



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**JORDAN**

**Report No. 2452**  
**Issue Date: 10 June 2022**

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## Report on the Audit of UNDP Jordan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Jordan (the Office) from 14 to 29 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:

- (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: development activities and operations (procurement).

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 based on internal assessments and they are as follows:

- (a) Development activities:
  - 1. Did the Country Programme have clear objectives, with sufficient resources and was it implemented as planned?
  - 2. Were the Country Programme indicators clearly defined, measurable and adequately monitored to enable achievement of results?
  - 3. Were the project objectives clearly defined, and results measurable and adequately monitored?
- (b) Operations / Procurement:
  - 4. Were the procurement activities effectively and efficiently supporting programme delivery?

The audit covered the activities of the Office from 1 January to 31 December 2021. The Office recorded programme and management expenses of approximately \$17.2 million. The last audit of the Office was conducted by OAI in 2017.

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 ICT area was not reviewed on-site.

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## Overall audit rating

OAI issued an audit rating for the Office of **satisfactory/some improvement needed**, which means that “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 development activities and procurement management

Conclusions on the performance audit areas reviewed:

(a) Development activities:

1. Did the Country Programme have clear objectives, with sufficient resources and was it implemented as planned?

The Country Programme objectives were clear and addressed the national priorities. Resources mobilized exceeded the Country Programme Document (CPD) target by \$25.2 million one year prior to the end of the four-year programme cycle. The delivery rate under the CPD for the period 2018 to 2021 has been consistently over 90 percent despite the challenging environment and the Covid-19.

2. Were the Country Programme indicators clearly defined, measurable and adequately monitored to enable achievement of results?

The CPD established clear outputs that were specific, measurable, achievable, relevant, and time-bound, and linked to the United Nations Sustainable Development Framework’s outcomes.

3. Were the project objectives clearly defined, and results measurable and adequately monitored?

Project objectives were clearly defined and aligned with the CPD. However, four out of the six sampled projects totaling \$10.5 million did not consistently ensure quantification of output indicator benchmarks and indicator targets as well as identification of annual targets. The CPD mid-term evaluation identified the need to better reflect project-level contributions to CPD outcomes. The monitoring and reporting on progress of output indicator targets was not always clear, complete, up-to date and well-supported (refer to Issue 2).

(b) Operations – procurement

4. Were the procurement activities effectively and efficiently supporting programme delivery?

Weaknesses in procurement practices have impacted programme efficiencies. Review of 23 sampled purchases amounting to \$2.9 million found that 13 (or 56 percent of sample) amounting to \$1.3 million had various shortcomings that indicated the Office had not timely and efficiently planned and implemented procurement activities to demonstrate value for money. The shortcomings included inadequate procurement plan implementation that resulted in urgent procurements, including direct contracting, approving purchase orders after the activities ended, and procurement activities not reviewed by relevant committees. (refer to issue 4)

These findings have been taken into account in the overall auditing rating.

**Key recommendations:** Total = **4**, high priority = **2**

Objectives	Recommendation No.	Priority Rating
Reliability and integrity of financial and operational information	3	Medium
Effectiveness and efficiency of operations	1	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2,4	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. All high (critical) priority recommendations are presented below:

Inadequate project administration (Issue 2)

The review of six ongoing projects totalling \$10.5 million out of \$14.5 million or 72 percent of programme delivery in 2021 disclosed inadequate assessments of responsible parties, unclear reporting on project implementation progress, and inadequate project oversight.

Recommendation: The Office should improve project oversight by: (a) completing all steps of the mandatory partner capacity assessment tool and HACT micro-assessments for transfers above \$150,000 regardless of mode of cash transfer and implement this for all responsible partners; (b) ensuring the project board meeting minutes are signed, reflecting board decisions including approved project annual work plan linked to outputs; (c) ensuring risks identified in the project document are managed in the corporate risks register, and the review of major risks by the project board is documented; and (d) improving monitoring and reporting of project implementation progress by ensuring the corporate tools are adequately utilized.

Weaknesses in procurement practices (Issue 4)

There was inadequate justification for the use of the direct contracting modality. Further, the Office did not document proper value for money analysis. A review of 23 of the 192 purchase orders totalling \$2.9 million of \$9.2 million, representing 32 percent of the total value, disclosed that in 13 sampled cases (56 percent) totalling \$1.3 million (or 6 percent of the total purchase orders) had shortcomings, namely, inadequate justification of direct contracting modality and value for money, inadequate procurement committee review, commitments recorded after the goods/services were received, and inadequately defined and validated technical requirements

Recommendation: The Office should: (a) strengthen controls over the use of the direct contracting modality; (b) submit procurement actions valued at \$50,000 and above to the appropriate procurement review committees through the automated Advisory Committee on Procurement (ACP) Online application; (c) record commitments by raising purchase orders in Atlas at the time of signing agreements with the suppliers; and (d) validate the appropriateness of bills of quantity for comprehensive technical requirements with end-users during the planning phase to avoid frequent contract amendments at later stages.

**Implementation status of previous OAI audit recommendations:** Report No. 1887, 15 December 2017.

Total recommendations: 11  
Implemented: 11


### Management comments and action plan



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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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