



INTERNAL AUDIT AND INVESTIGATIONS GROUP

UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

INTERNAL AUDIT REPORT

26 JUNE 2014

| | |
|---------------------------------|--|
| PROJECT NAME: | DESIGN AND IMPLEMENT DROUGHT MITIGATION ENGINEERING WORKS IN DARFUR |
| PROJECT NUMBER: | 00072000 |
| COUNTRY: | SUDAN |
| AUDITOR: | MOORE STEPHENS LLP |
| PERIOD SUBJECT TO AUDIT: | 1 SEPTEMBER 2009 TO 31 DECEMBER 2013 |

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Acronyms and abbreviations

| | |
|-------|--|
| IAIG | Internal Audit and Investigations Group |
| IPSAS | International Public Sector Accounting Standards |
| OC | Operations Centre |
| PC | Project Centre |
| RO | Regional Office |
| TOR | Terms of Reference |
| UNOPS | United Nations Office for Project Services |
| USD | United States Dollars |
| MoU | Memorandum of Understanding |

Executive summary

The engagement context

From 16 to 20 March 2014, the Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through Moore Stephens LLP (“the audit firm”), conducted an audit of The Design and Implement Drought Mitigation Engineering Works in Darfur (Project ID 00072000) (“the project”), which is implemented and managed by the UNOPS Project Office in Sudan. The audit firm was under the general supervision of IAIG in conformance with the International Standards for the Professional Practice of Internal Auditing.

The project reported expenditure amounting to USD 4,875,302.28 during the period from 1 September 2009 to 31 December 2013. This project was funded by the Department for International Development (DFID) of the UK.

Audit objectives

The overall objective of the audit was to assess the management of the project operations to obtain reasonable assurance towards the achievement of the project objectives.

The areas of focus included:

- a) Effective, efficient and economical use of resources;
- b) Reliability of reporting;
- c) Safeguarding of assets; and
- d) Compliance with applicable legislation.

The purpose of the audit was to provide reasonable assurance that:

- a) Client/donor contributions and project expenditure are properly accounted for;
- b) Project expenditure was incurred in accordance with the contribution agreement, and is supported by adequate documentation; and
- c) The related financial statements prepared by UNOPS for the year under review present a fair view of the operations.

In particular, the audit firm provided an overall assessment of the operational and internal control systems that are in place for the management of the project so that related transactions are processed in accordance with UNOPS policies and procedures to achieve the project’s objectives.

Audit scope

The audit firm conducted the audit in accordance with International Standards on Auditing issued by the IASSB and UNOPS internal audit practices, and in consideration of the requirements of International Public Sector Accounting Standards (IPSAS).

Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, IAIG assessed the management of the project 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.” The details of the audit results are presented in Tables 1 and 2.

Table 1: Summary results of the financial audit

| Project title | | Period | Project no. |
|---|-------------|--------------------------------------|-------------|
| Design and Implement Drought Mitigation Engineering Works in Darfur | | 9 September 2009 – 31 December 2013 | 00072000 |
| Financial statement | | Statement of non-expendable property | |
| Amount USD | Opinion | Amount USD | Opinion |
| 4,875,302 | Unqualified | N/a | N/a |

Table 2: Internal control rating summary for project

| Rating summary by functional area | | |
|---|-------------------------------|---|
| Functional area | Rating | |
| Project management | Partially satisfactory |  |
| Finance | Partially satisfactory |  |
| Procurement and supply chain | Partially satisfactory |  |
| Human resources | Satisfactory |  |
| General administration | Satisfactory |  |
| Overall rating of internal control | Partially satisfactory |  |

Key issues and recommendations

Among the four audit findings, none were noted to be caused by factors beyond the control of UNOPS. There are four recommendations, two of which are ranked high and two ranked as medium priority.

