



AUDIT

OF

UNDP COUNTRY OFFICE

IN

CAMEROON

Report No. 968
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Report on the audit of UNDP Cameroon Executive Summary

From 26 March to 5 April 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of UNDP Country Office in Cameroon. The audit covered the activities of the Office during the period from 1 January to 31 December 2011. During the period reviewed, the Office recorded programme and management expenditures totalling \$9.6 million. The last audit of the Office was conducted by OAI in 2007.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plans and performs the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for our conclusions.

Audit rating

OAI assessed the Office as **unsatisfactory**, which means “Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.” This rating was mainly due to weaknesses in the management of operations.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				
2. United Nations system coordination				
2.1 Development activities	Satisfactory			
2.2 Resident Coordinator Office	Partially Satisfactory			
2.3 Role of UNDP – “One UN”	Not Applicable			
2.4 Harmonized Approach to Cash Transfers	Partially Satisfactory			
3. Programme activities				
3.1 Programme management	Satisfactory			
3.2 Partnerships and resource mobilization	Unsatisfactory			
3.3 Project management	Partially Satisfactory			
4. Operations				
4.1 Human resources	Partially Satisfactory			
4.2 Finance	Unsatisfactory			
4.3 Procurement	Unsatisfactory			
4.4 Information and communication technology	Satisfactory			
4.5 Asset management & general administration	Unsatisfactory			
4.6 Safety and Security	Unsatisfactory			

Key issues and recommendations

The audit raised 14 issues. There are 14 recommendations, of which seven (50 percent) were ranked high (critical) priority, meaning “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 and may affect the organization at the global level.”

Finance (Issue 7)	<p><u>Inadequate management of advances.</u> Cash advances to project staff were not properly accounted for, and some advances were made to non-staff members without any control or monitoring. The Finance and the Programme Units were unsure of their responsibilities for monitoring and reviewing expenditures pertaining to cash advances for workshops. As a result, the workshops' financial reports, including supporting documents, were neither reviewed nor validated by either Unit. The Office immediately took action during the audit and assigned the responsibility to the Finance Unit. Further, OAI recommends that the Office ensure all cash advances are properly recorded and accounted for, all grant financial reports are reviewed and reconciled, and all balances are promptly deposited in the bank and returned to the project budget.</p>
Procurement (Issue 10)	<p><u>Inadequate vendor management:</u> The Office's procedures for creating, validating and approving vendors were inadequate. The Office could not provide several vendor forms. Original certification of the vendors' bank account details was missing from the vendors' files. The Office did not confirm certain vendor business registration and identification information. Staff members assigned to approving vendors were not fully trained. A total of 63 duplicate vendors were identified, and 163 vendors had duplicate bank accounts. OAI recommends that the Office improve its vendor management by, among others, ensuring that the vendor data base is duly supported with all the required documentation and that staff dealing with vendor creation and approval in Atlas are fully trained.</p>
Asset management & general administration (Issue 11)	<p><u>Inadequate asset management:</u> The 2011 year-end inventory balance could not be verified due to discrepancies noted during the physical verification. The asset report included duplicate, obsolete, damaged and non-working items. Project assets were listed as part of the Office's inventory. Numerous assets could not be physically verified. Also due to lack of documentation and asset tagging, the value of assets disposed during 2011 could not be properly validated. The location of some assets shown in the asset report was incorrect, and numerous assets, including at least six vehicles, were awaiting disposal since 2011. OAI recommends that the Office: (a) undertake a complete physical inventory of all assets and reconcile the results with relevant asset reports; (b) tag all assets and take note of the correct location; and (c) dispose of obsolete, damaged and non-working items.</p>

Management's comments

The Resident Representative accepted all the recommendations and is in the process of implementing them.



Egbert C. Kaltenbach
Director
Office of Audit and Investigations