



**AUDIT**

**OF**

**UNDP COUNTRY OFFICE**

**IN**

**SOMALIA**

**Report No. 965**  
**Issue Date: 10 August 2012**

## Report on the audit of UNDP Somalia Executive Summary

From 19 March to 2 April 2012, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of UNDP Somalia (the Office). Due to the security situation in Somalia (the Country), the main Office is located in Nairobi, Kenya. The audit took place in Nairobi, Kenya and did not include visits to the operational offices within Somalia. It covered the activities of the Office during the period from 1 July 2010 to 31 December 2011. During the period reviewed, the Office recorded programme and management expenditures totalling \$123.2 million. The last audit of the Office was conducted by the United Nations Board of Auditors in 2011.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that we plan and perform 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 **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.” This rating was mainly due to weaknesses in project management. Ratings per audit area and sub-areas are summarized below.

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

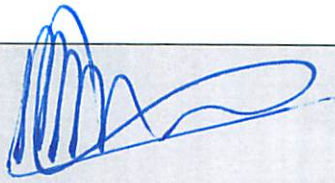
### Key issues and recommendations

The audit raised eight issues. There are nine recommendations, of which two (22 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.”

Project Management (Issue 2)	<u>Staff salaries not paid from proper funding source.</u> The Office created a stand-alone project funded from TRAC resources to pay salaries of programme staff members. Salaries totalled \$506,000 and \$630,000 in 2010 and 2011, respectively. OAI recommends the Office to discontinue the stand-alone project and transparently record staff costs under, as applicable, either the Office administration budget or the relevant directly supported projects.
Project Management (Issue 5)	<u>Project results, resource frameworks, and annual work plans not clearly formulated.</u> Project annual work plan and Results and Resources Frameworks did not adequately define outputs, activities, and baseline against which progress could be measured and reported. Senior management explained that the problem resulted from an earlier lack of awareness among personnel concerning the importance of this issue. OAI recommends that the Office provide training to programme and project staff in order to strengthen project management skills set and ensure that project annual work plans provide additional details on activities planned and related costs to facilitate more effective monitoring of implementation.

**Management's comments**

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



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