Below is a list of the audit findings, further details of which can be found in the detailed assessment section.

| No. | Functional area | Audit finding title | Priority rating (high / medium) | Financial impact (USD) |
|-----|------------------------------|--|---------------------------------|------------------------|
| 1 | Project Management | Delay in signature of the amendments to the MoU with DFID UK | Medium | - |
| 2 | Finance | Weakness in budget monitoring | Medium | - |
| 3 | Procurement and supply chain | Absence of two procurement files | High | - |
| 4 | Procurement and supply chain | Non-compliance with UNOPS Procurement Manual | High | - |

| No. | Functional area | Audit finding title | Priority rating (high / medium) | Financial impact (USD) |
|-----|-----------------|---------------------|---------------------------------|------------------------|
| | | | Total | - |



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26 June 2014

Detailed assessment

| # | Observation | Recommendation | Management comment and action plan | Responsible manager / due date / priority |
|--|---|---|--|---|
| Functional area: Project Management | | | | |
| 1 | <p>Title</p> <p>Delay in signing amendments to the Memorandum of Understanding</p> <p>Comparison criteria</p> <p>Article 2 of the signed MoU between UNOPS and DFID stipulates that “The Project will commence on 1 September 2009 and will end on 30 June 2011.”</p> <p>Facts / observation</p> <p>The initial MoU ended on 30 June 2011, however the first amendment, stipulating that the project implementation period was to be extended to 31 December 2012, was not signed until 28 August 2011. The delay therefore led to the absence of a contractual basis for the implementation of project activities, for the period from 30 June to 28 August 2011.</p> <p>A second amendment was signed between the two parties stipulating that the project implementation period was subsequently to be extended to 31 December 2013. This document was not dated and we were therefore unable to verify whether there was a continual binding agreement in place while project activities were being carried out.</p> <p>In addition it was noted that the initial MoU was not dated.</p> | <p>The project management team should aim to complete project activities within the timeframe specified in the project documents. In the event that periods of extension are required, project management should work in conjunction with the donor to revise the programme schedule as soon as practically possible. This amendment should be formalised in writing as an official addendum to the project agreement, and this process should in all cases be completed before the expiration of the terms currently in place.</p> | <p>Further to discussion and verbal agreement on the time extension, the formal time extension request was submitted to DFID on 18 June 2011, prior to the MoU end date. The time extension amendment was received by UNOPS on 28 August 2011.</p> <p>In future UNOPS will initiate time extension requests sufficiently in advance, and closely follow-up for timely signing of the amendment. More care will be taken to ensure that legal documents are dated during signature. Proposed Action: Head</p> | <p>Responsible manager: Head of Office</p> <p>Due date: 31 July 2014</p> <p>Priority: Medium</p> |

| | | | | |
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| | <p>Impact</p> <p>The absence of a contractual basis for the duration of the project period could lead to misunderstandings or disputes concerning both the activities to be implemented and the costs incurred in respect thereof.</p> <p>The lack of dates on these documents further reduces the robustness of the framework under which both parties operate.</p> <p>Cause</p> <p>Guidance: Lack of or inadequate guidance or supervision at the RO/OC/PC level</p> | <p>The project agreement should be signed and dated by both parties before it is considered to be in effect.</p> | <p>of Office to write to all Project Managers / PSOs of Sudan office seeking full attention to the MoU and time extensions for compliance with the issues highlighted in this audit.</p> | |
|--|--|--|--|--|

| # | Observation | Recommendation | Management comment and action plan | Responsible manager / due date / priority |
|---------------------------------|---|---|--|---|
| Functional area: Finance | | | | |
| 2 | <p>Title</p> <p>Weakness in budget monitoring</p> <p>Comparison criteria</p> <p>Best practice in financial management.</p> <p>Facts / observation</p> <p>The audit team noted that the budget accounts used by UNOPS for recording project expenditure did not correspond to those detailed in the approved budget.</p> <p>Impact</p> <p>Without a reconciliation to show how the recorded expenditure corresponds to the budget accounts as specified in the MoU, it is not possible to verify whether these costs are in accordance with the stated budget terms.</p> <p>This applies not just to the auditing context, but also to the project management oversight function as a whole, whose responsibility it is to ensure that costs are incurred and subsequently reported appropriately.</p> <p>While the MoU did not stipulate that UNOPS should follow the project budget, there remains the risk that without a clear methodology for assigning incurred costs to specific components of the project budget, that otherwise eligible expenditure is rejected.</p> | <p>Project management should ensure that the system for monitoring the budget, and by extension the reporting of project expenditure, correlates to the budget provisions of the project agreement. In the event that the accounting system does not permit a direct comparison of the budget, as is the case with Atlas, appropriate account mapping should be adopted such that a readily available reconciliation between the two budgeting systems can be produced.</p> | <p>A detailed budget was prepared in the project proposal for the client approval, however a consolidated format was entered in to Atlas system. The issue highlighted in the Audit is taken into serious consideration, and a unique budget template will be maintained in budget monitoring and reporting of all future projects. For the on-going projects with two different formats, actions be initiated to produce quarterly reconciliation reports between the two systems for budget monitoring</p> <p>Proposed Action: Head of Office to write to all Project Managers / PSOs of Sudan office advising to maintain the</p> | <p>Responsible manager: Head of Office</p> <p>Due date: 31 July 2014</p> <p>Priority: Medium</p> |

