



United Nations Population Fund

Delivering a world where every pregnancy is wanted, every childbirth is safe and every young person's potential is fulfilled.

OFFICE OF AUDIT AND INVESTIGATION SERVICES

**AUDIT
OF THE UNFPA COUNTRY OFFICE
IN TANZANIA**

**FINAL REPORT
Nº TZA-103**

21 May 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
I. OBJECTIVES, SCOPE AND METHODOLOGY	4
II. BACKGROUND	5
III. DETAILED FINDINGS	7
A. OFFICE GOVERNANCE.....	7
<i>Good practices identified</i>	<i>7</i>
A.1 – OFFICE MANAGEMENT.....	7
<i>Streamline office management plans for consistency with key programme outputs</i>	<i>7</i>
A.2 - ORGANIZATIONAL STRUCTURE AND STAFFING	8
<i>Reassess the Office's structure and staffing alignment needs</i>	<i>9</i>
A.3 – RISK MANAGEMENT.....	10
B. PROGRAMME MANAGEMENT	10
<i>Good practices identified</i>	<i>10</i>
B.1 – PROGRAMME PLANNING AND IMPLEMENTATION	11
<i>Strengthen the programme results and resources framework</i>	<i>11</i>
<i>Update the results framework to reflect the expected outcomes of reproductive health commodity security interventions</i>	<i>13</i>
<i>Strengthen monitoring and reporting of programme results</i>	<i>15</i>
<i>Clarify the governance and operational procedures of the United Nations Commission on Lifesaving Commodities programme to allow for a more effective programme delivery.....</i>	<i>16</i>
<i>Utilize the correct contractual modalities for programme implementation activities</i>	<i>17</i>
B.2 – NATIONAL EXECUTION.....	17
<i>Increase the scope and frequency of IP financial monitoring and other HACT assurance and risk mitigation activities</i>	<i>19</i>
B.3 – INVENTORY MANAGEMENT	21
B.4 – MANAGEMENT OF NON-CORE FUNDING	22
<i>Conduct rigorous assessments of donor contribution collectability.....</i>	<i>22</i>
C. OPERATIONS MANAGEMENT.....	24
<i>Good practices identified</i>	<i>24</i>
C.1 – HUMAN RESOURCES	24
<i>Complete recruitment for key positions within the set standard timeline</i>	<i>24</i>
C.2 – PROCUREMENT	25
<i>Enhance controls over the procurement of goods and services</i>	<i>25</i>
<i>Maintain back-up of key supporting documents</i>	<i>27</i>
C.3 – FINANCIAL MANAGEMENT	27
C.4 – GENERAL ADMINISTRATION	27
C.5 - INFORMATION AND COMMUNICATIONS TECHNOLOGY	28
C.6 – SECURITY MANAGEMENT	28
ANNEX 1.....	29
GLOSSARY	31

EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) performed an audit of the UNFPA Country Office in Tanzania (the Office). The audit covered the period from 1 January 2013 to 30 June 2014. Programme delivery and operational activities pertaining to other periods were covered by the audit, as appropriate.

Background

2. The activities covered by the audit correspond primarily to the second and third years of the Common Country Programme¹ July 2011 – June 2015, approved by the Executive Board in its annual session of 2011, with indicative resources of USD 33.9 million. Expenses covered by the audit amounted to USD 11.3 million, executed by 18 implementing partners (USD 3.9 million) and by UNFPA (USD 7.4 million), funded from core resources of USD 6.6 million and non-core resources of USD 4.7 million². In addition, the audit covered expenses incurred in previous periods amounting to USD 3.6 million, corresponding primarily to the procurement of equipment and supplies for the 2012 population and housing census.

3. Approximately 53 per cent of expenses incurred in the period under review correspond to the Reproductive Health component, with focus on maternal and new-born health, young people's sexual and reproductive health and sexuality education, and prevention services for HIV and sexually transmitted infections. The Gender component accounted for 14 per cent of expenses and focused on an increased response to gender-based violence by law enforcement agents and strengthening of comprehensive services for gender-based violence victims and survivors. The Population and Development component accounted for 23 per cent of expenses, with focus on the production of disaggregated demographic and housing data from the national census and surveys, and engaging stakeholders, such as relevant government ministries, departments and institutions of higher learning and research, to utilize population variables in developing sector policies and plans. Costs funded from the Institutional Budget and programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 10 per cent of expenses³.

Methodology and scope

4. The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, which require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and internal control processes in place. The audit included reviewing and analyzing, on a test basis, information that provided the basis for the audit conclusions.

5. The scope of the audit included the review of the Office's governance, programme management, and operations, and focused on the processes established to mitigate risks associated with external factors, people, processes, relationships and information technology.

¹ In order to simplify the programming processes of four United Nations Agencies namely UNDP, UNFPA, UNICEF and WFP, and in line with United Nations Development Group common framework for the country programme outline, the Government of Tanzania proposed a common country programme document in lieu of organization-specific country programme documents.

² This amount includes expenses amounting to USD 1.5 million for the support to the 2012 population and housing census and USD 1.5 million for the Tanzania One UN Fund for Maternal and Newborn Mortality Reduction

³ Source: Cognos project monitoring reports

Audit rating

6. The audit indicates that, for the period covered, the risk management performance of the Office was '**Partially Satisfactory**', which means that governance, risk management and internal controls processes were established and functioning well but that issues were identified that may negatively affect the achievement of the objectives of the Office, should they not be addressed by Management. Ratings by key audit area are summarized in the following table.

Audit ratings by key audit area	
Office Governance	Partially satisfactory
Office management	Partially satisfactory
Organizational structure and staffing	Partially satisfactory
Risk management	Satisfactory
Programme Management	Unsatisfactory
Programme planning and implementation	Partially satisfactory
National execution	Unsatisfactory
Inventory management	Satisfactory
Management of non-core funding	Satisfactory
Operations Management	Partially satisfactory
Human resources management	Partially satisfactory
Procurement	Unsatisfactory
Financial management	Satisfactory
General administration	Satisfactory
Information and communications technology	Satisfactory
Security management	Satisfactory

Key findings and recommendations

7. The audit identified a number of good practices implemented by the Office as well as areas that require Management attention, some of a strategic nature, and others related to operational and compliance matters and reporting. Overall, the audit report includes 10 high priority and 3 medium priority recommendations designed to help the Office improve its programme delivery and operations. Of the 13 recommendations, 5 are of strategic nature; 6 are operational; one refers to a compliance matter and one relates to reporting. Three recommendations have been addressed to Headquarters units and the East and Southern Africa Regional Office.

Good practices

8. The audit identified several good practices adopted by the Office, some of which could be considered for replication by other offices. Tools were developed for tracking deadlines for reports and activities as well as programme budgets, disbursements, expenses and cash positions. Office coordination and monitoring mechanisms were in place, and job descriptions were detailed and clear, with staff knowledgeable about their assigned roles and responsibilities.

9. The Office developed a programmatic indicator matrix that aligns Country Programme outcomes, outputs, indicators and targets to the UNFPA Strategic Plan. Workplan preparation and planning processes were initiated in a timely manner, resulting in their timely approval. The Office also utilized a coupon system to manage fuel costs for its vehicle fleet and implemented the use of mobile technology to improve controls over payments of allowances to programme beneficiaries. Finally, the Office established a Performance Appraisal and Development Review Committee to review staff appraisals and enhance the objectivity of the process.

Strategic level

10. From a governance point of view, the Office should streamline its annual office management plans for consistency with key programme outputs. The Office's structure and its staffing arrangement need to be reassessed in the context of aligning the existing Country Programme to the UNFPA Strategic Plan 2014-2017. From a programmatic point of view, the programme and resources framework should be revisited to ensure that the programme is appropriately focused. Also, the Office needs to update its results framework to reflect the expected outcome of the reproductive health commodity interventions undertaken to date or planned for the remainder of the country programme cycle. Finally, there is a need to strengthen programme results' monitoring and reporting.

Operational level

11. The governance and operational arrangements for one of the Office's key programmes require enhancements to allow for more effective programme delivery. Further, there is a critical need to improve financial monitoring of implementing partners. In relation to human resources management, it is essential to reduce the recruitment length for key positions. Controls over the procurement of goods and services should be enhanced, in particular as regards the use of long term agreements. Two medium priority recommendations focus on the need to design a repository to log and track the implementation of monitoring and other assurance findings, and to implement back-up procedures for documents supporting significant financial transactions and activities.

Compliance level

12. In relation to programme planning and implementation, better management oversight over the Office's use of the grants funding modality is required.

Reporting level

13. In the area of programme planning and implementation, the assessment of donor contribution collectability, a key element for preparing the UNFPA financial statements, should be improved.

Management response

14. The UNFPA Country Office in Tanzania welcomes the findings of this audit. We appreciate the considerable learnings that took place during the audit process and are pleased to see the inclusion of many of the Office's good practices, alongside the recommendations provided, in the report. The Office is already implementing many of the recommendations made and has taken a number of corrective actions, as explained in more detail in the responses to the different recommendations included in the report. We shall continue to strive to improve our overall compliance and to ensure timely monitoring, as well as documenting the Office's activities.

15. The OAIS team would like to thank the Management and personnel of the Office, of the East and Southern Africa Regional Office and of the different Headquarters units for their cooperation and assistance throughout the audit.

