UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP COUNTRY OFFICE

IN

CAMEROON

Report No. 2506

Issue Date: 29 November 2022

Report on the Audit of UNDP Cameroon
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Cameroon (the Office) from 19 to 30 September 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 areas of development activities, and 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.

(a) Development activities: Were the Country Programme results achieved, and were results monitored?

(b) Procurement: Were procurement processes conducted in a timely manner?

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 $42.2 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* of The Institute of Internal Auditors (The IIA).

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 due to weaknesses in procurement oversight and financial management processes.

Conclusion on the performance audit areas reviewed:

a) The audit period covered the end of the previous programme cycle (2018–2021) and the beginning of the new Country Programme for 2022–2026. Some of the 2018–2021 Country Programme Document (CPD) targets were not achieved and as such they were embedded in the current CPD for 2022–2026. Furthermore, the Office explained that the underperformance was mainly due to output indicators that were linked to a longer-term national development strategy. The ongoing COVID-19 pandemic during the audit period further contributed to this underachievement of CPD targets. However, the audit team noted that results were effectively monitored through the dedicated corporate tool, the Integrated Results and Resources Framework. Given the explanation above, the audit team concluded that this was not a reportable audit issue.

b) The procurement processes were not conducted in a timely manner.

The audit team's review highlighted that the procurement processes were not conducted timely, and this has been included in Issue 1.

The results of the review on the performance audit areas were taken into consideration when assessing the overall audit opinion.

Good practice

The Office shared available OAI Country Office audit reports with staff for the purpose of knowledge building and proactively detecting and mitigating key risks and issues (refer to page 2).

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

The two recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Effectiveness and efficiency of operations	1	High
Compliance with legislative mandates, regulations and rules, policies and procedures	2	High

For high (critical) priority recommendation, 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:

Weaknesses in procurement oversight (Issue 1)	The audit team noted inadequate procurement oversight by the Office and delayed procurement processes during the audit period. The Office had detected possible vendor collusion between several bidders, and the Regional Advisory Committee on Procurement (RACP) had recommended that the Office contact the Office of Audit and Investigations (OAI) so that an investigation could be carried out. Although the bidders were disqualified in both cases, the Office did not contact OAI as recommended by the review committee. The review of procurement samples showed that on average, the procurement process of goods and services took 60 business days for procurement (that required RACP review), including an average timeline of 31 business days for the RACP review, although the Office had developed a timeline of 10 business days for RACP review. Delays in procurement processes requiring RACP approval were due to the poor quality of the documentation submitted to RACP by the Office, as illustrated by missing documentation and questions raised by the committee that could have been avoided. Recommendation: The Office should enhance oversight and performance over procurement processes by: (a) following up on the procurement committees' recommendations to ensure potential vendor collusion cases are investigated; (b) analysing RACP review comments to identify areas for improvement, and organizing a training based on the specific needs of the procurement staff; and (c) ensuring adherence to the standard procurement timelines, as well as performing and documenting an analysis of procurement cases exceeding the established timelines.

Exceptions in financial management process (Issue 2)	The audit team noted exceptions related to the implementation of the delivery enabling services (DES). Implementation of the DES mechanism was not systematic. The system set up by the Office did not enable an effective follow-up and tracing to the budget especially relating to general operating expenditure. According to 'UNDP Programme and Operating Policies and Procedures' development projects are required to be charged general operating expenses (GOE) that are directly attributed to the staff function (office bills such as electricity, rent, telephone and internet charges) in the same ratio as staff positions are funded. Moreover, there was a significant gap of $549,817 between the DES budget in 2021 and the DES recovered from development projects for the same year. The office was not able to perform a reconciliation. The audit team noted that DES expenses were charged to 11 projects out of approximately 23 ongoing development projects as of the time of the audit. The Office explained that they were updating the projects to which DES was being charged. Recommendation: The Office should enhance its monitoring of the financial processes by: (a) increasing the supervision over the application of the Chart of Accounts; (b) systematically implementing the general operating expense (GOE) budgeting, recording, and monitoring as per UNDP guidance; and (c) ensuring all eligible development projects are included in the annual budget and charged DES accordingly.

Management comments and action plan

The Officer-in-Charge accepted both 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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