| | | | | |
|--|--|--|---|--|
| | <p>Cause</p> <p>Guidance: Lack of or inadequate guidance or supervision at the RO/OC/PC level</p> | | <p>same budget format in the Agreement and Atlas system for all future projects. Where this does not exist, to produce quarterly reconciliation reports of the two systems for budget monitoring. Where necessary training is to be provided.</p> | |
|--|--|--|---|--|

| # | Observation | Recommendation | Management comment and action plan | Responsible manager / due date / priority |
|--|--|--|--|--|
| Functional Area: Procurement and supply chain | | | | |
| 3 | <p>Title</p> <p>Absence of two procurement files</p> <p>Comparison criteria</p> <p>Article 13 of the Memorandum of Understanding stipulates “UNOPS will administer and account for the contribution in accordance with its financial regulations and other applicable rules, procedures and practices and keep separate records and accounts for the Project.”</p> <p>Facts / observation</p> <p>The following procurement files were not available during the audit:</p> <ul style="list-style-type: none"> - Atbara Construction for Contracting Co (contract amount SDG 598,655; amount paid USD 179,649.67); and Van Vliet Trucks Middle East Fze (contract amount USD 99,960) <p>It was thus not possible to verify that the correct procurement procedures had been followed for these two contracts.</p> <p>We verified evidence that contracts were in place, work was performed and payments to the vendors were made and therefore have not reported a financial impact as a result of this observation.</p> <p>Impact</p> <p>The lack of procurement files did not guarantee that the following</p> | <p>All procurement files, containing a complete set of relevant documentation from the initial request for services through to the ultimate selection of the supplier, should be maintained and available for review by project management staff or other permitted parties.</p> <p>To the extent possible this documentation should be held in a single location.</p> | <p>The project support including procurement was provided from Juba UNOPS office during 2009 to 2011. Following the establishment of Sudan Project Center, the project files were transferred from Juba to Khartoum in 2012. However, we failed to locate these 2 files during the audit, and there was no inventory record of the transferred files to verify. Followed-up with Juba office, but failed to locate the files.</p> <p>All procurement tasks are now managed by Khartoum office, and a centralized filing system is maintained.</p> <p>Proposed Actions: A list of project procurement files is to be prepared (for all Sudan office managed procurement activities & to be updated regular basis) and post at the share drive</p> | <p>Responsible manager: Procurement Officer with input from all Project Managers</p> <p>Due date: 30 September 2014</p> <p>Priority: High</p> |

| | | | |
|--|--|--|--|
| <p>general principles were respected when undertaking the procurement activities:</p> <ul style="list-style-type: none"> a) Best value for money; b) Fairness, integrity and transparency; c) Effective competition; and d) The best interests of UNOPS and its clients. <p>Cause</p> <p>Human error: Un-intentional mistakes committed by staff entrusted to perform assigned functions.</p> | | | |
|--|--|--|--|

| # | Observation | Recommendation | Management comment and action plan | Responsible manager / due date / priority |
|--|--|---|---|--|
| Functional Area: Procurement and supply chain | | | | |
| 4 | <p>Title</p> <p>Non-compliance with UNOPS Procurement Manual</p> <p>Comparison criteria</p> <p>Article 13 of the Memorandum of Understanding stipulates “UNOPS will administer and account for the contribution in accordance with its financial regulations and other applicable rules and procedures and practices and keep separate records and accounts for the Project.”</p> <p>UNOPS financial regulation rules stipulate that UNOPS should follow the procurement manual for the purchase of goods, works and services.</p> <p>Facts / observation</p> <p>When reviewing the procurement files, the audit team noted that the project did not follow the procurement manual in several instances. The instances of non-compliance for each contract are detailed in annex I.</p> <p>Impact</p> <p>The non-compliance with the procurement manual represents a weakness in the internal controls over ensuring that the following general principles were respected when undertaking the procurement activities:</p> | <p>We recommend that UNOPS follow the provisions of the Procurement Manual, in particular by:</p> <ul style="list-style-type: none"> • Documenting approval of changes to solicitation periods • Opening tenders within the prescribed timeframes • Evidencing the separate evaluation of technical and financial proposals • Evidencing the appointment of the evaluation team | <p>The project management team has taken into account of the recommendations made and will ensure their full implementation in future procurement activities. However, please note that bids opening carried out in the following day was practiced due to logistical challenges involved in transferring bids received in Khartoum & Juba, for single location opening. The bid opening in the following day was already mentioned in the PA approved solicitation document.</p> <p>The same date shown in the evaluation sheets of the technical and financial proposals was a human error, the actual evaluations were performed separately, as per the procurement manual guidelines Due care will be taken in future, to</p> | <p>Responsible manager: Head of Office</p> <p>Due date: 30 September 2014</p> <p>Priority: High</p> |

