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ACTION MEMORANDUM TO THE ADMINISTRATOR

Angelique M. Crumbly
Through: BMS/Director, Angelique M. Crumbly Date: 18 June 2020

Darshak Shah
From: BMS/OFRM, Darshak Shah, CFO

Subject: Request for approval for the write-off of \$187,575.33 (US dollars) for the Gambia Country Office (CO)

I. Recommendation

That you approve the below/attached request for write-off from the Gambia CO of USD \$187,575.33

Approve *Achim Steiner* Disapprove _____

II. Background

Based on the submission of the UNDP Gambia CO and pursuant to UNDP's Financial Rule 126.17, which is set out immediately below, this request seeks the approval of the Administrator of the UNDP for the write-off of \$187,575.33, which includes 3 (three) components: a petrol advance of \$81,154.33; and, two common services project deficits of \$90,749.72 and \$15,671.28, respectively.

Rule 126.17 on Loss of cash, receivables, plant equipment and other assets states:

- a) Any loss of assets shall be reported to the Assistant Administrator, Bureau of Management, who may, after full investigation, authorize the writing off of assets deemed to be irrecoverable, except that proposals to write off amounts in excess of \$100,000 shall be submitted to the Administrator for approval.
- b) An investigation shall determine the cause of the loss of assets, including the responsibility of the staff members or others. Such staff members or others may be required to reimburse the loss either partially or in full. The final determination as to all recoveries to be made against staff members or others as the result of losses will be made by the Assistant Administrator, Bureau of Management.
- c) The amount authorized for waiver of investigation, reporting and write-off is \$1,000.

This write-off request is related to deficits identified during an audit conducted by RAC-NWCA (Regional Audit Centre for North, West and Central Africa) in September 2018.

III. Discussion

As noted in the preceding section, this request covers the following 3 components as follows:

i. Petrol advance of \$81,154.33:

This deficit has been recorded for more than 12 years in the petrol advance account (a/c 14057). In 2020, the CO performed a historical reconciliation of the activity in the petrol advance account 14057 since 2004. The Gambia CO has confirmed that there is no physical stock of fuel and was unable to determine the reason for the loss.

The Gambia CO performed due diligence by attempting to trace any physical support of distribution of fuel between 2003 and 2007. Gambia CO approached Mr. Elliman Jagne and Ms. Binta Sanneh, who were staff members at the CO during the period under review. Exchanges confirmed that there is no documentation for the period as most were archived and destroyed. Based on the facts provided by the CO, OFRM confirms that efforts undertaken have been unsuccessful.

OFRM would like to highlight that the risks that led to the loss have since been mitigated. UNDP has introduced a new fuel tracking system which has been cleared by OAI and is under implementation. This tracking system ensures diligent accounting for all fuel coupons issued, which are reviewed by senior management, lapses identified, and regular spot checks undertaken.

ii. Common services project deficits totalling \$106,421.00: both deficits are on Common Service projects for which UNDP incurred costs on behalf of other agencies.

Project ID 00039887 Dispensary of \$90,749.72: This deficit represents a CO legacy deficit since 2004 in the common service project (00059503). The project was operationally closed on 7 December 2011. Based on the CO's report, project ID 00039887 covered the UN Dispensary activities in 2004 and incurred overspending in the amount of \$90,749 on fund code 11935.

Project ID 00059503 UN House management services of \$15,671.27: This deficit represents a CO legacy deficit since 2009 in the common service project (00059503). The project was operationally closed on 30 June 2009.

Due diligence was conducted by the Gambia CO to locate any document related to the cost sharing basis that underlined contributions to the project during its existence but did not generate any results. All relevant staff members for the said period are no longer with the CO. Since the project ceased to be operational since 2004, a period of over 10 years, the CO can no longer locate the applicable MOUs signed with other agencies in order to determine who should contribute what, identify the default contributors and pursue collection/ recovery of over-due balances. Additionally,

the representation of UN agencies and the portion of staff of each resident agency at the time is unknown rendering an objective analysis and apportionment of costs impossible. Based on the facts provided by the CO, OFRM concludes that efforts undertaken by the CO have been unsuccessful.

OFRM would like to highlight the risks that led to the deficits have since been mitigated. The CO ensures the existence of duly signed MOUs and Common Service budget to underpin all expenditures incurred on behalf of the agencies.

The CO, through its Resident Representative, Aissata De, has concluded that all three amounts totalling \$187,575.33 are unrecoverable.

OAI has assessed this case and confirmed that no further investigation is required (as per Mr. Helge Osttveiten, OAI, report dated 12 May 2020 - attached) as investigating activities in projects terminated over 10 years ago is not practical.

IV. Resource Implications

Based on OAI's determination that no further investigation is necessary and OFRM's review of the CO's documentation, in accordance with the Financial Rule 126.17, we request your approval to write-off \$187,575.33. The write-off will be reflected in the 2020 books of account. As the CO does not have enough management budget to provide for the losses, they will be covered via the Regional Risk Reserve.

Attachments

- Request from the CO to OFRM for deficit write-off balances
- OAI's Memo on its agreement for the write-off

CLEARANCE PAGE FOR ACTION MEMO: Write off Gambia

Prepared by: BMS, OFRM; Helen Hall

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