



AUDIT

OF

UNDP COUNTRY OFFICE

IN

CHAD

Report No. 2627
Issue Date: 10 July 2023

Report on the Audit of UNDP Chad Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Chad (the Office) from 27 March to 18 April 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 following areas and sub areas: governance and development activities.

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) Governance
 - i. Was the Office’s organizational structure appropriately set up to achieve the Country Programme results?
- (b) Development activities:
 - ii. Were the Country Programme results adequately monitored?

The audit covered the activities of the Office from 1 January 2021 to 31 December 2022. The Office recorded programme and management expenses of approximately \$101.6 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 outstanding Government Contributions to Local Office Costs (GLOC); weaknesses in project appraisal, monitoring and closure; deficiencies in procurement processes and oversight; inadequate use of UNDP vehicles; and delays in Internet back-up connection and lapses in testing the Disaster Recovery Plan.

Conclusions on the performance audit areas reviewed:

The Office’s structure was, overall, adapted to the programme delivery, and the Country Programme priorities were well reflected in the programmatic structure. The Office effectively and adequately monitored and updated development results of programme output indicators. Procurement processes were performed overall in a timely manner compared to the average of the Regional Bureau.

These findings have been incorporated in the overall auditing rating.

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	Medium
Safeguarding of assets	5	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3	High
	2, 4, 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 recommendation is presented below:

<p>Deficiencies in procurement oversight (Issue 3)</p>	<p>During the audit period, the audit team noted the following deficiencies:</p> <ul style="list-style-type: none"> ▪ Procurement cases for 11 vendors were not submitted to the respective procurement review committees although their cumulative purchase order amounts exceeded the Contract, Assets and procurement Committee (CAP) and Regional Advisory Committee on Procurement (RACP) thresholds. The total amount of cumulated purchase orders for all vendors reached \$443,795 in 2021 and \$284,975 in 2022. ▪ The RACP identified anomalies in the cases submitted to the committee and recommended the Office to implement measures to limit similar future occurrences. However, there was no evidence that the Office used the RACP feedback as a source of information or risk identification for the procurement function. <p><u>Recommendation:</u> The Office should enhance procurement oversight by: a) ensuring procurement thresholds for each vendor are monitored to ensure they are submitted to the appropriate procurement review committee once the threshold is exceeded; and b) establishing a monitoring mechanism to ensure that procurement committee recommendations are discussed and timely implemented.</p>
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Implementation status of previous OAI audit recommendations: Report No. 2206, 24 December 2020.
Total recommendations: 12
Implemented: 12

As noted above, the finding from the previous audit related to the cumulative value of payments made to vendors had recurred. Thus, OAI is opening Recommendation No. 8 a) contained in Report No. 2206, as follows: "The Office should adhere to the UNDP procurement policies by ensuring procurement thresholds for each vendor are monitored to ensure they are submitted to the appropriate procurement review

committee once the threshold is exceeded.” OAI will continue to monitor the implementation of this recommendation as part of its regular desk follow-up.

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.

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