



AUDIT

OF

UNDP COUNTRY OFFICE

IN

BENIN

Report No. 2483
Issue Date: 14 June 2022

Report on the Audit of UNDP Benin Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Benin from 28 February to 16 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: procurement and 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 questions to guide its review based on risk assessment undertaken:

- (a) Operations - Procurement:

Were procurement processes completed in a timely manner?

- (b) Operations - Finance:

Were financial transactions processed timely and accurately?

The audit covered the activities of the Office from 1 January 2021 to 31 January 2022. The Office recorded programme and management expenses of \$14.5 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 contents and petty cash were not verified.
- (f) The information communication and technology area was not reviewed on-site.

Overall audit rating

OAI issued an audit rating for the Office of **satisfactory/some improvement needed**, which means "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 the implementation of delivery enabling services (DES).

Conclusions on the performance audit area reviewed:

Procurement:

Were procurement processes completed in a timely manner?

Procurement processes within the sample selected were not timely completed. The audit team reviewed procurement transactions pertaining to goods, services and individual consultants, and noted that on average, the duration of the procurement processes was outside the standards established in the Office’s standard operating procedures.

Finance:

Were financial transactions processed timely and accurately?

Based on samples reviewed, financial transactions were completed on time and in accordance with the terms and conditions.

Key recommendations Total = **4**, high priority = **1**

The four recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	Medium
Effectiveness and efficiency of operations	3	Medium
	4	High
Compliance with legislative mandates, regulations and rules, policies and procedures	2	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 recommendation is presented below:

Inefficiencies in the implementation of delivery enabling services (DES) mechanism (Issue 4)

The Office recovered \$0.97 million of delivery enabling services (DES) in 2021. It included \$0.9 million recovered for staff costs and \$70,079 for general operating expenditures (GOE). The following issues were identified:

- Out of nine development projects financed by non-core resources, six projects with expenditures of \$3.23 million had not been charged DES because the Office had not stated cost recovery charges in signed project documents, which subsequently resulted in donors objecting to the Office recovering costs related to DES in projects.
- While DES amounting to \$170,723 were recovered on the remaining three projects funded by non-core resources, the DES terms were not stated in the project documents, nor were the estimated costs allocated

to the project budgets in project documents, or to the project annual budgets.

Thus, the Office could not properly allocate and recover DES from projects funded by non-core resources, and instead, the Office used core resources (TRAC funds) to fund most of its DES. In 2021, 82 percent of DES was recovered from core resources and 18 percent from non-core resources.

Recommendation: The Office should improve cost recovery by: (a) implementing and recovering DES from development projects funded by non-core resources; and (b) including the DES arrangements in the project documents and all estimated costs in the project budgets.

Management comments and action plan

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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