

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



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**MOROCCO**

**Report No. 2505**  
**Issue Date: 23 September 2022**

## Report on the Audit of UNDP Morocco Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Morocco (the Office) from 27 June to 8 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)

The audit covered the activities of the Office from 1 January 2021 to 31 May 2022. The Office recorded programme and management expenses of approximately \$17.8 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*. In view of the Office’s risk rating (low), 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 **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 weaknesses in financial management and oversight.

**Key recommendations:** Total = 6, high priority = 1

The six recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1, 3	Medium
Reliability and integrity of financial and operational information	2	Medium
Effectiveness and efficiency of operations	4, 6	Medium
Compliance with legislative mandates, regulations and rules, policies, and procedures	5	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. The high (critical) priority recommendation is presented below:

Weaknesses in financial management and oversight (Issue 5)	<p>The audit disclosed weaknesses related to financial management processes as follows: (i) exceptions in the implementation of Delivery Enabling Services (DES); (ii) weaknesses in cash management; (iii) lapses in the management of national implementation (NIM) advances; and (iv) and lapses in payment processes.</p> <p><u>Recommendation:</u> The Office should reinforce monitoring and oversight over financial management by: (a) conducting a complete workload survey for all staff; (b) obtaining the Treasurer's approval when required and appointing a Project Cash Advance (PCA) custodian in accordance with the 'UNDP Programme and Operations Policies and Procedures'; and (c) promoting the correct use of the Chart of Accounts and ensuring that transfers to implementing partners as well as direct payments adhere to the 'UNDP Programme and Operations Policies and Procedures'.</p>
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**Implementation status of previous OAI audit recommendations:** Report No. 1927, 1 February 2019

Total recommendations: 10

Implemented: 10

**Management comments and action plan**

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

	Helge Ostveiten 2022.09.23 13:26:46 -04'00'
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