



AUDIT

OF

UNDP COUNTRY OFFICE

IN

GUINEA

Report No. 2733
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Report on the Audit of UNDP Guinea Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of UNDP Guinea (the Office) from 29 January to 16 February 2024. 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 July 2022 to 31 December 2023. The Office recorded programme and management expenses of approximately \$35.7 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 **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 due to serious lapses in the first and second line of defense, which lacked robust governance and risk management controls to ensure that transactions are processed in compliance with applicable policy, and assets are adequately safeguarded. The issues noted included the following: (i) Office financial sustainability concerns; (ii) weak oversight on programme and project reporting, monitoring, and closure; (iii) insufficient supporting documentation on low-value grants; (iv) lapses in procurement activities and assets management; and (v) non-compliance with UNDP’s policy on cash advance disbursements.

Key recommendations: Total = **14**, high priority = **6**

The 14 recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1, 2	Medium
Reliability and integrity of financial and operational information	3, 7, 12	High
	14	Medium
Effectiveness and efficiency of operations	4, 8, 11	Medium
	9, 10	High
Safeguarding of assets	13	Medium
Compliance with legislative mandates, regulations, and rules, policies, and procedures	5	High
	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. All high (critical) priority recommendations are presented below:

Insufficient evidence of Results-Oriented Annual Reporting (Issue 2)	In 2022, actual results reported in the UNDP Results-Oriented Annual Reporting matched the target for several outcome and output indicators, indicating that the Office met its target indicators. However, the Office did not share evidence supporting the data in UNDP annual reporting and did not implement a mechanism for project reporting to ensure the accuracy and completeness of indicator data reported.
	<u>Recommendation 3:</u> The Office should improve its project reporting process by: (a) setting up a reporting mechanism to ensure that project results are computed and linked to the programme outcomes; (b) conducting regular reviews of project results and updating them in Quantum; and (c) ensuring that the actual results against the targets are included in the progress reports.
Weaknesses in project design and reporting (Issue 4)	The audit team found lapses in project management, including: <ul style="list-style-type: none">- Instances of non-compliance with the quality assurance (QA) requirements.- Project monitoring and evaluation plans were missing information, such as a multi-year results framework, indicator data, means of verification, and data collection methodology, which implied that the plans did not completely fulfill their monitoring purpose.- Regarding output progress verification, the audit team noted that related reports were missing an analysis of the progress toward results, as required by policy.
	<u>Recommendation 5:</u> The Office should improve its monitoring and evaluation process by: (a) ensuring that quality assessments are timely conducted for all projects and are in compliance with the requirements; (b) establishing a project standard monitoring and evaluation plan template including all mandatory activities; and (c) enforcing the use of the output progress verification report template.
Insufficient documentation of low-value grants (Issue 6)	The Office granted low-value grants to eight NGOs totalling \$699,889 in 2023. The Office did not provide sufficient supporting evidence of activities completed and the required NGO representative certification was missing from the final reports. In addition, the audit team found that an NGO received a low-value grant amounting to \$324,168 during the programme period, which exceeded the operational guide threshold of \$300,000. The Office indicated that this amount pertained to donations but did not provide beneficiary-related supporting documentation.
	<u>Recommendation 7:</u> The Office should strengthen its management of grants by: (a) establishing a process for regular supervision of grant-funded activities and monitoring the amount disbursed over the programme period; and (b) ensuring that grant recipients submit evidence of activities completed, conducting a review of reports to verify that objectives are met, and ensuring that financial information is accurate.

Weaknesses in procurement oversight (Issue 8) In six out of nine procurement processes valued at \$495,238 and recommended for contract award by the Office's Contracts, Assets and Procurement Committee (CAP), the audit team did not find supporting evidence of substantive reviews and assessments by the CAP. The audit team noted errors and irregularities that were not identified by the CAP, which implied gaps in the committee's oversight function.

Recommendation 9: The Office should strengthen procurement oversight by: (a) conducting a thorough review of procurement cases by the Office's CAP under its delegation of authority, documenting review minutes (including comments and exchanges), and uploading them onto the ACP Online tool; (b) ensuring that sufficient documentation of procurement cases is furnished to the CAP members for the reviews to be effective and to render informed decisions; and (c) clearly defining the roles of the CAP members in the review and decision processes.

Deficiencies in procurement processes (Issue 9) The audit disclosed irregularities in procurement processes, such as the use of a UNDP staff email address to communicate with bidders, and irregularities and inconsistencies in procurement practices against procurement policies. In addition, instances of limited competition and weak justification for value for money were noted.

Recommendation 10: The Office should strengthen controls over procurement processes by: (a) establishing a mechanism for in-depth review of procurement cases to timely detect errors and irregularities; (b) providing a more comprehensive analysis of best value for money with the comparison with benchmarks or standard rates, or previous contracts for the same goods/services; and (c) aligning purchase orders (POs) with the milestones agreed in the contracts to allow for proper contract monitoring.

Weak controls over project cash advances (Issue 11) The review of project cash advance (PCA) management disclosed the circumvention of the PCA policy and exposed the Office to the risk of financial losses. For example, advances amounting to \$251,382 were directly recorded as expenses and did not comply with the PCA monitoring and reconciliations requirements. In some cases, the payment beneficiary name in the UNDP system differed from the recipient of the cash. In addition, the audit team did not receive evidence of the PCA Custodian appointment during the time of the audit.

Recommendation 12: The Office should improve the implementation and monitoring of cash advance processes by: (a) seeking alternative options that are available within the local environment to meet the requirement of the one-time project activities; (b) disbursing PCAs in line with the stipulated threshold limit and policy requirements; and (c) finalizing the agreement with the local bank and complying with the agreements whenever PCAs are done.

Management comments and action plan


The Resident Representative accepted seven recommendations and is in the process of implementing them. Seven recommendations were not agreed upon and the Regional Bureau for Africa accepted the risk of not taking action on the issues identified by OAI.

Comments and/or additional information provided have been incorporated in the report, where appropriate.



Please see Appendix 1 for further details on the comments provided by the Office and the Regional Bureau for Africa.

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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