



AUDIT

OF

UNDP COUNTRY OFFICE

IN

GUINEA-BISSAU

Report No. 2589
Issue Date: 12 March 2024

Report on the Audit of UNDP Guinea-Bissau Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Guinea-Bissau (the Office) from 20 November to 14 December 2023. 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 area of development activities. Specifically, the audit team reviewed whether the current Country Programme Document (CPD) clearly defined the theory of change required to achieve the expected development results.

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 audit covered the activities of the Office from 1 January 2022 to 31 August 2023. The Office recorded programme and management expenses of approximately \$43 million. The last audit of the Office was conducted by OAI in 2020.

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 **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 Country Programme and project management, and weaknesses in grant management.

Conclusions on the performance audit area reviewed have been incorporated in the overall auditing rating.

Key recommendations: Total = **6**, high priority = **3**

The six recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1, 2	High
Reliability and integrity of financial and operational information	5, 6	Medium
Effectiveness and efficiency of operations	4	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3	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:

- Weak management of Country Programme (Issue 1)
- The review of the 2022–2026 Country Programme disclosed the following:
- (a) There were unrealistic Country Programme delivery targets. As of September 2023, the Office delivered 27 percent of the total CPD budget. To meet its total budget, the Office was expected to deliver \$122.8 million for the remaining CPD period or \$40.9 million annually, which was 83 percent higher than the Office’s current annual delivery of \$22.3 million, on average.
 - (b) There was no evidence of programme oversight.
 - (c) There was no tracking of project results at an outcome level.
 - (d) The theory of change was not articulated in the Country Programme.

Recommendation: The Office should improve programme management by: (a) reviewing the Country Programme priority targets, including the articulation of the theory of change and its linkages between underlying assumptions and the targeted beneficiaries, and making necessary adjustments for the remaining programme period; (b) establishing an effective oversight mechanism for the Country Programme; and (c) developing a robust system for the tracking of results and reporting on results at an outcome level.

- Weak project management (Issue 2)
- From the review of a sample of six projects with total project expenditures of \$10.3 million, the following was noted:
- Five out of the six selected projects had broad mandates and did not have sufficient resources to have a significant development impact.
 - Multiple projects focused on the same development area.

Recommendation: The Office should strengthen project management by consolidating multiple projects and limiting focus with the aim of moving into a portfolio approach of programme management to reduce the transaction costs of project designing, monitoring, implementing, overseeing and reporting.

- Weak management of grants (Issue 3)
- From the review of a selected sample of 10 low value grants with a total value of \$1.8 million, the following was noted:
- The Office awarded 9 out of the 10 grants valued at \$1.7 million (or 94 percent of the sample) to entities that were not legally registered and had not undergone a selection process.
 - In four instances, the Office incorrectly allocated payments to implementing partners and responsible parties as grantees.
 - Three grants valued at \$169,902 were awarded without being stipulated in the project document or approved by the respective project boards.

Recommendation: The Office should strengthen oversight of grants by: (a) awarding low value grants to eligible entities that are legally registered and that have been selected through a programmatic process; and (b) developing control processes to ensure that discrepancies can be detected and corrected before payments are made.

Implementation status of previous OAI audit recommendations: Report No. 2281, 12 February 2021.

Total recommendations: 6

Implemented: 6

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.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.

A handwritten signature in black ink, appearing to read 'Guillermo Munoz', is enclosed within a rectangular box.

Guillermo Munoz
Deputy Director (Audit) a.i
Office of Audit and Investigations