



Executive Board of UNFPA

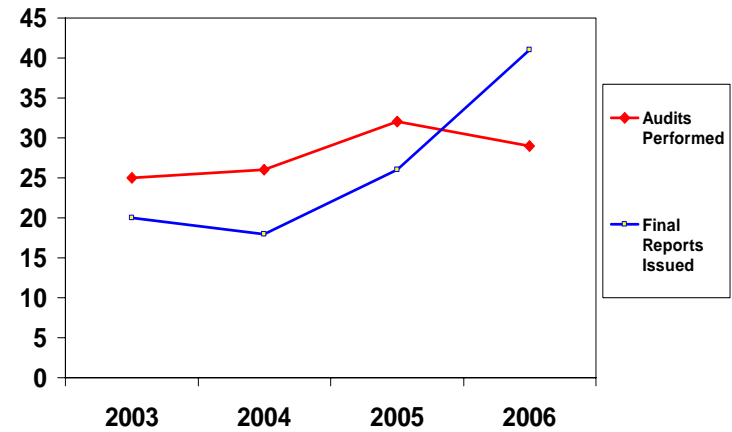
Internal audit and oversight activities Presentation

Informal session Friday, 25 May 2007

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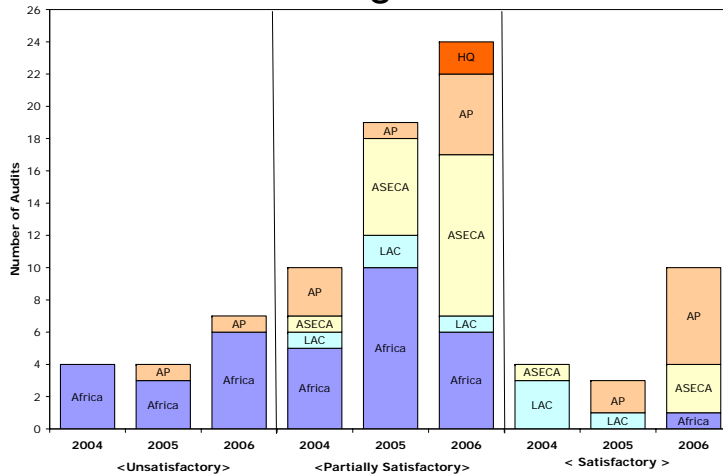
Oversight Outputs



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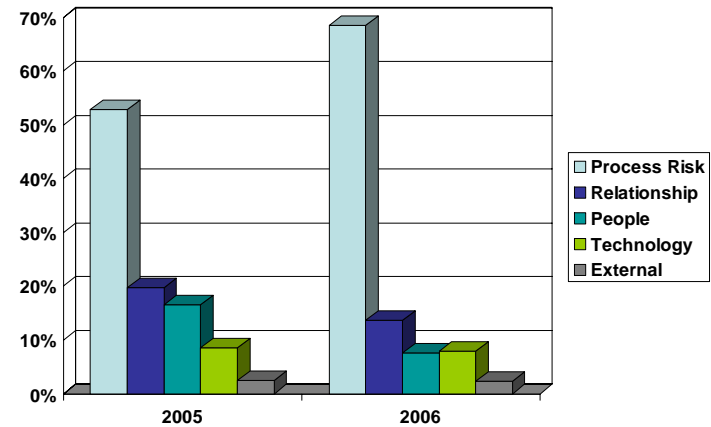
Audit ratings 2004-2006