I. OBJECTIVES, SCOPE AND METHODOLOGY

1. The audit covered the period from 1 January 2013 to 30 June 2014. Programme delivery and operational activities pertaining to other periods were covered by the audit, as appropriate.
2. The objective of the audit, conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, was to provide reasonable assurance about the effectiveness of the governance, risk management and internal control processes over UNFPA's operations in Tanzania.
3. The audit included such tests, as considered appropriate, to obtain reasonable assurance with regards to:
 - a) The effectiveness and efficiency of the Office's operations;
 - b) The conformity of expenses with the purposes for which funds were appropriated;
 - c) The safeguarding of assets entrusted to the Office;
 - d) The level of compliance with applicable legislative mandates, rules, regulations, policies and procedures; and
 - e) The reliability of the Office's financial and operational reporting.
4. The scope of the audit included the review of the Office's governance, programme management, and operations, and focused on the processes established to mitigate risks associated with external factors, people, processes, relationships, and information technology.
5. The engagement was conducted by a team of OAIS audit specialists, supported by staff from an external audit firm. The audit started on 18 August 2014. A field mission took place from 20 October to 14 November 2014. Findings and recommendations resulting from the audit were discussed with the Office's Management at an exit meeting held on 14 November 2014. Comments and clarifications provided by Management thereafter were reflected in a draft report submitted to the Office's Management on 10 April 2015, and a final Management response received on 18 May 2015.

II. BACKGROUND

6. The United Republic of Tanzania has a population estimated at approximately 45 million⁴ in 2012, up from 12 million in 1967. The annual population growth rate stands at 2.7 per cent⁴. Gross Domestic Product has grown at an annual rate of over seven per cent⁵ since 2001. Despite the economic growth, poverty has declined only marginally from 35.7 per cent in 2001 to 33.6 per cent in 2007, with vast geographical disparities⁵. The rapid population growth poses challenges in achieving Millennium Development Goal targets.

7. The maternal mortality ratio was estimated at 454 deaths per 100,000 live births in 2010, compared to 578 deaths per 100,000 live births in 2004⁵. This ratio is still far below the Tanzania Health Sector Strategic Plan III target of 265 by 2015⁵. Approximately half of all deliveries are assisted by skilled attendants. Although the proportion of married women using contraception has risen steadily from 13 per cent in 1996 to 27.4 per cent in 2010, only 12 per cent of women 15 to 24 years use modern contraception methods. The HIV prevalence rate declined from 7 per cent in 2004 to 5.7 per cent in 2008 in Tanzania Mainland, and stabilized at 0.6 per cent in Zanzibar⁵. Disparities in prevalence exist among different socio-economic groups, and only 39 per cent of young women and 42 per cent of young men have comprehensive knowledge about HIV⁵.

8. Tanzania is a United Nations Delivering as One (DaO) pilot country.⁶ The DaO process commenced in January 2007. The current programme cycle is guided by the Tanzania United Nations Development Assistance Plan (UNDAP) 2011 – 2015⁷, with indicative total resources of USD 777 million⁸ for that period, now extended to 30 June 2016 to allow for better alignment with Government priorities in the post-2015 era. Under the UNDAP, each participating agency is responsible for delivery on a set of actions that jointly contribute to shared results. The UNDAP annual cycle is aligned to the national annual planning cycle, which runs from July to June.

9. The activities covered by the audit correspond primarily to the second and third years of the Common Country Programme July 2011 – June 2015, approved by the Executive Board in its annual session of 2011, with indicative resources of USD 33.9 million. Expenses covered by the audit amounted to USD 11.3 million, executed by 18 implementing partners⁹ (USD 3.9 million) and by UNFPA (USD 7.4 million); expenses were funded from core resources of USD 6.6 million and non-core resources of USD 4.7 million¹⁰. In addition, the audit covered expenses incurred in previous periods amounting to USD 3.6 million, corresponding primarily to the procurement of equipment and supplies for the 2012 population and housing census.

10. Approximately 53 per cent of expenses incurred in the period under review correspond to the Reproductive Health component, with focus on maternal and new-born health, young people's sexual and reproductive health and sexuality education, and prevention services for HIV and sexually

⁴ 2012 Population and Housing Census: The General Report on Population Distribution by Administrative Units

⁵ Common Country Programme Document for the United Republic of Tanzania (July 2011 – June 2015)

⁶ This is an initiative under which United Nations agencies work together, through a coordinated common programme, with the intention of making the best use of their comparative advantages to support the country's development efforts and reducing transaction costs

⁷ The United Nations in Tanzania developed a single programmatic and budgetary framework to capture the entire range of activities supported. It integrates the country programme documents of four United Nations agencies, namely UNDP, UNFPA, UNICEF and WFP with the country programme action plans signed by the Government of Tanzania

⁸ United Nations Development Plan (UNDAP) 2011 - 2015

⁹ Includes one implementing partner that manages 11 second-tier partners

¹⁰ This amount includes USD 1.5 million for the support to the 2012 population and housing census and USD 1.5 million for the Tanzania One UN Fund for Maternal and Newborn Mortality Reduction

transmitted infections. The Gender component accounted for 14 per cent of expenses and focused on an increased response to gender-based violence by law enforcement agents and strengthening of comprehensive services for gender-based violence victims and survivors. The Population and Development component accounted for 23 percent of expenses, with focus on the production of disaggregated demographic and housing data from the national census and surveys, and engaging stakeholders, such as relevant government ministries, departments and institutions of higher learning and research, to utilize population variables in developing sector policies and plans. Costs funded from the Institutional Budget and programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 10 per cent of expenses¹¹.

11. The main UNFPA Office in Tanzania is located in the city of Dar es Salaam, with one liaison office located in the city of Zanzibar. During the period under review, the Office was managed by an Officer-in-Charge (the Deputy Representative), after the previous Representative left to join the East and Southern Africa Regional Office in July 2012, and, as from 10 June 2014, by a new Representative, assisted by two Assistant Representatives and an International Operations Manager.

¹¹ Source: Cognos project monitoring reports

III. DETAILED FINDINGS

A. OFFICE GOVERNANCE	PARTIALLY SATISFACTORY
<i>Good practices identified</i>	
12. The audit identified the following good practices in the area of Office governance:	
a)	The Office developed a tool for tracking deadlines for programmatic reporting to UNFPA Headquarters, the East and Southern Africa Regional Office and donors, as well as for tracking activities such as the development of workplans, completion of staff performance appraisal and development forms, disbursement of funds to implementing partners (IPs), quarterly reporting by IPs, and completion of monthly and quarterly accountability checklists. The tool sends reminders to programme managers on impending deadlines on a weekly basis and also provides an analysis of past met and missed deadlines. The tool aims to increase effectiveness as well as individual accountability. This practice could be considered for replication by other UNFPA offices;
b)	Coordination and monitoring mechanisms for the follow-up of Office activities were in place. In particular, bi-monthly programme management meetings and monthly staff meetings were held with specific outcomes for subsequent follow-up; and
c)	Job descriptions were detailed and clear, and staff knowledgeable of their assigned roles and responsibilities.

A.1 – OFFICE MANAGEMENT	PARTIALLY SATISFACTORY
13. Audit procedures performed in this area included the review of (i) the Office's planning process in 2013 and 2014; (ii) the relevance of the 2013 and 2014 Office Management Plans and the level of implementation of activities in 2013; (iii) the alignment of the 2013 and 2014 performance plans of key personnel to the Office's priorities; (iv) the effectiveness of Management's oversight of programme delivery and operational activities, including those performed by the liaison office; (v) the accuracy of the Office's 2013 annual report; and (vi) the level of familiarization of the Office's personnel with UNFPA's policies and procedures. No reportable issues were identified based on the audit work performed in this area, with the exception of the following one.	
<i>Streamline office management plans for consistency with key programme outputs</i>	
14.	UNFPA proactively supported DaO efforts in Tanzania. For example, the Office is a member of 7 out of 10 UNDAP Programme Working Groups and of all the main cross-cutting issues' working groups; it also chairs the Tanzania Operations Management Team. This adds significant complexity to the Office's operations and places significant demands on Office management and staff. The audit noted, however, that in spite of this, the 2013 and 2014 Office Management Plans (OMPs) did not reflect any DaO outputs and/or activities related to these roles.

15.	The audit also noted a lack of alignment of the 2014 OMP indicators to the UNFPA Strategic Plan Integrated Results Framework or the UNDAP Monitoring and Evaluation Results Framework. Only one of three OMP outputs selected for testing, together with all their indicators, could be fully traced directly to the UNFPA Strategic Plan Integrated Results Framework. For the remaining two outputs, only one could be traced to the UNFPA Strategic Plan Integrated Results Framework or the UNDAP Monitoring and Evaluation Results Framework.
-----	--

16. In addition, the audit noted that targets were not achieved for 12 out of 46 Office-defined output indicators reflected in the 2013 OMP. According to Management, the unmet targets did not result in any critical setbacks to the programme, as many were work-in-progress to be duly completed in 2014. However, the audit noted two unmet targets relating to monitoring of IPs that may have had a significant impact, in view of the audit findings related to national execution presented in section B.2 of this report. At the time of concluding the audit field mission in November 2014, two unimplemented 2013 activities were yet to commence. Further, the level of achievement of results reported in the 2013 performance appraisals of personnel responsible for unmet targets was not consistent with the OMP.

IMPACT	<i>Accountability for and the ability to track expected results may be diminished.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office level).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 1	PRIORITY: HIGH
-------------------------	-----------------------

Streamline Office Management Plans to (i) include all relevant DaO outputs and their related indicators and (ii) better align to key programme outputs included in the UNFPA Strategic Plan Integrated Results Framework or the UNDAP Monitoring and Evaluation results framework. Better link and increase consistency of individual performance appraisals to the level of results achievement.

