

UNFPA AUDIT CAUSES CLASSIFICATION

Category of risk:

Process

AUDIT CAUSE**EXAMPLES OF ISSUES or CONDITIONS**

Poor governance and inadequate assignment of authority and responsibility (INTOSAI ERM CLASSIFICATION: Internal environment)

Unclear or outdated job descriptions
 Unclear lines of authority
 Unclear organizational structure
 Inadequate mission statement

AUDIT CAUSE**EXAMPLES OF ISSUES or CONDITIONS**

Unreliable Identification of events impacting achievements (INTOSAI ERM CLASSIFICATION: Event identification)

Lack of resources to identify events
 Lack of guidance to identify events and distinguish adverse risks from opportunities
 No channeling back of risks and opportunities to objective-setting processes (strategic, operational, etc)

AUDIT CAUSE**EXAMPLES OF ISSUES or CONDITIONS**

Inadequate risk assessment (INTOSAI ERM CLASSIFICATION: Risk assessment and management)

Significant gaps in Internal Control Framework
 No or deficient monitoring of internal controls
 No formal risk assessment process
 Inadequate inherent and residual risk identification process
 Inadequate documentation of identified risks (risk register)

UNFPA AUDIT CAUSES CLASSIFICATION

Inadequate quantification of risks (likelihood & impact)

**Inappropriate risk management (INTOSAI ERM
CLASSIFICATION: Risk assessment and management)**

Lack of resources to identify and manage risks

No or insufficient ERM procedure

Insufficient or lack of resources to manage risk response and provide transparency within the defined risk appetite

Lack of guidance to identify and manage risks

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

**Ineffective information policy (INTOSAI ERM
CLASSIFICATION: Information and Communication)**

Inadequate organizational communication policy/strategy/process

Inadequate policy dialogue with stakeholders

**Ineffective or inappropriate reporting structure (INTOSAI
ERM CLASSIFICATION: Information and Communication)**

Inadequate operating information (ERP)

Communication channels are ineffective

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

**Inadequate monitoring of internal controls (INTOSAI ERM
CLASSIFICATION: Monitoring)**

Monitoring of control point not exercised

Insufficient or lack of segregation of duties

Insufficient or lack of verification, reconciliation

Insufficient resource for IA and oversight activities

Insufficient or lack of controls over access to records and resources

Insufficient or lack of approval or authorization

No or insufficient periodic evaluations of internal controls

UNFPA AUDIT CAUSES CLASSIFICATION

Insufficient of lack of classification of documentation and information
Insufficient or lack of compliance review with regulatory body
Insufficient or lack of presence of performance measurement
Insufficient or lack of control for completeness of data

**Deficiencies in internal controls are not properly resolved
(INTOSAI ERM CLASSIFICATION: Monitoring)**

No independent review of audit recommendations
No or inadequate follow-up on audit findings (internal and external)

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

**Inadequate budgeting, accounting and financial recording
and reporting (INTOSAI ERM CLASSIFICATION: Control
activities)**

Inadequate travel planning
No periodic reviews and reconciliation of ledgers
No periodic reconciliation or adjustment of balances or transactions
Management does not monitor budgeted balance and expenditures
Non compliance with financial rules and regulations
High level of receivable (advances under NEX/HACT)
Records not maintained
Improper use of the accounting system/chart of accounts
Outdated or inadequate internal operating procedures
Deficient authorizations and approval procedures
Lack of segregation of duties
Inadequate supervision

**Weak purchasing and disbursement procedures and
practices (INTOSAI ERM CLASSIFICATION: Control
activities)**

Premature closing of Pos

UNFPA AUDIT CAUSES CLASSIFICATION

Non compliance with procurement rules and regulations
Inadequate monitoring of receipt, distribution, and delivery of goods
Inadequate maintenance of list of vendors (duplicate or banned)
Lack of segregation of duties
Records not maintained
Improper use of the accounting system/chart of accounts
No periodic reconciliation or adjustment of balances or transactions
Deficient authorizations and approval procedures (Contract Review Committee)
No periodic reviews and reconciliation of ledgers
Travel are not properly authorized, budgeted and accounted for
Inadequate supervision

Unsecure or inappropriate handling of income, deposits and cash (INTOSAI ERM CLASSIFICATION: Control activities)

Untimely or inaccurate or non-compliant reporting to donors
Records not maintained
Improper use of the accounting system/chart of accounts
No periodic reconciliation or adjustment of balances or transactions
Outdated or inadequate internal operating procedures
Deficient authorizations and approval procedures
No periodic reviews and reconciliation of ledgers
Inadequate supervision
Lack of segregation of duties
Non compliance with financial rules and regulations
Staff responsible for cash handling and deposits do not follow procedures

Unreliable assets management (INTOSAI ERM CLASSIFICATION: Control activities)

No periodic reviews and reconciliation of ledgers
Records not maintained

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Lack of segregation of duties
Improper use of the accounting system/chart of accounts
Non compliance with financial rules and regulations
Inadequate supervision
Deficient authorizations and approval procedures
Outdated or inadequate internal operating procedures
No periodic reconciliation or adjustment of balances or transactions
Lack of segregation of duties