| | | | | |
|--|--|--|--|--|
| | <p>a) Best value for money; b) Fairness, integrity and transparency; c) Effective competition; and d) The best interests of UNOPS and its clients.</p> <p>Cause</p> <p>Human error: Un-intentional mistakes committed by staff entrusted to perform assigned functions.</p> | | <p>record the correct dates in the evaluation documents.</p> <p>Proposed Actions: Head of Office to write to the Procurement Unit, directing full compliance to the Procurement Manual specified procedures, and seeking compliance assurance in all procurement activities being implemented by the unit.</p> | |
|--|--|--|--|--|

Annex I – Details for Finding n°4

| 1- Vendor | | |
|--------------------------------|---|--|
| Project Name | Abu Deleig Water Harvesting Dam Rehabilitation | |
| Contract / Service Description | Rehabilitation of Abu Deleig Water Harvesting Dam at Abu Deleig, North Darfur | |
| Ref | 2011/72000/WORKS/134 | |
| Method of selection | ITB | |
| Contract amount | USD 767,534 | |
| Finding n°: | Procurement Manual Article Ref | Observations |
| 1- | Article 5.4.3 states "Normally, offers should be opened immediately after the deadline for submission, or shortly thereafter (a few hours)". | The bids were opened one day after the deadline. |
| 2- Vendor | | |
| Project Name | Azagarfa Dam Rehabilitation | |
| Contract / Service Description | Azagarfa Dam Rehabilitation Works, North Darfur | |
| Ref | SDPC/72000/WORKS/CON-012 | |
| Method of selection | ITB | |
| Contract amount | USD 318,965 | |
| Finding n°: | Procurement Manual Article Ref | Observations |
| 1- | Article 5.4.3 states "Normally, offers should be opened immediately after the deadline for submission, or shortly thereafter (a few hours)". | The bids were opened one day after the deadline. |
| 3- Vendor | | |
| Project Name | Wadaa Dam | |
| Contract / Service Description | Excavation and Removal of dry silt from Wadaa Reservoir in North Darfur | |
| Ref | 72000-SDOC/DARFUR/2010/011 | |
| Method of selection | ITB | |
| Contract amount | USD 295,000 | |
| Finding n°: | Procurement Manual Article Ref | Observations |
| 1- | Article 5.2.1 states "The solicitation documents must be pre-cleared by a Procurement Advisor and signed by the appropriate Procurement Authority (PA)" | The ITB was not evidenced as approved by the PA. |
| 2- | Article 5.4.3.1 states "Offers are to be opened by a bid opening panel consisting of personnel designated, in writing, by the PA. At his discretion, the PA may designate personnel to serve permanently in bid opening panels for a particular project/business unit etc." | The audit team was not provided with evidence of the formation of the bid opening panel. |
| 3- | Article 5.4.3.3 states "Regardless of whether or not the bid opening is public, a bid opening report, available to all bidders, should record the following information for each of the received bids.....". | The audit team was not provided with the bid opening report. |
| 4- | Article 6.4.1 states "The evaluation team members shall be appointed, in writing (e.g. through an email), by the PA to provide objective and independent advice based on their knowledge of the specific subject matter" | The audit team was not provided with evidence of the appointment of the evaluation team. |

Article 5.1.1.1 states "The deadline for submission should allow the supplier a sufficient number of days in order to prepare and submit an offer. The following number of days (excluding the issue date but including the closing date) are recommended as solicitation times:

RFQ: 10 calendar days

ITB: 20 calendar days

RFP: 30 calendar days"

5-

If, in the opinion of the PA, due cause exists, a shorter solicitation period could be used. However, whenever less than the recommended number of days is approved, the procurement personnel must justify the decision in a Note To File, provide reasons and indicate why he believes that competition is achieved despite the shortened solicitation time and also confirm the availability of the members of the evaluation team immediately after the end of the solicitation period.