<u>MANAGER RESPONSIBLE FOR IMPLEMENTATION:</u> Representative	<u>STATUS:</u> Agree
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> December 2015
<i>Plans are already in motion to address this recommendation. Common Country Programme indicators have been reviewed to align them to the UNDAP indicators for the one year extension. In addition, indicators from the UNFPA Strategic Plan have been reflected in the Tanzania country office integrated Monitoring and Evaluation matrix.</i>	
<i>The Strategic Information System will be linked and aligned to individual Performance and Appraisal Development forms in order to bridge the gap between individual performance and level of results achieved. A series of learning sessions have been organized in April 2015 to prepare staff on how to align and link their Performance and Appraisal Development forms to the level of results stipulated in the Strategic Information System, the Strategic Plan Result Framework and the UNDAP Monitoring and Evaluation Framework.</i>	

A.2 - ORGANIZATIONAL STRUCTURE AND STAFFING	PARTIALLY SATISFACTORY
--	-------------------------------

17. The main UNFPA Office in Tanzania is located in the city of Dar es Salaam, with one liaison office located in the city of Zanzibar.

18. At the time of the field audit mission, the Office had 39 approved staff posts. This total included 6 international posts (including those of Representative, Deputy Representative, International Operations Manager and Census Technical Advisor) and 33 national posts. Five of the approved staff posts (three national and two international posts) were vacant at the time of the field audit mission. An additional 20 posts were covered by contract personnel (engaged under Service Contracts and Special Service Agreements), and another 3 by volunteers.¹²

¹² One Volunteer Oversees Services (VSO) Volunteer; one African Union (AU) Volunteer and one UN Volunteer

19. The previous Representative was appointed to a position at the East and Southern Africa Regional Office in July 2012. Following this appointment, the Office was managed by the Deputy Representative until the arrival of a new Representative on 23 June 2014. Further, the Office experienced a high staff turnover during the period under review, with high vacancy levels at 29 per cent in 2012, 10.3 per cent in 2013, and 10 per cent in 2014. The international post vacancy rate was 47 per cent in 2013 and 33 per cent in 2014. Vacancies were covered through strategic partnerships and the use of volunteers and contract personnel. The vacancies, particularly the prolonged one in the Representative position, appear to have contributed to the issues noted by the audit in this report.

20. Audit work performed in this area included the review of (i) the alignment of the organizational structure and staffing arrangements with the requirements for the delivery of the Office's programme and operational activities; (ii) the use of proper contractual modalities; (iii) the effectiveness of the performance appraisal process; (iv) the relevance and sufficiency of staff development activities conducted during the period under review; and (v) compliance with the relevant UNFPA policy on decentralized offices.

21. Based on the audit work performed in this area, the audit noted one matter that needs Management attention.

Reassess the Office's structure and staffing alignment needs

22. A comprehensive human resources capacity assessment was undertaken in 2011 at the inception of the Common Country Programme 2011 - 2015. The audit noted that implementation of the assessment's recommendation to upgrade and re-profile several posts (for the Reproductive Health and Population and Development components, as well as for Monitoring and Evaluation and the Zanzibar liaison office) was, however, put on hold by the Division for Human Resources pending the recruitment of a new Representative.

23. The audit also noted that a new human resources assessment by the East and Southern Africa Regional Office was underway at the time of finalization of the draft audit report in March 2015.

24. In addition, the audit noted that UNFPA does not maintain physical presence in the largest programme implementation geographical area (Lake Victoria region) more than 1,000 km away from the Dar es Salaam office. This presents practical challenges for an effective monitoring of programmatic and financial activities carried out by IPs.

IMPACT	<i>The organizational structure and staffing may not be aligned with programme delivery requirements.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office, Regional Office and Headquarters levels).</i> <i>Resources (prolonged vacancy in Representative position)</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 2 **PRIORITY: HIGH**

As part of the process of aligning the Tanzania Country Programme to the UNFPA Strategic Plan 2014-2017, address, in consultation with the Division for Human Resources and the East and Southern Africa Regional Office, the human resources-related matters identified by the audit as well as through the previous and ongoing human resources capacity assessments.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Representative, Regional Director – East and Southern Africa, and Director, Division for Human Resources*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:DUE DATE: July 2015

At the request of the Office, a human resources capacity assessment was conducted in March 2015 to: (i) revise the current country office's staffing plan in line with its organizational structure, UNFPA's Strategic Plan and expected UNDAP II requirements; (ii) re-evaluate the roles and responsibilities of management, programme and operations staff, while bringing greater coherence to the work of the mainland and Zanzibar offices; and (iii) ensure availability of a highly performing staff complement that can effectively deliver on UNDAP II and on UNFPA's corporate commitments.

The findings and recommendations of the assessment have been reviewed and on that basis, a comprehensive business case was prepared for submission to the Office of the Executive Director through the Regional Office and the Division for Human Resources for approval.

A.3 – RISK MANAGEMENT**SATISFACTORY**

25. Audit work performed in this area consisted of the review of the Office's last fraud and operational risk assessments, the process followed for identifying and tracking risks, and the actions undertaken to mitigate them.

26. The Office completed fraud risk assessments in 2013 and 2014. The risk assessments were developed using a consultative approach involving the Office's staff; they identified and assessed relevant risks based on impact and likelihood. Risk mitigation action plans were developed as a result thereof. No reportable issues were identified based on the work performed in this area.

B. PROGRAMME MANAGEMENT**UNSATISFACTORY**Good practices identified

27. The audit identified the following good practices adopted by the Office in the area of programme management, which could be considered for replication by other offices:

- a) As a key strategy in supporting women with obstetric fistula, the Office introduced the use of mobile-to-mobile phone banking technology known as M-PESA to facilitate the payment of travel and other incentives for treatment. The technology, where available, eliminates the risk of carrying large sums of money to make payments to recipients in remote areas with limited access to banking facilities;
- b) The Office developed a spreadsheet-based financial matrix to track the application of core and non-core resources by fund code, project, programme focal point, and IP. Besides tracking budgets, disbursements, and expenses, the matrix provides snapshot cash positions. The matrix is organized along the UNDAP thematic clusters and forms the basis of programme management meetings every other week;
- c) The Office developed a spreadsheet-based Results Framework Indicator Matrix that maps UNDAP outcomes, outputs and indicators to the Common Country Programme Document (CCPD) and the UNFPA Strategic Plan. The matrix, which is organized along the UNDAP thematic clusters, also outlines programme targets for all the years of the UNDAP; and
- d) The workplan preparation and planning processes for both 2013/2014 and 2014/2015 were initiated in a timely manner, resulting in the timely approval and signing of most workplans by the end of July, thereby facilitating an early start of programme activities.

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION**PARTIALLY SATISFACTORY**

28. During the period under review, the Office implemented activities related to 21 outputs of the UNDAP 2011 - 2015 at a cost of USD 10.2 million, inclusive of programme coordination and assistance costs, with financial implementation rates of 84 per cent in 2013 and 32 per cent as at 30 June 2014¹³ (measured based on annual budgets allocated in Atlas). The implementation was managed through 19 and 14 work plans in 2013/2014 and 2014/2015, respectively.

29. The Office's programme activities focused on 13 out of the 30 regions in Tanzania. Activities were implemented directly by UNFPA, with related expenses of USD 7.4 million (72 per cent of programme implementation expenses in the period under review) and financial implementation rates of 95 per cent in 2013 and 33 per cent as at 30 June 2014; activities were also implemented through 18 IPs with related expenses of USD 3.9 million (38 per cent of programme implementation expenses in the period under review) and financial implementation rates of 69 per cent in 2013 and 31 per cent as at 30 June 2014. A large part of the expenses related to UNFPA's implemented activities correspond to the procurement of reproductive health commodities and census materials, equipment and consultancy services, and personnel costs.

30. Audit work performed in this area focused on four programme outputs with aggregate expenses of USD 5.8 million during the period under review (57 per cent of programme implementation expenses) and included (i) the review of a sample of six large workplans related to the outputs selected, for both 2013 and 2014; (ii) the assessment of the process followed to prepare, cost and approve the workplans, as well as monitor their implementation; (iii) the review of UNDAP annual reports, workplan progress reports, monitoring reports and other evidence of programme implementation, including site visits to four regions where programme activities have been implemented; (iv) the tracking of assets procured in 2011 and 2012 for the population and housing census at a cost of USD 3.5 million; and (v) the Office's participation in Tanzania's Sector Wide approach (SWAp)¹⁴ to health management.

31. Based on the audit work performed in this area, the audit noted five matters that need management attention.

Strengthen the programme results and resources framework

32. The audit identified the following gaps in the programme results and resources framework, which can be partially attributed to the design and focus of the DaO programme management processes.

Baselines

33. Fourteen out of 25 indicators reflected in the CCPD 2011 – 2015 Results and Resources Framework did not have baselines. Further, certain targets were expressed as a percentage increase over the baseline but without specifying the latter, thus making it difficult to measure progress towards achievement of expected results. The audit traced 6 out of these 14 indicators to the UNDAP Monitoring and Evaluation Results Framework; baselines had been established only for two of them, of which only one was substantively supported.

¹³ Half-year implementation

¹⁴ The SWAp is a coordination mechanism for enhanced mobilization and utilization of resources for the Health Sector in Tanzania, developed to increase the impact of development partners' support and local management of resources to avoid perceived weaknesses in traditional multilateral and bilateral cooperation.