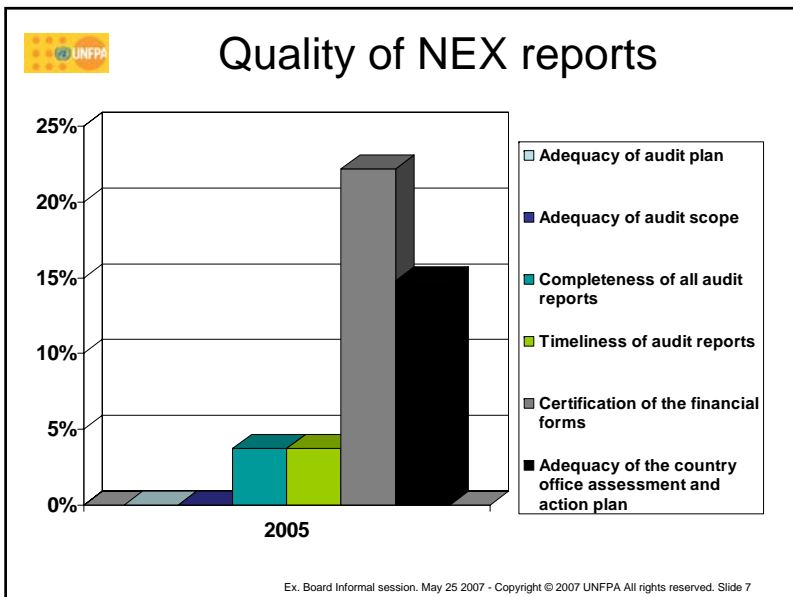
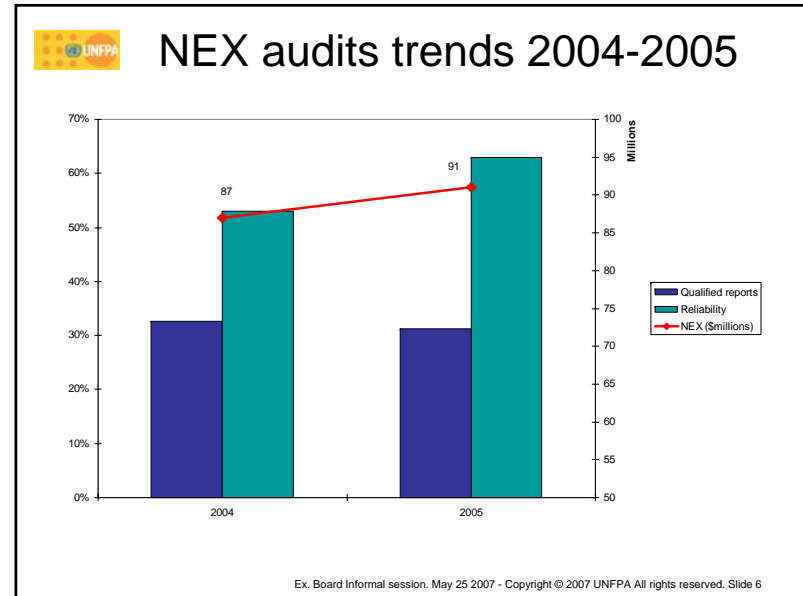
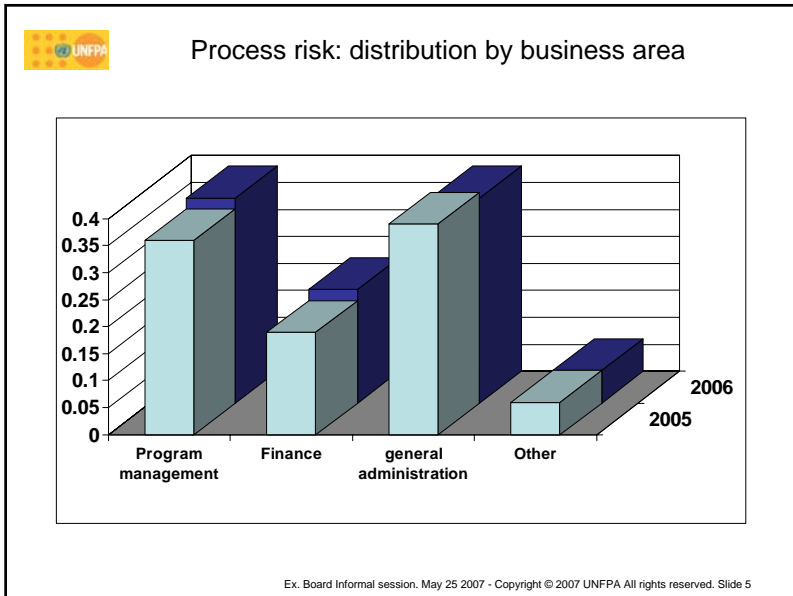
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Distribution of audit observations by risk category



