

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 the following performance audit question:

Were financial transactions processed timely and accurately?

The audit covered the activities of the Office from 1 January 2020 to 31 December 2021. The Office recorded programme and management expenses of approximately \$6.2 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 content and petty cash were not verified.
- (f) The information and communication technology 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 the concerns regarding the Office's financial sustainability, and the expired agreement for the UN premises.

Conclusions on the performance audit area reviewed:

Finance:

Were financial transactions processed timely and accurately?

Payments reviewed were completed on time and in accordance with the terms and conditions. However, the Office did not have adequate controls in place to ensure that transactions were recorded under the correct expense categories.

Key recommendations: Total = 7, high priority = 2

The seven recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	3	Medium
Effectiveness and efficiency of operations	7, 2	Medium
	1	High
Compliance with legislative mandates, regulations and rules, policies and procedures	4, 6	Medium
	5	High

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:

Office's financial sustainability at risk (Issue 1)

The Office experienced deficits between the institutional revenue and the institutional expenses, amounting to \$534,000 in 2020, and \$425,000 in 2021. These deficits were financed by the Regional Bureau for Latin America and the Caribbean core funding. The deficits were due to the following:

- Lower than expected delivery: In 2020, the delivery target was \$3 million and the actual programme delivery was \$1.9 million. In 2021, the delivery target was \$4 million, of which \$3 million were achieved. This affected the General Management Support (GMS) income generation with shortfalls of \$117,000 and \$104,800 in 2020 and 2021, respectively.
- The Office's low resource mobilization: In 2020, the Office achieved 69 percent of its \$4 million resource mobilization target. In 2021, the Office achieved 63 percent of its \$5 million mobilization target.

Recommendation: The Office should improve its financial sustainability by developing a financial sustainability strategy and action plan to accelerate programme delivery, improve resource mobilization, and identify and implement cost-savings measures

Expired agreement for UN premises (Issue 4)

In 2014, a Memorandum of Agreement (MoA) was signed between the Office, on behalf of the UN agencies, and the Government. The Government, as a lessee of a private property, provided the premises on a rent-free basis to the UN until December 2018. While this arrangement continues and the Government has a valid private agreement with the lessor until 14 December 2024, an addendum of the MoA has not been prepared to reflect the extension.


There were two incidents, in 2015 and 2019, concerning Government outstanding rental costs for the property that were communicated by the landlord to the Office. These issues were escalated and resolved by the Ministry of Foreign Affairs. The Office did not have a contingency plan in the event that the premises are no longer available.

Recommendation: The Office should address the issue relating to the expired agreement of the UN premises by: (a) expediting the renewal of the MoA for the premises including a review of the current arrangement; and (b) reviewing business continuity plan regarding the premises.

Management comments and action plan

The Resident Representative accepted all 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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