Outputs and targets

34. The audit noted that several of the original UNDAP indicators and targets were subsequently revised through the UNDAP Monitoring and Evaluation Results Framework (a rolling document); additional targets were also included to accommodate the UNDAP extension from 2015 to 2016. However, at the time of the audit field mission in November 2014, the revisions were yet to be formally approved by the United Nations Country Team Monitoring and Evaluation unit. Approval of the revisions is critical because, under the DaO collaborative system, no individual agency has direct control over the common indicators and targets.

Budgeting

35. Neither the UNDAP Programme Results Matrix nor the CCPD 2011 – 2015 Results and Resources Framework provide an annual breakdown of indicative resources required to achieve planned results in each programme area. According to Office management, no annual breakdown of resource estimates was developed at the beginning of the UNDAP cycle. Annual programming has, to a large extent, been driven by budget ceilings for core resources and the level of available non-core resources. This represents a gap in that programming is not necessarily driven by planned results. Further, the audit noted differences between indicative resources included in the CCPD's results and resources framework and the figures included in the UNDAP Programme Results Matrix. In one instance, the difference was USD 1.2 million, with the CCPD budget being higher than that per the UNDAP, indicative of a potential mismatch between expected programme goals and/or resources allocated to attain them.

IMPACT	<i>It may not be possible to establish the relevance and achievability of targets not supported by baselines. Outputs, targets and resource allocations may not be aligned to the UNDAP and to UNFPA strategic priorities.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office level).</i> <i>Resources (prolonged vacancy in the Representative position).</i> <i>Other (factors beyond the control of the Office - DaO processes).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 3	PRIORITY: HIGH
<i>Reassess programme outputs, targets and resource estimates to identify adjustments necessary to reflect the UNDAP and Common Country Programme planned results. Follow up on the approval of the revised UNDAP Monitoring and Evaluation Results Framework indicators and targets and reflect baselines for all indicators included therein.</i>	

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative STATUS: Agree

MANAGEMENT ACTION PLAN: DUE DATE: July 2015

The context of the Tanzania Country Office must be considered in explaining the background and the remedies to this finding and its recommendation. Moreover, the actions to be taken must separately take into consideration Delivering as One (DaO) processes.

An independent evaluation of lessons learned from DaO undertaken in 2011- 2012 in pilot countries (including Tanzania) highlights the need to further improve One Programme monitoring and evaluation systems. For Tanzania most specifically, the evaluation reported that the UNDAP had 369 key actions, generating 182 outputs and 58 outcomes. Thus, the development of a system to assess the results of a programme of this complexity had been a major task, and was only approaching completion at the time of the country mission by the evaluation team, when the UNDAP had in principle already started. It also reported that the task of generating baseline data and of regularly monitoring progress towards 58 outcomes seemed extremely daunting.

Nevertheless, to help remedy the situation, the Tanzania Country Office (i) sought the services of the East and Southern Africa Regional Office's Regional Monitoring and Evaluation Advisor for a one-week mission for a comprehensive review of outputs, targets and baselines in anticipation of the CCPD's one-year extension and as part of the planning for the UNDAP II, as well as to provide guidance was provided to improve the monitoring and reporting status in the Office; (ii) submitted revised indicators with baselines for the Country Programme extension to the East and Southern Africa Regional Office for review and approvals in March 2015, which transmitted the revisions to the Executive Board Branch in time for the Executive Board June 2015 session; and (iii) hired an independent external evaluator for the UNDAP 2011-2014 (UNFPA contribution) in order to better engage in the preparation of the UNDAP II process.

Update the results framework to reflect the expected outcomes of reproductive health commodity security interventions

36. The availability of family planning and sexual and reproductive health commodities in Tanzania has been a systemic issue. The extent of the problem has been confirmed by an end-user verification survey¹⁵ of 215 out of 6,000 countrywide facilities conducted by a leading public health management consulting and research organization from 30 June to 11 July 2014, the results of which are summarized in Table 1 below (a full scale survey is planned for 2015).

Table 1: Status of reproductive health commodities at service delivery points¹⁶

Commodity	Facilities ¹⁷	Percentage of facilities surveyed		
		Overstocked	Appropriately stocked	Understocked
Hormonal contraceptives:				
Depo-Provera	124	43%	18%	39%
Progestin – only	45	60%	11%	29%
Combined oral	77	29%	25%	46%
Implants	42	52%	14%	34%
Other contraceptives:				
Condoms	79	29 %	23 %	48 %
Intrauterine Devices	9	67%	22%	11%
Life-saving medicines:				
Misoprostol ¹⁸	0	0%	0%	0%
Magnesium Sulphate	7	72%	14%	14%
Oxytocin	81	40%	17%	43%

Source: User Verification Tanzania Family Planning & Safe Motherhood – July 2014

¹⁵ End User Verification Tanzania Family Planning & Safe Motherhood – Ministry of Health and Social Welfare in collaboration with the United States Agency for International Development (USAID) and John Snow International – July 2014

¹⁶ Stocked in accordance with established maximum and minimum replenishment policies

¹⁷ Number of facilities that regularly offer the commodity that were surveyed

¹⁸ The Tanzania Foods and Drug Authority quarantined a large consignment of Misoprostol due to quality issues. As such, there was no stock available for distribution to health facilities

37. Despite the situation described above, the CCPD 2011-2015 Results and Resources Framework did not include outputs and indicators specific to reproductive health commodities availability in mainland Tanzania. The framework includes an indicator relating to contraceptives in stock in Zanzibar, but it is vaguely stated, without a baseline, making it difficult to measure progress towards the achievement of expected results. Further, although reproductive health commodity security is a core component of the UNFPA strategy, critical for the achievement of programme goals related to reproductive health and family planning, the Office's participation in this component was limited to its annual contributions to the Health Sector Basket Fund with ad-hoc responses to fill contraceptive supply gaps when requested.

38. OAIS acknowledges that multiple constraints prevented a more comprehensive inclusion of reproductive health commodity security interventions at the time the CCPD was developed. The audit noted that, as from 2014, Tanzania made significant progress towards procuring sufficient contraceptives to satisfy national level commodity needs. The audit also noted that the Office, in collaboration with the Government and other development partners, has introduced several key initiatives, as from 2013, to contribute to an increase in reproductive health commodities availability and to address stock-outs, like:

- a) Strengthening the existing logistics management system, including the development of an electronic Logistics Management Information System (e-LMIS) and an Integrated Logistics System (ILS) with an online platform known as ILS Gateway;
- b) Support to the training of 1,175 health workers on the ILS and the ILS Gateway systems through funding from the United Nations Commission on Lifesaving Commodities (UNCoLSC), designed to build the capacity of health care workers to understand their role in the supply chain;
- c) Incorporation of Tanzania as one of the priority countries under the Global Programme to Enhance Reproductive Health Commodity Security (GPRHCS) II. At the time of the Common Country Programme development, Tanzania was categorized as a Priority 2 country for GPRHCS II. Approximately USD 4.0 million has been allocated for the procurement of commodities in 2014, increasing to USD 6.3 million for 2015, with the Office facilitating commodity push-to-service delivery points and providing buffer inventory to non-governmental organizations for use during family planning outreach events; and
- d) Creation, using a USD 3.0 million contribution by a key donor, of a buffer stock of longer term family planning methods, to complement the national system and prevent commodity stock-outs at service delivery points.

IMPACT	<i>The Office's programme may not include the most appropriate interventions to contribute to enhance commodity security.</i>
ROOT CAUSE	<i>Guidelines (inadequate planning).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 4**PRIORITY: HIGH**

Update the Common Country Programme results frameworks to reflect the expected outcomes of the reproductive health commodity security interventions undertaken to date and planned through the end of the country programme cycle in 2016. Use the new evidence available on commodity security to inform the development of the new UNDAP to be implemented as from 2017.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: July 2015

The Office has taken note and will update the Common Country Programme results framework to reflect the expected outcomes of the reproductive health commodity security interventions undertaken to date and those planned for the remainder of the country programme cycle.

Strengthen monitoring and reporting of programme results

39. The Office did not have an appropriate reporting mechanism for programmatic results during the financial years 2011/2012 and 2012/2013. Results were reported through the UNDAP annual review reports (the primary means of reporting programme results under the UNDAP) and the country office annual reports. A review of the UNDAP reports revealed that: (i) the UNDAP does not include all UNFPA-specific indicators and hence, the results reported are partial with regard to UNFPA's interventions; (ii) UNFPA-specific results are not separately identified in the reports; and (iii) the reports place emphasis on reporting key actions rather than progress on indicators. Further, as a result of a decision taken by the United Nations Country Management Team, a mid-term review of the UNDAP was not undertaken. The country office annual reports, on the other hand, focused primarily on the performance indicators for the UNFPA Strategic Plan outcomes and outputs, thus only providing limited information on the level of achievement of the Office's programme outputs.

40. As a result of the above, Management is limited in measuring progress made by the Office towards achieving expected programme results and realizing benefits under the current country programme.

41. The audit noted, however, that as from the financial year 2013/2014, the Office started the implementation of a Country Programme Monitoring and Performance Information System that measures performance against all UNFPA-specific indicators and targets on a biannual basis.