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- UNFPA** Preliminary conclusion
- No significant change in audit findings
 - Limited improvement in NEX
 - NEX reports suffer from deficiencies in expenditure reporting.
 - Audit findings are necessary to improve controls, but are not sufficient to provide an accurate assessment of efficiency and effectiveness in UNFPA (biased sample)
 - We need a dynamic analysis of risks to identify trends and areas for improvement
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The risk model

- Gets data from various sources (ATLAS, COARs, World Bank...)
- No input from audits but gets validated by audits results
- 21 variables (risk factors)
- Maps units and gives a risk profile of the Fund
- 5 risk categories (Basel II)

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Vulnerability of entities

Countries	Risk factor 1	Risk factor 2	Risk factor 3	Risk factor 4	Risk factor 5
C1	7.00	11.67	14.00	37.48	4.00
C2	2.00	6.67	11.00	37.41	8.00
C3	6.00	12.00	11.00	40.20	6.00
C4	4.00	11.00	12.00	37.20	9.00
C5	4.00	9.33	7.00	31.06	6.00
C6	5.00	13.00	7.00	34.84	10.00
C7	2.00	9.00	11.00	36.54	12.00
C8	7.00	15.00	17.00	46.18	4.00
C9	9.00	11.00	16.00	49.27	16.00
C10	2.00	6.67	7.00	30.87	8.00

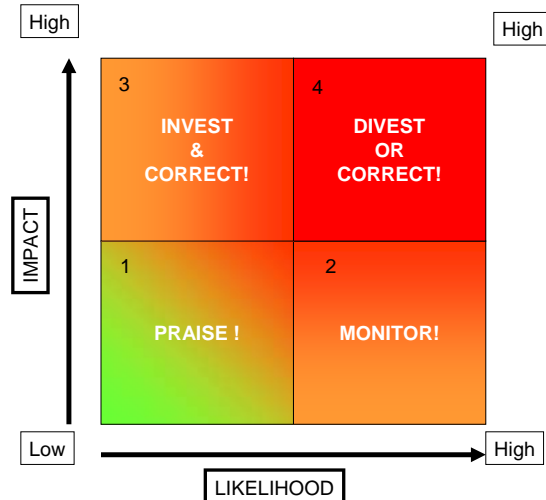
Risk factor 21

Annual expenditure	Vulnerability Index
465,544.70	8.38
1,441,631.50	11.14
1,033,977.35	12.24
1,173,905.83	11.62
205,991.26	8.03
1,070,018.11	11.21
576,258.45	8.57
657,525.33	9.94
745,437.09	11.62
885,255.66	10.97

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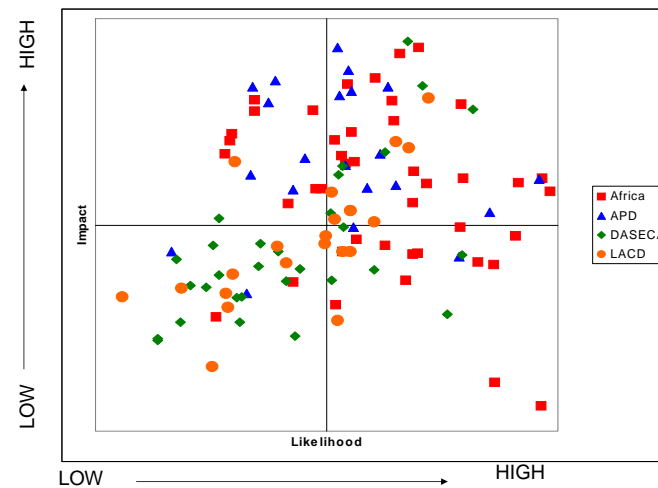
How do we measure risk?



