



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**SIERRA LEONE**

**Report No. 2444**  
**Issue Date: 16 June 2022**

---

## Report on the Audit of UNDP Sierra Leone Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Sierra Leone (the Office) from 22 February to 17 March 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:

- I. Governance
- II. Development activities
- III. Operations – procurement, finance, human resources, administrative services, information communication and technology (ICT)

In addition, OAI assessed the performance of the Office in the following sub-areas:

1. Operations - Procurement
2. Operations - 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.

The performance audit questions were selected on the basis of a risk assessment, and they are as follows:

### Procurement

- (a) Was procurement conducted with fairness, transparency, and integrity?

### Finance

- (b) Were financial transactions processed on time?

The audit covered the activities of the Office from 1 January to 31 December 2021. The Office recorded programme and management expenses of approximately \$12.7 million. The last audit of the Office was conducted by OAI in 2019.

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) Safe contents and petty cash were not verified.
- e) 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 the Office’s structure not being financially sustainable, and weaknesses in procurement processes.

Conclusion on the performance audit areas reviewed was as follows:

(a) Operations - Procurement

(i) Was procurement conducted with fairness, transparency, and integrity?

A review of sampled transactions highlighted exceptions, which indicated concerns pertaining to fairness, transparency and integrity. A sample of 42 purchase orders totalling \$1.06 million, representing 26 percent of the value of purchase orders processed in the audit period were reviewed. There were five cases with a total value of \$206,244, where there was insufficient evidence of a transparent and competitive process. The exceptions observed included bids excluded without adequate justification, bid submission deadline changes not communicated to all vendors, and limiting competition by requesting specific brands (refer to issue 2).

(b) Operations – Finance

(ii) Were financial transactions processed on time?

During the period under review, the Office processed 144 vouchers totalling \$1.3 million (representing 11 percent of the total value of vouchers) that had delays in the payment process. The number of vouchers processed during 2021 were 2,021 with a total value of \$11.8 million (refer to issue 4).

These findings have been incorporated in the overall auditing rating.

**Key recommendations:** Total = 5, high priority = 2

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	High
Reliability and integrity of financial and operational information	4	Medium
Effectiveness and efficiency of operations	2	High
	3	Medium
Safeguarding of assets	5	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. All high (critical) priority recommendations are presented below:

Office structure not financially sustainable (Issue 1)

During the period from 2019 to 2021, the Office mobilized \$40.2 million in programme resources compared to the target of \$49.8 envisaged in the Office’s Transformation Plan, to remain financially sustainable.

In addition:

- The Office had a high management efficiency ratio (management costs/programme costs) of 17 as compared to the Regional Bureau for Africa's ratio of 9 in 2021, indicating relatively higher management costs in respect of programme delivery.
- The Office was unable to charge personnel costs that qualify as delivery enabling services directly to respective projects as there were insufficient resources in project budgets to cover these costs. Consequently, the Office resorted to using programme resources to meet operational costs.
- The Office continued to employ 15 drivers on service contracts (with an annual cost of \$65,076), following the closure of projects they were assigned to, without adequate justifications.
- The Office's also faced challenges in mobilizing resources. In 2020 and 2021, the Office mobilized a total of \$27 million (27 percent of the Country Programme Document target).

Recommendation: The Office should improve its financial sustainability by: (a) taking steps to reduce management costs and general operating expenditures and recovering costs pertaining to delivery enabling services from respective projects; (b) prioritizing resource mobilization efforts through the traditional development partners, private sector, and government funding; and (c) assessing and if necessary, revise the current Country Programme Document to ensure that the resource targets are realistic and achievable.

Weak procurement processes (Issue 2)

From a sample of 42 purchase orders totalling \$1.06 million and representing 26 percent of the value of purchase orders processed in 2021, the following weaknesses were noted:

- In five cases with a total value of \$206,244, there was insufficient documentary evidence of a transparent and competitive process.
- In nine cases with a total value of \$80,241, purchase orders were created post facto.
- In four cases with a total value of \$121,284, specific brands were included in the product specifications

Further, the Office was not using e-tendering in its procurement process.

Recommendation: The Office should strengthen the procurement process by (a) ensuring adequate vendor due diligence is completed; (b) sharing relevant information consistently among vendors; (c) using LTA's in accordance with corporate requirements; (d) and using the e-tendering system in its procurement processes.

**Implementation status of previous OAI audit recommendations:** Report No. 2052, 23 December 2019.

Total recommendations: 4

Implemented: 4



---

### Management comments and action plan

The Resident Representative accepted all five 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.

	Helge Ostveiten 2022.06.16 09:56:31 -04'00'
Helge S. Ostveiten Director Office of Audit and Investigations	