IMPACT	<i>Gaps in the achievement of programme results may not be timely identified and remediated, impacting the ability to achieve intended programme results.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office Level).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 5

PRIORITY: HIGH

Leverage on the new Country Programme Monitoring and Performance Information System to measure, monitor and report, on a regular basis, progress in achieving results against all UNFPA-specific Common Country Programme indicators and targets.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: July 2015

The observed gap in monitoring and reporting was aggravated by not having enough Monitoring and Evaluation and supervisory support to ensure internal reporting is carried out on a quarterly basis. While IPs reported quarterly, the internal reporting systems were not conducive to supporting quarterly reporting.

In order to improve on its Country Programme monitoring modality, the Office recruited a Monitoring and Evaluation officer who started in January 2015, following a six months hiatus. Subsequently, a Monitoring and Evaluation plan was drafted, which contains a reporting mechanism and information flow. All reports will be channelled through the Monitoring and Evaluation unit for consolidation and quarterly reporting on indicators' progress through milestones.

The Office will use the Strategic Information System to capture all programme indicators and Office Performance Indicators on a quarterly basis, and will make sure that UNDAP II outputs are aligned to the agency strategic plans for easy reporting. Planning for the Strategic Information System is in progress for 2015, and quarterly reporting through it will start in quarter two (April-June 2015). The Office has institutionalized quarterly programme review meetings to closely assess programme achievements toward the country indicators.

Clarify the governance and operational procedures of the United Nations Commission on Lifesaving Commodities programme to allow for a more effective programme delivery

42. The Office is designated as a grant recipient under the UNCoLSC programme in Tanzania, which aims at supporting inventory systems, capacity building efforts for reproductive and maternal health and commodity availability in the country.

43. As a grant recipient, the Office implements the programme through a Government IP. Implementation of the programme commenced in January 2014. As at 31 December 2014, the Office had disbursed only USD 1.2 million against the 2014 programme budget of USD 2.7 million, representing a financial implementation rate of 44 per cent only. The audit noted that certain planned activities were not undertaken as a result of various governance and operational challenges. For example, a country engagement process was to be undertaken with the objective of identifying funding needs for the Reproductive Maternal New-born and Child Health programme to be addressed through a potential additional USD 5.0 million grant. At the time of the audit field mission in November 2014, the process was yet to commence, resulting in a delay in submitting a proposal for the additional funds.

IMPACT	<i>Expected programme results may not be achieved.</i>
ROOT CAUSE	<i>Guidelines (Lack of or inadequate corporate policies or procedures).</i> <i>Resources (prolonged vacancy in the Representative position).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 6	PRIORITY: HIGH
-------------------------	-----------------------

Streamline the current governance and operational arrangements for the UNCoLSC programme so that expected results can be delivered within the agreed timeframe.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative STATUS: Agree

MANAGEMENT ACTION PLAN: DUE DATE: September 2015

With the arrival of the Representative, the UNFPA - Tanzania Government relations overall, and specifically, relations with the Mainland and Zanzibar Ministries of Health and the President's Commission on Planning have improved. Staff members have capitalized on this, to plan and monitor much more pro-actively in cooperation with line staff in these Ministries, with the expectation that future activities will be better coordinated.

A meeting between the UNFPA Representative and the newly appointed Ministry of Health and Social Welfare (MoHSW) Permanent Secretary, the lead IP, took place in early April 2015 to discuss challenges with the implementation of the UNCoLSC Programme and to seek ways to overcome operational arrangements. It was agreed that:

- i. A Steering Committee to be chaired by the Permanent Secretary would be established to include MoHSW Mainland, Ministry of Health Zanzibar, UNFPA, United Nations Children's Fund, The World Health Organization, The World Bank and the Prime Minister's Office Regional Administration and Local Government;
- ii. A Memorandum of Understanding would be prepared and signed by all key partners engaged in the implementation of the programme; and

- III.** *The human resources capacity of MoHSW would be strengthened by recruiting two National Programme Professional Personnel to provide in situ and direct support to MoHSW and to the Prime Minister's Office Regional Administration and Local Government to ensure that these ministries are implementing the programme effectively at national and sub-national levels.*

Utilize the correct contractual modalities for programme implementation activities

44. The audit reviewed two grants amounting to USD 58,328 provided in financial year 2013/2014, out of a total of 20 grants paid for a total amount of USD 0.2 million. Based on the work performed, the audit noted that the Office incorrectly used the grant modality to engage a non-governmental organization to assess the capacity of health facilities to perform fistula repairs, at a cost of USD 27,703.

45. The use of the grant modality for such programmatic interventions is not in accordance with applicable programming policies, which stipulate that grants be provided solely for capacity building purposes. Through this arrangement, the intervention, which was accounted for as direct UNFPA execution, was not subject to the applicable controls of the national execution and operating fund account processes, thereby limiting UNFPA's ability to obtain assurance about the proper use of the funding provided.

46. The audit also noted that only the first tranche of funding stipulated in the agreement, representing 40 per cent of the grant amount, was disbursed before the agreement expiration in July 2014, potentially indicative that not all expected outputs were achieved.

47. In addition, the audit noted that there was no evidence that the Office provided technical assistance, monitoring and evaluation support to the activities covered by the grant, as required by the agreement. Further, the grant recipient did not provide a report on fund use within 60 days of the grant activities' deadline, as required by the agreement. At the time of the audit field mission, the report was yet to be received from the grantee.

IMPACT	<i>The extent of national execution may be understated. Management may not be able to obtain sufficient assurance about the proper use of the funds provided.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office Level).</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 7

PRIORITY: MEDIUM

Implement supervisory controls to ensure that the correct programme contractual modalities are used and that agreements are executed in accordance with the terms and conditions set therein.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: July 2015

We agree with the audit recommendation, which has already been enforced. We wish to note that with the arrival of the new Representative, the Tanzania Country Office has ensured that the most appropriate grant agreement is both selected and executed in accordance with the terms and conditions set therein.

B.2 – NATIONAL EXECUTION

UNSATISFACTORY

48. National Execution (NEX) expenses amounted to USD 3.9 million (38 per cent of total programme implementation expenses) in the period under review, corresponding to activities implemented by 8 Government IPs and 10 non-governmental organizations. Per the available general ledger information, NEX expenses corresponded primarily to renting of meeting and other facilities (USD 1.0 million – 25 per cent of NEX expenses), procurement of assets (USD 0.8 million - 20 per cent of

NEX expenses), and procurement of goods and services, mainly for census reporting and development of the ILS Gateway (USD 0.8 million or 20 per cent of NEX expenses).

49. The Government of Tanzania and its development partners support the health sector through a SWAp mechanism implemented in 1999. The SWAp is a coordination mechanism for enhancing resources for the health sector, with three major components: (i) a dialogue structure; (ii) funding mechanisms; and (iii) monitoring (i.e. joint monitoring and joint field visits). The funding mechanisms are of three main types: (a) Government contribution to the sector; (b) a Health Basket Fund financed through contributions from development partners; and (c) project and other parallel contributions (e.g. in-kind contributions). The Health Basket Fund comprises development partners, and membership is optional. The Office's contributions to the Health Basket Fund in the programme cycle covered by the audit amounted to USD 0.6 million per year.

50. In the context of DaO, Tanzania adopted the Harmonized Approach to Cash Transfers (HACT) assurance framework in 2007. The HACT framework was reviewed in 2014 and UNFPA is piloting the application of the revised framework in Tanzania in 2014/2015, with a view to developing relevant lessons learned for a more effective HACT rollout to other UNFPA offices. HACT financial audits performed in 2013 covered two IPs with expenses of USD 0.6 million (17 per cent of NEX expenses in 2012). Unqualified opinions were expressed for these two HACT audits, both of them performed by the Controller and Auditor General of Tanzania. Eight HACT spot-checks were undertaken by the Office as regards 2013/2014 programme cycle activities.

51. Operating Fund Account balances, representing funds transferred to IPs for NEX activities not yet implemented, averaged USD 0.9 million over the period under review, and amounted to USD 0.5 million, USD 1.2 million, and USD 0.5 million at 31 December 2013, 30 June 2014, and 31 December 2014, respectively.

52. Audit work performed in this area included the review of (i) the IP selection and capacity assessment processes; (ii) the existence of appropriate Letters of Understanding signed with the IPs; (iii) the controls implemented for the review, authorization and processing of fund advance requests and expense reports submitted by the IPs through the use of Funding Authorization and Certificate of Expenditure (FACE) forms; (iv) the controls implemented over the Operating Fund Account, used to record and control funds advanced to the IPs; and (v) the process followed to monitor IP activities, for a sample of six IPs (four Government entities and two non-governmental organizations) engaged by the Office with reported aggregate programme implementation expenses of USD 2.6 million (approximately 66 per cent of NEX expenses) in the period under review.

53. The audit also included the review of HACT assurance activities, including the 2013 HACT financial audit results, and the implementation of the recommendations arising from those audits, as well as site visits to the selected IPs with the objective of developing an appropriate understanding of (i) their overall control environment as pertains to UNFPA-funded programme activities; (ii) the controls over financial transactions for significant expense categories; and (iii) the process followed for the preparation and authorization of the FACE forms and workplan progress reports submitted to UNFPA. The site visits also included the review of the safeguarding and use for intended purposes of assets provided to IPs, of evidence of implementation of selected programme activities, as well as inquiries of the IPs about their work experience with UNFPA, the support received, monitoring undertaken, the quality and frequency of communication and the barriers and other factors potentially impacting the effectiveness of programme implementation. The audit identified the following area in need of Management attention.