We noted that the period for preparation of tenders was 10 days instead of 20 days. This situation was not subject to prior approval by the PA.

| | | |
|--------------------------------|---------------------------------------|---------------------|
| 4- Vendor | [REDACTED] | |
| Project Name | Fasher Hafirs Rehabilitation | |
| Contract / Service Description | Fasher Hafirs Rehabilitation Works | |
| Ref | 72000/WORKS/ITB/022_Re-Bid | |
| Method of selection | ITB | |
| Contract amount | SDG 438,040 | |
| Finding n°: | Procurement Manual Article Ref | Observations |

1-

Article 5.1.1.1 states "The deadline for submission should allow the supplier a sufficient number of days in order to prepare and submit an offer. The following number of days (excluding the issue date but including the closing date) are recommended as solicitation times:

RFQ: 10 calendar days

ITB: 20 calendar days

RFP: 30 calendar days"

If, in the opinion of the PA, due cause exists, a shorter solicitation period could be used. However, whenever less than the recommended number of days is approved, the procurement personnel must justify the decision in a Note To File, provide reasons and indicate why he believes that competition is achieved despite the shortened solicitation time and also confirm the availability of the members of the evaluation team immediately after the end of the solicitation period.

The period of preparation of tenders was 18 days instead of 20 days. This situation was not subject to prior approval by the PA.

| | | |
|--------------------------------|---|---------------------|
| 5- Vendor | [REDACTED] | |
| Project Name | Golo Reservoir | |
| Contract / Service Description | Reservoir sediment excavation and removal of sand from Golo reservoir in Elfasher | |
| Ref | 72000-SDOC/DARFUR/2010/010 | |
| Method of selection | ITB | |
| Contract amount | USD 300,000 | |
| Finding n°: | Procurement Manual Article Ref | Observations |

1-

Article 6.4.1 states «The evaluation team members shall be appointed, in writing (e.g. through an email), by the PA to provide objective and independent advice based on their knowledge of the specific subject matter"

The audit team was not provided with evidence of the appointment of the evaluation team.

| | | |
|--------------------------------|--|--|
| 6- Vendor | [REDACTED] | |
| Project Name | Feasibility study of Kassab dam | |
| Contract / Service Description | Feasibility study of Kassab dam in Kutum, North Darfur | |
| Ref | SDPC/72000/SERVICE/RFP-024 | |
| Method of selection | RFP | |

