

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**ZAMBIA**

**Report No. 2445**  
**Issue Date: 19 October 2022**

---

## Report on the Audit of UNDP Zambia Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Zambia (the Office) from 18 to 29 July 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 communication and technology (ICT)

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

- (a) Development activities
  - i. Have planned results been achieved?
  - ii. Were results being monitored?
- (b) Procurement
  - iii. Did procurement processes result in contracting for required goods and services?
  - iv. Were goods and services procured timely?
- (c) Finance
  - v. Were financial transactions processed timely?
- (d) Human Resources
  - vi. Were recruitment and hiring conducted in a timely manner?

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 audit covered the activities of the Office from 1 January 2021 to 30 June 2022. The Office recorded programme and management expenses of approximately \$23.5 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* of The Institute of Internal Auditors (The IIA).

### 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 gaps in organizational structure, weak tracking of programme results and weak project management.

Conclusions on the performance audit areas reviewed: Development objectives for the current programme 2016–2022 might not have been met (Issue 3); required goods and services were not provided in time (Issue 5); financial transactions were not completed in time (Issue 6); and recruitment and hiring were not completed in time (Issue 2). These findings have been incorporated in the overall audit rating.

**Key recommendations:** Total = 7, high priority = 3

The seven recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	2, 3, 4	High
Effectiveness and efficiency of operations	1, 5, 6, 7	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:

**Gaps in organizational structure (Issue 2)** All three core positions in the Poverty Reduction and Inclusive Growth Unit were vacant for more than two years (since 2020). Additionally, in the Environment Unit, two key positions had been vacant since October 2021. In the Governance Unit, the Programme Analyst/Gender Specialist had been vacant since July 2021. The Head of the Human Resources Management Unit position had also been vacant since August 2021.

**Recommendation:** The Office should: (a) fill the vacancies without any further delay and continuously conduct an analysis of vacancies; (b) review the job descriptions and the organizational structure to align actual functions and job descriptions with reporting lines; and (c) provide necessary training, coaching, and mentoring to improve capacity in supervision over operations units through performance management and development cycle process.

**Weak tracking of programme results (Issue 3)** From the review of sampled projects, there was no evidence of data collection to assess progress in achieving results or tracking of programme results at an outcome level. Further, project annual reports reviewed disclosed that there was no mention of targets that needed to be achieved or collection of data to assess the extent that these targets have been met.

**Recommendation:** The Office should strengthen programme planning processes and tracking of programme results by (a) start tracking results to assess the level of progress and determining the extent that targets are being achieved; and (b) providing guidance to the respective project Steering Committees on their responsibilities and roles in the tracking of project results.

**Weak project management (Issue 4)** One out of the three projects reviewed, the Promoting Human Security through Sustainable Resettlement in Zambia project had a funding gap of approximately \$14.07 million, out of a total budget of \$17.9 million. The Office did not provide evidence of Social and Environmental Screening Procedures (SESP) for this project.

Site visits to two areas for the Strengthening Climate Resilience project disclosed delays in the completion of project activities, without clear explanations.

Ageing advances showed that \$650,765 in NIM advances (or 73 percent of outstanding advances) had been outstanding for over six months.




---

**Recommendation:** The Office should improve project design, management and management oversight by: (a) formulating projects with realistic budgets for which resources can be secured and completing the Social and Environmental Screening Procedure for all projects; (b) following up regularly on issues noted during field monitoring visits; and (c) planning of advancing project funds and regularly following up on outstanding advances on a quarterly basis.

### Management comments and action plan

The Resident Representative accepted all seven 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.

 +/ms  
Helge  
Ostveiten  
2022.10.19  
13:54:06  
-04'00'  
Helge S. Ostveiten  
Director  
Office of Audit and Investigations