Increase the scope and frequency of IP financial monitoring and other HACT assurance and risk mitigation activities

54. During the period under review, the Office did not undertake sufficient financial monitoring and other HACT assurance and risk mitigation activities to provide adequate assurance over the proper use of UNFPA funds by IPs.

HACT assurance and risk mitigation activities

55. Before October 2013, the Office did not have a clear HACT assurance plan, including a schedule for spot-checks and IP financial capacity building activities. In October 2013, the Office developed a HACT Assurance Activities Implementation Plan but was unable to implement it, primarily because the overall HACT framework was under revision. This contributed to inconsistent assurance activities over IPs. In particular, the audit noted that no spot-checks or other assurance activities were undertaken for three and four IPs assessed as significant and high risk, respectively, in the financial years 2012/2013 and 2013/2014.

56. A review of the 2014/2015 HACT Assurance Activities Implementation Plan revealed that it was modelled around quarterly visits to selected IPs, depending on the IP risk profiles determined based on micro-assessments. However, at the time of the field audit mission, the Office was not on track in completing the planned spot-checks. For example, five spot-checks were planned for the first quarter (i.e., July-September) of the financial year 2014/2015 but none had been conducted at the time of the audit field mission in November 2014. The audit noted that four out of the five planned spot-checks could not be undertaken because expenditures incurred by the respective IPs were not significant. This could create the risk that most HACT assurance activities would need to be undertaken concurrently in the final part of the year, creating a significant burden on the Office's resources.

57. Further, the audit noted that the Office did not have a formalized process and/or tool to log and track monitoring and other HACT assurance findings.

58. In addition, no evidence was provided to the audit to demonstrate that recommendations related to IP financial management capacity gaps identified through the IP capacity assessments performed by the Office were monitored for implementation. This deprives the Office of relevant information for implementing a more effective IP monitoring process, commensurate with the extent and relevance of the capacity gaps identified.

IP financial capacity gaps

59. From its site visits to a sample of six IPs with reported NEX expenses of USD 2.7 million during the period under review, the audit noted several issues indicative of financial capacity gaps and other problems which should have been identified and reacted to through financial monitoring and other HACT assurance activities by the Office, as detailed below.

Lack of supporting documentation

60. Based on its review of a sample of financial transactions, the audit noted unsupported expenses amounting to USD 155,521 at three out of the six IPs visited. In one instance, receipts for fuel costs incurred in December 2013 amounting to USD 1,600 corresponded to a fuel station that wound up operations in 2011. In another one, delivery notes for stationery, posters and photocopies purchased at a cost of USD 5,666 were not made available for audit review.

Cash payments

61. The audit noted that three IPs made significant cash payments for various programme costs, such as professional fees, printing costs, accommodation and allowances. The amount of such payments identified by the audit, based on its testing of a sample of financial transactions, amounted to USD 131,450. At one of the three IPs, amounts withdrawn from the bank account for subsequent payment in cash were not fully supported and there was no evidence that the unsupported balances, which amounted to USD 5,000 for the transactions tested, were refunded to the programme.

Inaccurate expense reporting

62. The audit review of FACE forms at two of the IPs visited revealed that the expenses reported in the FACE forms amounting to USD 0.2 million were based on workplan budgeted amounts instead of actual expenses incurred.

63. In addition, the audit noted that in one instance, transport allowances for attendance at a meeting were paid by an IP at different rates from those specified in the workplan, resulting in an overall overpayment of approximately USD 3,000.

Deviations from IP policies and procedures

64. The audit noted that three IPs awarded four contracts at a cost of USD 43,784 for the renovation of health centers and other professional services, without following competitive procedures as required by their financial rules and procedures. The audit's visit to one of the renovated health centers revealed a number of quality issues in the work performed.

65. The audit also noted that one of the IPs engaged 10 contractees (secondary IPs) for programme delivery purposes at a cost of USD 0.5 million. The audit could not determine whether the contractees had been engaged based on a competitive basis, as there was no documentation to support the selection process and/or justification for working with these contractees. According to the IP, two of the contractees were assessed for capacity in 2008, and the rest had been assessed in 2003.

IP financial management capacity gaps may not be timely identified and remediated.

IMPACT *Funding to IPs may not be used for the intended purposes as per the approved workplans.*

ROOT CAUSE *Guidelines (inadequate planning).*
 Guidance (inadequate supervision at Office level).

CATEGORY *Operational.*

RECOMMENDATION 8

PRIORITY: HIGH

Review the HACT Assurance Activities Implementation Plan to align it to the period in which programme activities funded by UNFPA are implemented and expenses reported by the IPs, and determine the resources needed to complete the assurance activities over a compressed timeline.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: August 2015

We agree with the recommendation and we wish to inform that with the arrival of the Representative, the Tanzania Country Office has enforced the schedule of Field Monitoring Plans (FMVs), as prescribed in the policy.

A follow-up on the recommendations from the Implementing Partner Capacity Assessment Tool and micro-assessment of IPs are part and parcel of the FMVs, for which a progressive monitoring will be performed. Depending on the IP's risk level (both financially and programmatically), the team scheduled for the FMVs or HACT's assurance activities will include finance and programme officers. Wherever a considerable risk is detected, the Office will commission a financial audit and will formalize a mitigation plan within the medium to long-term interventions, whilst in the short-term the Office will tighten its assurance plan to the IP under review.

RECOMMENDATION 9	PRIORITY: HIGH
<i>Perform regular IP financial monitoring visits and spot-checks, including monitoring of implementation of capacity assessment recommendations, based on the approved HACT Assurance Activities Implementation Plan, with a frequency and scope appropriate to provide management with sufficient assurance about the proper use of funds by IPs. Systematically log and track implementation of the related findings.</i>	

<u>MANAGER RESPONSIBLE FOR IMPLEMENTATION:</u> Representative	<u>STATUS:</u> Agree
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> July 2015

The Tanzania Country Office has put in place a monitoring plan which is updated on a quarterly basis in order to accommodate the frequency of spot-checks that might be behind schedule. The quarterly monitoring plan indicates the exact dates when the specific IP is scheduled for spot-check.

B.3 – INVENTORY MANAGEMENT	SATISFACTORY
----------------------------	--------------

66. During the period under review, the Office supplied reproductive health commodities and other inventory items at a total cost of USD 1.0 million, primarily with funding provided by the GPRHCS (Tanzania is one of the focus 46 countries earmarked to receive funding from this programme) and six donors. The commodities were supplied to Tanzania Mainland (USD 0.7 million) and Zanzibar (USD 0.3 million).

67. The large majority of inventory supplied consisted of contraceptives, medical equipment and reproductive health kits procured by UNFPA's Procurement Services Branch based in Copenhagen, Denmark. In addition, to respond to humanitarian needs, the Office supplied hygiene kits and other locally procured inventory for an amount of USD 0.2 million.

68. Contraceptives were stored at and distributed from central warehouses located in Dar es Salaam and Zanzibar, managed by the Ministry of Health and Social Welfare and the Zanzibar Ministry of Health, respectively, as well as 12 regional warehouses in Tanzania Mainland and Zanzibar, all managed by the above ministries. Medical equipment and reproductive health kits were distributed directly by UNFPA to various IPs in the focus regions.

69. Audit work performed included the review of the needs assessment and forecasting arrangements in place, as well as testing, for a sample of inventory supplied in 2013 and 2014 at a cost of USD 0.2 million (20 per cent of the value of inventory supplied), of the processes and controls in place in the areas of: (i) requisitioning; (ii) custom clearance, receiving and inspection; (iii) inventory controls (while the goods procured remained in UNFPA's possession); (iv) handover of the inventory to IPs; (v) distribution to intended beneficiaries; and (vi) monitoring. For locally procured commodities, audit work also included a review of the related procurement processes (refer to section C.2 of the report).

70. Audit work performed also included site visits to (a) the Central Medical Store in Dar es Salaam and one regional warehouse located in Mwanza, both managed by the Ministry of Health and Social Welfare, (b) the Zanzibar Central Medical Store located in Zanzibar City, managed by the Zanzibar Ministry of Health, and (c) four health facilities located in the Shinyanga Region of Tanzania Mainland and in Zanzibar, to (i) verify the receipt of commodities procured by UNFPA; (ii) assess the warehouse controls in place and the reliability of the inventory records; (iii) test the distribution of commodities by tracing a sample of deliveries across the supply-chain; and (iv) verify commodity availability and stock-out levels at the warehouses and health facilities visited.

71. The audit also included a review of the last available end-user verification survey related to contraceptive availability and stock-out levels.¹⁹ A review of the existence and valuation, in accordance with International Public Sector Accounting Standards (IPSAS), of the inventory of contraceptives and medical equipment in-transit at the year-end was not undertaken as no significant inventory was held as at 31 December 2013.

72. No reportable issues were identified based on the audit work performed in this area.

B.4 – MANAGEMENT OF NON-CORE FUNDING	SATISFACTORY
--------------------------------------	--------------

73. Programme implementation expenses funded from non-core resources amounted to approximately USD 4.7 million (42 per cent of total programme expenses) in the period under review. Of this amount, USD 1.5 million corresponded to support provided by a donor to the 2012 population and housing census and USD 1.5 million was provided by the Tanzania One UN Fund for maternal and new-born mortality reduction. The remaining contributions were provided by other donors, primarily for human resource capacity development in improving maternal and new-born health and by the GPRHCS to enhance reproductive health commodity security.