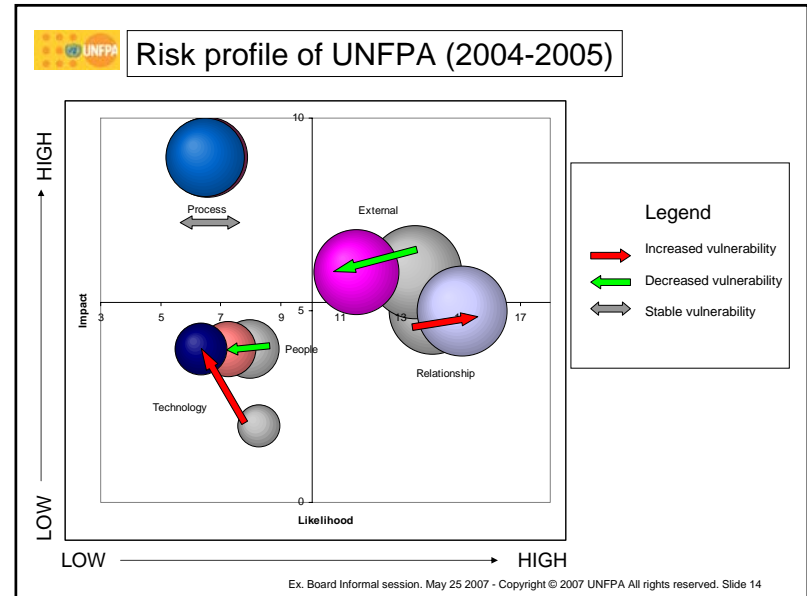
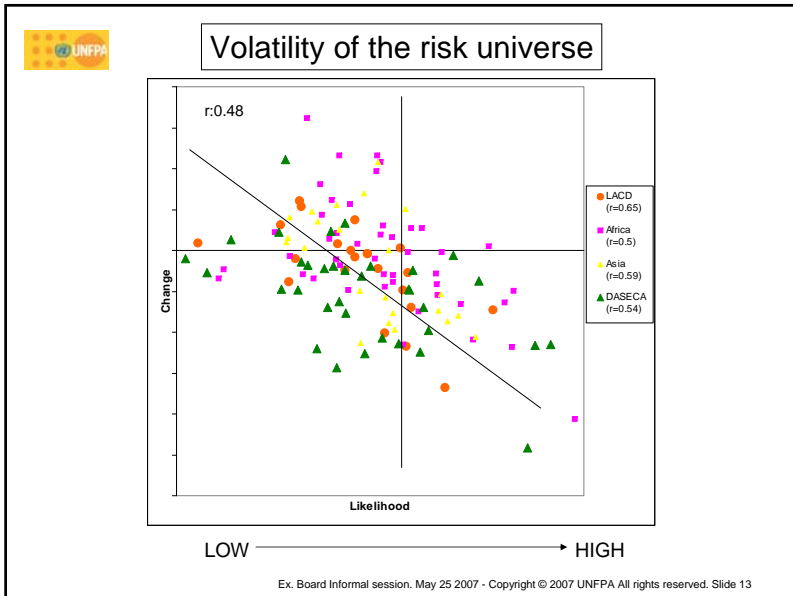
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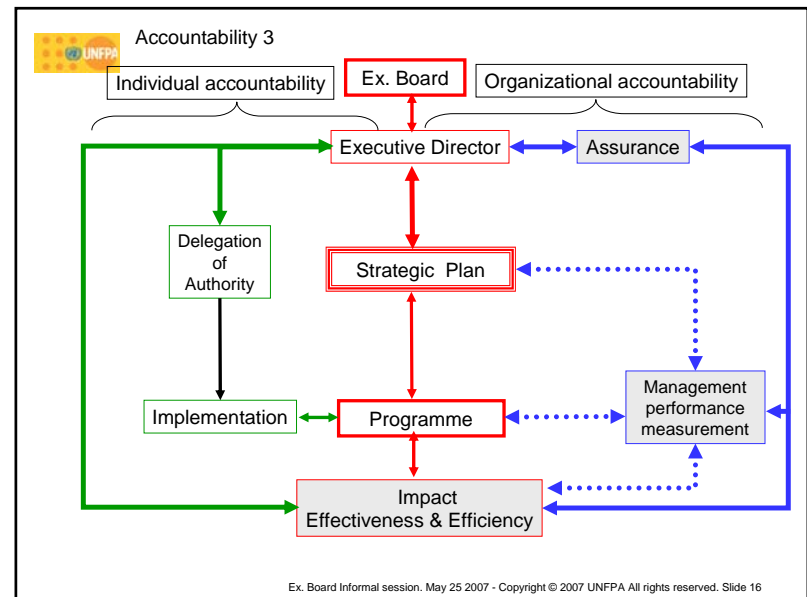
The risk universe of UNFPA (COs)