Contract amount USD 82,760

| Finding n°: | Procurement Manual Article Ref | Observations |
|--------------------------------|---|---|
| 1- | <p>Article 5.4.3.4 states "The opening of technical proposals is recorded in a report containing the following information:</p> <ol style="list-style-type: none"> 1. proposer's name and country 2. comments on incomplete proposals or other matters observed by the bid opening panel 3. bid security, if requested 4. the date and time of the opening 5. the names of the UNOPS personnel present" | <p>The dates mentioned in the tender opening report were not consistent with those mentioned in the final evaluation report.</p> <p>The tender opening report showed that the date of opening was 11 September while it was 25 August in the evaluation report.</p> |
| 2- | <p>Article 5.4.3.4 states "Due to the two-envelope system where financial proposals are not to be opened without the completion of a technical evaluation (See Chapter 6, Evaluation), a public opening of proposals received is not necessary. Thus, in the case of an RFP or a two-envelope ITB, only the technical proposals are opened as a first step of the opening, while the financial proposals are kept sealed by the individual in charge of receiving bids. A separate opening of the financial proposals (preferably by the same bid opening panel which opened the technical proposals) is to be conducted after the completion of the technical evaluation."</p> | <p>According to the evaluation report the technical and financial envelopes were opened in the same day: 25 August.</p> |
| 3- | <p>Article 5.4.3 states «Normally, offer should be opened immediately after the deadline for submission, or shortly thereafter (a few hours)".</p> | <p>The technical proposals were opened two days after the deadline.</p> |
| 4- | <p>Article 6.4 states "The evaluation process comprises the following steps:</p> <p>-</p> <p>- For two-envelope evaluations: completion of technical evaluation report and opening of financial offers</p> <p>-"</p> | <p>The evaluation team did not prepare a separate technical and financial evaluation report.</p> |
| 7- Vendor | | |
| Project Name | Feasibility study of Ramalia Dam | |
| Contract / Service Description | Feasibility study of Ramalia Dam in Nyala, South Darfur | |
| Ref | SDPC/72000/SERVICE/RFP-023 | |
| Method of selection | RFP | |
| Contract amount | SDG 379,500 | |
| Finding n°: | Procurement Manual Article Ref | Observations |
| 1- | <p>Article 5.4.3 states "Normally, offer should be opened immediately after the deadline for submission, or shortly thereafter (a few hours)".</p> | <p>The technical proposals were opened three days after the deadline.</p> |
| 2- | <p>Article 5.4.3.4 states "Due to the two-envelope system where financial proposals are not to be opened without the completion of a technical evaluation (See Chapter 6, Evaluation), a public opening of proposals received is not necessary. Thus, in the case of an RFP or a two-envelope ITB, only the technical proposals are opened as a first step of the opening, while the financial proposals are kept sealed by the individual in charge of receiving bids. A separate opening of the financial proposals (preferably by the same bid opening panel which opened the technical proposals) is to be conducted after the completion of the technical evaluation."</p> | <p>According to the evaluation report the technical and financial envelopes were opened on the same day.</p> |
| 3- | <p>Article 6.4 states "The evaluation process comprises the following steps:</p> <p>-</p> <p>- For two-envelope evaluations: completion of technical evaluation report and opening of financial offers</p> <p>-"</p> | <p>The technical and financial evaluations were carried out in the same day, 26 August, and no separate evaluation reports were prepared.</p> |

4-

Article 6.4.1 states "The evaluation team members shall be appointed, in writing (e.g. through an email), by the PA to provide objective and independent advice based on their knowledge of the specific subject matter"

The audit team was not provided with evidence of the appointment of the evaluation team.

Annex II - Definitions

Standard Audit Ratings for overall performance of internal control system

The harmonized rating system being applied by the internal audit services of UNICEF, UNFPA, WFP, UNDP and UNOPS effective 1 January 2010 is based on the following principles:

There are three categories:

- (a) satisfactory,
- (b) partially satisfactory, and
- (c) unsatisfactory.

The elements of the rating system take into account the audited office's internal control system, risk management practices, and their impact on the achievement of office objectives.

The definitions of the ratings are, as follows:

| Standard Rating | Definition |
|-------------------------------|---|
| Satisfactory | Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited party. |
| Partially Satisfactory | 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. |
| Unsatisfactory | Internal controls, governance and risk management processes were either not established or not functioning well. The issues identified were such that the overall objectives of the audited entity could be seriously compromised. |

Categories for priorities of audit recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNOPS country office management is to address the issues.

The following categories of **priorities** are used:

| Categories | Definition |
|---------------|--|
| High | Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organization). |
| Medium | Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences). |
| Low | Action is considered desirable and should result in enhanced control or better value for money. <i>Note: Low priority recommendations, if any, are dealt with by the audit firm directly with UNOPS management either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the report.</i> |

Possible causes

The following categories of **possible causes** are used:

- **Guidelines:** absence of written procedures to guide staff in performing their functions;
 - Lack of or inadequate corporate policies or procedures
 - Lack of or inadequate RO/OC/PC policies or procedures
 - Inadequate planning
 - Inadequate risk management processes
 - Inadequate management structure
- **Guidance:** inadequate or lack of supervision by supervisors;
 - Lack of or inadequate guidance or supervision at the RO/OC/PC level
 - Inadequate oversight by Headquarters
- **Resources:** insufficient resources (funds, skill, staff) to carry out an activity or function;
 - Lack of or insufficient resources (financial, human, or technical resources)
 - Inadequate training
- **Human error:** Un-intentional mistakes committed by staff entrusted to perform assigned functions;
- **Intentional:** intentional overriding of internal controls;
- **Other:** Factors beyond the control of UNOPS.

List of functional areas

The following categories of **functional areas** are used:

- Project management
- Finance
- Human resources
- Procurement and supply chain
- General administration (which includes asset management)
- Information and communications technology