74. Audit work performed in this area included tests of compliance with co-financing agreement requirements, including expense eligibility and reporting, for four major co-financing agreements. The audit also included tests of the accuracy of reports submitted to donors and of compliance with the new cost recovery policy. Inquiries of representatives of one major donor were made to obtain an understanding of their working relationship with the Office and their assessment of UNFPA's performance and achievements.

75. Based on the audit work performed in this area, the audit noted one matter that needs Management attention.

Conduct rigorous assessments of donor contribution collectability

76. The last two tranches of funding committed by a large donor for the population census project, amounting to USD 2.3 million, were finally not disbursed by the donor due to delays in the execution of the project. The corresponding co-financing agreement was signed in November 2010, with an amendment in November 2011, to increase the funding level and modify the disbursement of funds schedule. According to the amended disbursement schedule, the last two tranches of USD 0.8 million and USD 1.5 million were due in July 2012 and July 2013, respectively.

77. In accordance with the IPSAS revenue recognition standards followed by UNFPA, the entire contribution was recognized as revenue when originally committed, with a USD 2.3 million account receivable reflected in the UNFPA Statement of Financial Position as at 31 December 2013, which at the

¹⁹ End User Verification Tanzania Family Planning & Safe Motherhood – Ministry of Health and Social Welfare in collaboration with the United States Agency for International Development (USAID) and John Snow International – July 2014

time of approval of the 2013 financial statements, was between 6 to 17 months past due. The uncollected balance should have been reversed at the time of preparing the financial statements as the conditions that resulted in the lack of collection of the receivable were known at that time.

78. Guidelines related to the assessment of collectability of contributions are contained in two different documents issued in 2006, namely (i) Risk Management Guidelines for Co-financing Agreements; and (ii) Debt Collection Policy. The audit is of the view that, to minimize the risk of further issues in this area, both documents should be promptly updated to clarify the roles and responsibilities for assessing contribution collectability (including those of the Resource Mobilization and Finance Branches and the Regional Offices) and the process to be followed for that purpose.

IMPACT	<i>Overstatement of revenue and debtor balances in UNFPA's financial statements.</i>
ROOT CAUSE	<i>Guidelines (inadequate corporate policies and procedures).</i>
CATEGORY	<i>Reporting.</i>

RECOMMENDATION 10	PRIORITY: MEDIUM
<i>Promptly update the "Risk Management Guidelines for Co-financing Agreements" and the "Debt Collection Policy" to provide clear guidelines as regards the roles and responsibilities and process to be followed for assessing the collectability of contributions receivable,</i>	

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Directors, Division for Communication and Strategic Partnership and Division for STATUS: Disagree Management Services

MANAGEMENT ACTION PLAN: DUE DATE: Not provided
Management does not agree with this recommendation. Management does not believe that this recommendation will address the issue of the collectability of the receivables in the country offices. The guidance is very clear on the role of the offices in the following up of the collectability of receivables.

The Debt Collection Policy states that: "an outstanding receivable is not determined by signing of the co-financing agreement, but rather by the formal request by UNFPA to the donor to make payment. A record of the request to the donor for payment should be maintained in the currency in which it is made. As the request may be made by the country office, Geographical Division, or by the Resource Mobilization Branch on their behalf, the responsibility for follow-up with the donor regarding payment shall lie with the office that made the request." In light of this, it is the responsibility of the country office to inform headquarters on these adverse circumstances.

Management would also like to add that there are systems and processes in place to reduce the risk of non-collectability of contributions from the donors. This was an isolated incidence which proves the systems and processes are functioning since the occurrence of such is less than 1 per cent of the cases.

On a related note, management will take this opportunity to review the above mentioned policies where applicable and also identify areas of improvement required in the guidelines which are currently under improvement.

OAIS COMMENTS ON THE MANAGEMENT RESPONSE: *The audit notes the above response. After considering all the comments provided by the Resource Mobilization Branch (RMB) and the Division for Management Services (DMS), the audit maintains its recommendation. The audit believes that the reference to the Debt Collection Policy is not appropriate as it has not been updated following the adoption of IPSAS. The audit believes there is joint accountability by RMB, owner of the revenue management process, and DMS, the unit responsible for the preparation of the UNFPA annual financial statements, to implement effective "second line of defence" controls allowing to identify errors or other exceptions, even if isolated occurrences, affecting contributions receivable and/or revenue above a certain materiality threshold that are not prevented or detected by controls in place at the country office level.*

C. OPERATIONS MANAGEMENT**PARTIALLY SATISFACTORY****Good practices identified**

79. The audit identified the following good practices in the area of operations management, which could be considered for replication by other offices:

- a) Fuelling of the Office's fleet of vehicles was managed through a coupon system arrangement with a service provider engaged based on a competitive procurement process. Some of the benefits realized through this arrangement include the elimination of the need to advance cash to drivers, guarantees on the quality of fuel used, and monitoring of fuel consumption trends; and
- b) The Office established a Performance Appraisal and Development review committee that reviews staff appraisals to enhance objectivity.

C.1 – HUMAN RESOURCES**PARTIALLY SATISFACTORY**

80. During the period under review, the Office incurred payroll expenses amounting to USD 2.7 million. In addition, the Office made use of contract personnel and engaged 8 individuals, under the service contract modality and another 12 under the special service agreement modality, for management and programme delivery activities, incurring related expenses in the amount of USD 0.8 million. At the time of the field audit mission, the payroll for both staff members and contract personnel was managed by the United Nations Development Programme (UNDP).

81. Audit work performed in this area included the analytical review of payroll and contract personnel costs; a walk-through of the payroll reconciliation controls at UNDP; a walk-through of the recruitment process for three staff members; and the testing of a sample of two service contracts and six special service agreements awarded by the Office, at a cost of USD 0.4 million, for linkage to the corresponding workplans and compliance with policies and procedures and the operating effectiveness of controls in the areas of (i) recruitment; (ii) contract award; and (iii) contract management. Audit procedures also included a review of the Office's leave management process and benefits. No reportable issues were identified based on the audit work performed in this area, except the following one.

Complete recruitment for key positions within the set standard timeline

82. The Representative position became vacant in July 2012. The recruitment process commenced on 4 May 2012 when the post was advertised in anticipation of the forthcoming rotation and promotion of the incumbent; however, the recruitment was not finalized until 30 September 2013, when an offer was extended to the successful candidate. The latter accepted the offer and a nomination letter sent on 11 October 2013 to the Government of Tanzania, which indicated its concurrence with the nomination on 30 May 2014. The new Representative assumed the position on 10 June 2014.

83. The audit noted that it took five months from the time of the initial advertisement in May 2012 to organize interviews. No suitable candidate was identified from this initial recruitment process and it took another five months to re-advertise the position, through a consulting firm, and a further six months to conduct the second round of interviews. With the arrival of the Representative on 23 June 2014, the position had remained vacant for 23 months.

84. Further, the audit noted that the recruitment process for three other staff positions that were vacant during the period under review took, on average, six months between vacancy announcement to offer extended to the chosen candidate.

IMPACT	<i>Recruitment delays could prevent the timely completion of Office activities and/or increase in workload for existing personnel.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office, Regional Office and Headquarters levels).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 11**PRIORITY: HIGH**

Complete recruitment for key positions over a maximum period of four months between vacancy announcement to offer, in line with the established recruitment period corporate target.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Regional Director, East and Southern Africa Regional Office and Director, Division for Human Resources* STATUS: *Agree*

MANAGEMENT ACTION PLAN: DUE DATE: *July 2015*

The Regional Office has just established a regional Compliance Review Board (CRB) for national posts, which will considerably shorten national recruitment processes. With a regional CRB, it is estimated that the length of a national recruitment process can be reduced by two weeks, up to two to three months. This is an important gain in efficiency. Improvements in the recruitment time for Representatives and other key international positions will be achieved primarily through the use of the UNFPA leadership pool.

C.2 – PROCUREMENT**UNSATISFACTORY**

85. As from 2012 and through the period under review, the Office locally procured goods and services at a cost of approximately USD 6.9 million, issuing a total of 2,805 purchase orders. The most significant categories of goods and services procured corresponded to equipment, and consultancy and other services, mainly in relation to the 2012 population and housing census. In addition, the Office procured reproductive health commodities and other inventory items through UNFPA's Procurement Services Branch, based in Copenhagen, Denmark, at a cost of approximately USD 0.8 million over the same period.

86. Audit work performed in this area included the review of local procurement transactions made at a cost of USD 4.4 million (63 per cent of local procurement value) for linkage to the corresponding workplans, compliance with the UNFPA procurement principles,²⁰ policies and procedures, as well as operating effectiveness of controls in the areas of (i) requisitioning; (ii) solicitation and bidding; (iii) bid assessment; (iv) vendor selection; (v) contract award; (vi) purchase order issuance; and (vii) receiving. Audit work also included the review of the procurement planning process and the management of charges related to common services shared with other United Nations organizations.

87. The following matters in need of Management attention were identified based on the work performed.

Enhance controls over the procurement of goods and services

88. The audit is of the view that the process followed by the Office to procure standard steel filing cabinets at a cost of TZS 944,500,000 (USD 0.6 million) for the 2012 population and housing census, leveraging on a One UN Long Term Agreement (LTA), was not sufficiently competitive.

²⁰ Best value-for-money; fairness, integrity and transparency; open and effective competition; and protection of the interest of UNFPA.

89. The audit noted that LTAs had been previously awarded to four furniture suppliers. According to Management, three of the four LTA suppliers were contacted to submit quotations for the required furniture, one of which verbally declined to provide a quote due to its inability to supply the requested quantities in an urgent manner, as requested by the Office. The audit noted that there was no documented communication with the latter in this regard. Another LTA holder was not requested to submit a quote.

