



AUDIT

OF

UNDP COUNTRY OFFICE

IN

TOGO

Report No. 2484

Issue Date: 15 July 2022

Report on the Audit of UNDP Togo Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Togo (the Office) from 21 March to 1 April 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, finance, and travel management.

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 based on risk assessments undertaken at the audit planning phase:

- (a) Development activities:
Has the Office taken adequate steps for project approval and implementation to ensure successful achievement of planned outputs and outcomes?
- (b) Finance:
Were advances made to implementing partners processed timely and adequately monitored?
- (c) Administrative services/travel:
Were travel transactions processed efficiently and timely?

The audit covered the activities of the Office from 1 July 2020 to 31 December 2021. The Office recorded programme and management expenses of approximately \$18.2 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* of the Institute of Internal Auditors (The IIA).

Overall audit rating

OAI issued an audit rating for the Office of **unsatisfactory**, which means “The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.” This rating was mainly due to deficiencies in financial management processes, challenges in resource mobilization, weaknesses in the implementation of HACT, and weaknesses in project implementation and management. Further, there were seven audit issues raised in the previous audit (Report No. 2092) that were found to be recurring in the current audit. Please refer to Annex 1 for details.

Conclusions on the performance audit areas reviewed:

Development activities:

Project risk management, quality assurance, progress measurement, project procurement planning and assurance activities were not carried out effectively, hence affecting achievement of planned project outputs (please refer to issues 3 and 4).

Operations/Finance:

The audit review indicated that advances were made to implementing partners in a timely manner. However, based on review of samples relating to advances made to implementing partners, exceptions were noted where budgeted project activities were not included in annual work plans, itemized cost estimates were not prepared, and advances were not made to implementing partners in accordance with signed letters of agreement (please refer to issue 7).

Travel management:

Travel transactions at the office were neither processed efficiently nor in a timely manner based on samples reviewed (please refer to issue 8).

These findings have been incorporated in the overall auditing rating.

Key recommendations Total = 8, high priority = 4

The eight recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	High
	2	Medium
Effectiveness and efficiency of operations	3, 4, 7	High
	5, 8	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	6	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 recommendations are presented below:

Deficiencies in financial management processes (Issue 7)

Weaknesses were noted in financial management processes, where payment vouchers were posted to incorrect accounts, advances to implementing partners were recorded as expenses, expenses were charged to incorrect projects, and certificates of payments were not completed at the time payments were made to individual consultants. Further, discrepancies were noted in the management of cash advances to implementing partners.

Recommendation 7: The Office should strengthen its financial management processes by: (a) ensuring adequate oversight and controls over financial operations including obtaining prior approval from Treasury when receiving funds locally of more than \$50,000; and (b) providing training to programme associates and finance staff on the recording and tagging of payments, processing of cash advances and use of itemized cost estimate template.

Challenges in resource mobilization (Issue 1)

The achievement of the Office's programmatic objectives was at risk. This was primarily due to the Office's challenges in mobilizing adequate resources to fund its programmatic activities. Out of the \$102.4 million in resources needed to implement the Country Programme, only \$25.5 million had been collected at the end of 2021, which represented 25 percent of the resource mobilization target. Further the Office had not updated and implemented its Partnership and Communication Strategy and Action Plan' (PCAP) that would guide their resource mobilization strategy. Consequently, the Office's management ratio was above the acceptable range and above the average in the Regional Bureau for Africa.

Recommendation 1: The Office should enhance its capacities to deliver on its commitments, as well as improve its management ratio by updating and effectively implementing the Office's Partnership and Communication Strategy and Action Plan to increase the level of non-core resources mobilized.

Weaknesses in HACT implementation (Issue 3)

Weaknesses noted were largely due to the HACT assurance plan not being fully implemented, issues with the quality of programme visits, and weaknesses in the monitoring of HACT audit recommendations.

Recommendation 3: The Office should strengthen HACT implementation by: (a) implementing all assurance activities and ensuring that micro assessments are conducted for all implementing partners meeting the threshold; (b) reinforcing the monitoring and oversight over HACT activities and the HACT audit process; and (c) using standardized monitoring templates for programmatic visits to report on the progress of the projects towards results.

Lapses in project implementation and management (Issue 4)

Various weaknesses were noted in project implementation and management. The Office's reporting of project progress and other key information, such as indicators and targets, were incomplete. Further, the Office had not completed project quality assurance assessments as required. There was no evidence of adequate monitoring activities being carried out by the Office during the audit period.

Recommendation 4: The office should strengthen its project monitoring and oversight by: (a) ensuring that relevant project information in the project documents (outputs, targets, indicators) and project reports (results) are correctly reflected in Atlas; (b) ensuring that project managers review, at least annually, the reporting of results in Atlas; and (c) performing project quality assurance assessments of projects at least once every two years.

Implementation status of previous OAI audit recommendations: Report No. 2092, 30 August 2019.

Total recommendations: 9

Implemented: 9

As indicated above, the audit disclosed that seven audit issues raised in the previous audit (Report No. 2092) were found to be recurring in the current audit.



Management comments and action plan

The Resident Representative accepted all eight recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

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