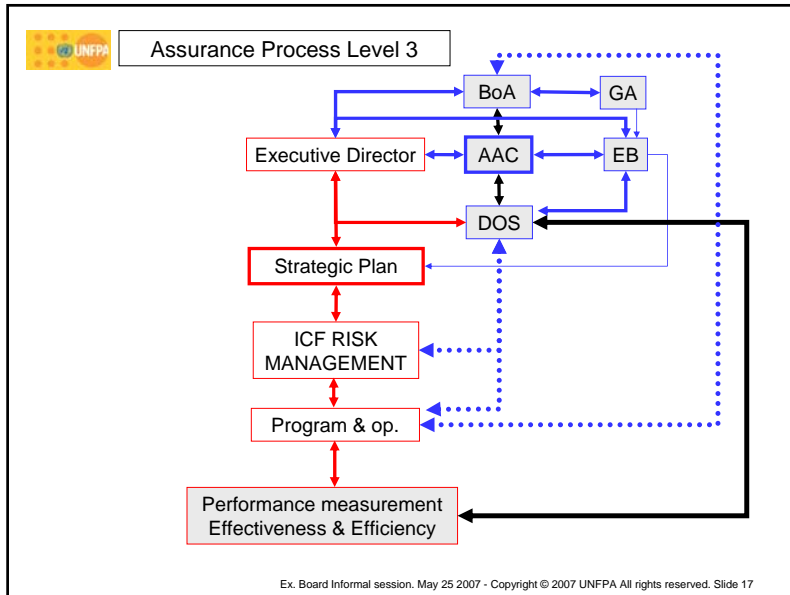


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- ### What can we conclude?
- The risk model provides a reliable dynamic vision of areas of risks (by units and globally)
 - The risk universe is volatile
 - Risks are increasing or unchanged in three major areas: Process, NEX, and IT
 - Accountability & assurance are critical
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Program evaluation

RELEVANCE

- Usually aligned with national priorities
- Dilution of scarce resources
- Targeting can be improved (areas, groups of people)

COMPLIANCE

- Aligned with organizational strategies

M&E

- Limited operationalization of RBM
- Low capacity of national implementing partners in RBM
- Insufficient evaluation coverage
- Evaluation quality not fully compliant with international standards
- However, efforts made to build national and office capacity

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Current status

- Management response to evaluation quality assessment finalized
- Evaluation database with quality review.
- Evaluation policy with minimum standards in 2007
- Screening of ToR for large evaluations by DOS
- Need to further integrate evaluation in management practices by building expertise in the organization (regionalization) and by the use of results indicators (SP)
- Harmonized evaluation methodology development for gender equality and human rights based approaches through inter-agency working group and UNEG taskforce.

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CONCLUSION

- UNFPA works in a volatile environment
- The analysis of audit observations and the risk model identify three areas:
 - Process (Importance of the ICF)
 - IT (Importance of controls in ATLAS. This is also a risky area in the private sector)
 - NEX (A plan has been developed)
- Accountability and assurance are important. UNFPA has made enormous progress in both areas.

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