90. According to Management, the supplier who submitted the lowest quotations was not awarded the contract on grounds of low quality. No documentation was provided to the audit team explaining the rationale used to assess the quality of the products offered by this supplier and determine that they did not meet requirements.

91. The audit obtained a quotation, as of October 2014, from the supplier who had declined to submit a quote. The audit noted that the newer quote reflected lower prices, for these standard cabinets, than those charged by the supplier who was awarded the urgent contract in August 2012, as shown in Table 2. The audit could not determine if there had been changes in market conditions to affect prices during the intervening period.

Table 2: Price comparison between awarded contract and price quote obtained by the audit

Concept	Contract awarded by the Office (based on LTA)	Quote obtained by the audit
Unit price	USD 294	USD 229
Quantity supplied	1,975	1,975
Total price	USD 580,650	USD 452,275
Cost Difference	-	USD 128,375

92. As the procurement was made leveraging on an LTA, it was approved solely by the Office's management as no secondary review process (i.e., submission to a Contracts Review Committee) is required as per the applicable procurement procedures.

IMPACT	<i>The procurement activity may not have been executed in a competitive, fair and transparent manner to provide appropriate value for money to the Office.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office level).</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 12	PRIORITY: HIGH
<i>Strengthen management oversight over procurement activities, including those executed leveraging on existing Long Term Agreements, to enhance competitiveness, fairness and value for money.</i>	

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative STATUS: Agree

MANAGEMENT ACTION PLAN: DUE DATE: Implemented

In order to strengthen procurement related activities, on 6 November 2014, the Office has constituted an internal Contract, Asset and Procurement Committee. The committee reviews all Requests for Quotations and Requests for Proposals procurement processes in accordance with the UNFPA Policies and Procedures Manual procurement framework, regardless of whether the vendor is a LTA holder or not.

Maintain back-ups of key supporting documents

93. Supporting documents for procurement transactions selected for testing amounting to USD 0.3 million were not provided to the audit. According to Office management, the concerned documents were destroyed at the UNDP offices in Dar es Salaam during natural flooding that occurred in December 2011. Management indicated that all documents supporting the Office's financial transactions were kept under the custody of UNDP and that no hard or electronic copies were retained by the Office. The transactions for which supporting documents could not be provided related primarily to the procurement of census equipment (USD 155,770), motorcycles for the maternal and new-born programme interventions (USD 146,137) and travel expenses (USD 10,271) incurred in 2011. It should, however, be noted that the audit was able to physically verify the delivery of a sample of the census equipment purchased.

IMPACT	<i>In the absence of supporting documents it may not be possible to establish the authorization and validity of financial transactions.</i>
ROOT CAUSE	<i>Other (Factors beyond the control of the Office).</i> <i>Guidelines (Lack of or inadequate Country Office policies and procedures).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 13	PRIORITY: MEDIUM
--------------------------	-------------------------

Maintain electronic copies and/or backups of key financial supporting documents. Store documents in appropriate facilities with low risk of hazards and with proper safeguard controls.

<u>MANAGER RESPONSIBLE FOR IMPLEMENTATION:</u> Representative	<u>STATUS:</u> Agree
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> July 2015

The Office has taken note and appropriate measures are being taken to ensure the safe storing of supporting documents by scanning hard copies and creating electronic back-ups.

C.3 – FINANCIAL MANAGEMENT	SATISFACTORY
-----------------------------------	---------------------

94. Work performed in this area included the review of (i) the Office financial management capacity; (ii) the authorization and proper processing of financial transactions; (iii) the coding of transactions to the correct project, activity, general ledger account, IP and fund codes; (iv) the operating effectiveness of controls over the accounts payable and payments process; (v) the budget management process; (vi) the effectiveness of the financial management accountability process; and (vii) the value-added tax (VAT) control arrangements in place at UNFPA.

95. No reportable issues were identified based on the audit work performed in this area.

C.4 – GENERAL ADMINISTRATION	SATISFACTORY
-------------------------------------	---------------------

96. Work performed in this area focused on the travel and asset management processes.

97. Travel expenses incurred by the Office during the period under review amounted to USD 0.5 million. A significant portion of the expenses corresponded to Daily Subsistence Allowance (DSA) payments for training workshops, meetings, and consultancy services. Audit work performed in this area consisted in the testing of a sample of nine DSA payments amounting to approximately USD 45,000 (10 per cent of total travel expenses) for appropriateness of business purpose and compliance with policies and procedures. Travel expenses were assessed as a medium audit risk area; hence, work in this area was limited to a walk-through of a small number of transactions conducted during the period under review. No reportable issues were identified based on the work performed.

98. In the period under review, the Office procured fixed assets for its own use and for use by IPs at a cost of USD 0.4 million. The most significant categories of fixed assets procured by the Office were motor vehicles and IT and other equipment in relation to the population and housing census project. Audit work performed in this area included the review of a sample of assets procured for use by the Office in 2013 and 2014, at a cost of USD 0.3 million (78 per cent of the value of fixed assets procured) for appropriateness of business purpose and compliance with the asset management policies and procedures. In addition, the audit tracked the delivery of assets procured by the Office between 2011 and 2014, at a cost of USD 3.2 million, for use by IPs, primarily for the 2012 population and housing census. No reportable issues were identified based on the work performed.

C.5 - INFORMATION AND COMMUNICATIONS TECHNOLOGY	SATISFACTORY
--	---------------------

99. This area was assessed as presenting a low audit risk. Related audit work was therefore limited to the review of Atlas user profiles for compliance with segregation of duties requirements and their mandatory annual certification. No reportable issues were identified based on the work performed.

C.6 – SECURITY MANAGEMENT	SATISFACTORY
----------------------------------	---------------------

100. This area was assessed as presenting a low audit risk. Work performed in this area included (i) the review of the most recent MOSS (United Nations Minimum Operating Security Standards) assessment; (ii) the assessment of compliance with mandatory security training requirements; and (iii) inquiries to the local United Nations Department of Safety and Security about its relation with UNFPA, the active engagement of UNFPA Office Management including its participation in the Security Management Team. No reportable issues were identified based on the work performed.

ANNEX 1

Definition of Audit Terms

A. AUDIT RATINGS

Effective 1 January 2010, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP use revised harmonized audit rating definitions, as described below:

- **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 entity.
- **Partially Satisfactory** - Internal controls, governance and risk management processes were adequately established and functioning well. 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 functioning well. The issues were such that the achievement of the objectives of the audited entity could be seriously compromised.

B. CATEGORIES OF ROOT CAUSES AND AUDIT ISSUES

- **Guidelines:** absence of written procedures to guide staff in performing their functions:
 - Lack of or inadequate corporate policies or procedures
 - Lack of or inadequate Regional and/or Country Office 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 Headquarters and/or Regional and Country Office level
 - Inadequate oversight by Headquarters
- **Resources:** insufficient resources (funds, skills, 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 UNFPA.

C. PRIORITIES OF AUDIT RECOMMENDATIONS

Audit recommendations are categorized according to their priority, as a further guide to management in addressing the related issues in a timely manner. The following categories of priorities are used:

- **High:** Prompt action is considered imperative to ensure that UNFPA 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 desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are discussed by the audit team directly with the management of the audited entity during the course of the audit or through a separate memorandum upon issued upon completion of fieldwork, and not included in the audit report.

D. CATEGORIES OF ACHIEVEMENT OF OBJECTIVES

These categories are based on the COSO framework and derived from the INTOSAI GOV-9100 Guide for Internal Control Framework in the Public Sector and INTOSAI GOV-9130 ERM in the Public Sector.

- **Strategic:** High level goals, aligned with and supporting the entity's mission.
- **Operational:** Executing orderly, ethical, economical, efficient and effective operations and safeguarding resources against loss, misuse and damage.
- **Reporting:** Reliability of reporting, including fulfilling accountability obligations.
- **Compliance:** Compliance with prescribed UNFPA regulations, rules and procedures, including acting in accordance with Government Body decisions, as well as agreement specific provisions.

GLOSSARY

AU	African Union
CCPD	Common Country Programme Document
COGNOS	Corporate reporting system used by UNFPA
CRB	Compliance Review Board
DaO	Delivering as One
DSA	Daily Subsistence Allowance
DMS	Division for Management Services
e-LMIS	Electronic Logistics Management Information System
FACE	Funding Authorization and Certificate of Expenditures
FMV	Field Monitoring Plans
GPRHCS	Global Programme to Enhance Reproductive Health Commodity Security
HACT	Harmonized Approach to Cash Transfers
HIV	Human Immunodeficiency Virus
IP	Implementing Partner
ILS	Integrated Logistics System
LTA	Long Term Agreement
MoHSW	Ministry of Health and Social Welfare (MoHSW)
MOSS	Minimum Operating Security Standards
NFPCIP	National Family Planning Costed Implementation Plan
NEX	National Execution
OAIS	Office of Audit and Investigation Services
OMP	Office Management Plan
RHCS	Reproductive Health Commodity Security
RMB	Resource Mobilization Branch
SWAp	Sector-wide Approach
TZS	Tanzania Shillings
UNCoLSC	United Nations Life Saving Commodities
UNDAP	United Nations Development Assistance Plan
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
USD	United States Dollars
VAT	Value-Added Tax
VSO	Volunteer Oversees Services
WFP	World Food Programme