Ineffective or lack of payroll controls (INTOSAI ERM CLASSIFICATION: Control activities)

Improper use of the accounting system/chart of accounts
Inadequate supervision
Lack of segregation of duties
No periodic reviews and reconciliation of ledgers
Staff Records not maintained
No periodic reconciliation or adjustment of balances or transactions
Outdated or inadequate internal operating procedures
Deficient authorizations and approval procedures
Non compliance with financial rules and regulations

UNFPA AUDIT CAUSES CLASSIFICATION

Category of risk:

People

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

Inadequate culture of integrity or ethics (INTOSAI ERM CLASSIFICATION: Internal environment)

Unsupportive management's attitude
Staff do not take mandatory course on ethics
No or inadequate management action on investigation reports
Staff do not sign letter of commitment to the Code of conduct on recruitment
Mandatory financial assets and liabilities declaration not comprehensively enforced

Lack of commitment to competence, expertise and performance (INTOSAI ERM CLASSIFICATION: Internal environment)

Staff development not geared to creating or enhancing competencies required to deliver outputs
Recruitment not providing sufficient expertise and competencies to deliver expected outputs
Unclear or deficient supervision process (assigning, reviewing, approving, guidance and training)
Performance appraisal policy and/system not supporting or misaligned with achievement of expected results
Staff not able to use systems reports and reporting tools (ERP)

Lack or inadequate risk management philosophy (INTOSAI ERM CLASSIFICATION: Internal environment)

Inadequate management support to managing risks (absent, lukewarm, inconsistent over time)
No or poorly defined risk appetite of the organization
Inadequate management philosophy (e.g. over-willingness to take risks or risk adversity)

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

Lack of or inadequate fraud prevention process (INTOSAI ERM CLASSIFICATION: Risk assessment and management)

UNFPA AUDIT CAUSES CLASSIFICATION

No training on fraud prevention and ethical conduct

No systematic and regular procedure to assess and manage fraud risks

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

**Inappropriate human resource policies and practices
(INTOSAI ERM CLASSIFICATION: Control activities)**

Excessive delays in recruiting staff

No monitoring on staff benefits

Lack of transparency in recruitment

No or inadequate career plan

No or inadequate succession plan

UNFPA AUDIT CAUSES CLASSIFICATION

Category of risk:

Relationship

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

Lack of clarity in organizational objectives (INTOSAI ERM CLASSIFICATION: Objective setting and assessment)

Inadequate mission statement or definition of strategic objectives
Inadequate definition of objectives with mission or definition of strategic objectives
Inadequate strategic planning
Lack of compliance with organization's strategic plan
No alignment with UNDAF
No alignment with national priorities

Lack of consistency between risk appetite and tolerance (INTOSAI ERM CLASSIFICATION: Objective setting and assessment)

Inadequate definition of tolerated variation in achieving objectives , i.e. risk tolerance
Objectives inconsistent with risk appetite

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

Poor programme planning, implementation and monitoring (INTOSAI ERM CLASSIFICATION: Monitoring)

Inadequate planning
No follow up on monitoring reports recommendations
Inadequate monitoring of programme implementation and outcomes
Monitoring visit reports not available or incomplete

Lack of accountability in operational activities for development (INTOSAI ERM CLASSIFICATION: Monitoring)

Inadequate procurement and distribution plans
Inadequate preparation for disbursement modalities (e.g.NEX, HACT, DBS)

UNFPA AUDIT CAUSES CLASSIFICATION

Weaknesses in the allocation and disbursement of NEX or cash or supply transfer to implementing partners

Inadequate assessment of IPs capacity

Weaknesses in monitoring of IPs utilization of transferred resources

Weaknesses in planning and logistics requirement with IPs

Lack or inappropriate review of the effectiveness of activities implemented by partners

Inadequate RBM and poor quality evaluations (INTOSAI ERM CLASSIFICATION: Monitoring)

Lack of proper RBM tools

Inadequate evaluation

Program design not supported by evidence

No follow-up on evaluations recommendations

Indicators are not specific, measurable, etc (SMART)

Evaluations do not meet recognized quality standards

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

Unreliable contracts and grants process (INTOSAI ERM CLASSIFICATION: Control activities)

Inadequate supervision

No or non compliant contractual arrangement (LoU/MoU)

Lack of segregation of duties

Deficient authorizations and approval procedures

Non compliance with financial rules and regulations

Records not maintained

Improper use of the accounting system/chart of accounts

Inadequate monitoring of results/outputs

Outdated or inadequate internal operating procedures

UNFPA AUDIT CAUSES CLASSIFICATION

Category of risk:

Technology

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

**Deficiencies in IT general controls (INTOSAI ERM
CLASSIFICATION: Information technology controls and
security)**

Inadequate system software controls (ERP)
Inadequate segregation of duties
Inadequate controls on the development, maintenance and change of application software
Inadequate business continuation/contingency plan
Insufficient access controls
No or inadequate security programme planning and management

**Deficiencies in IT application controls (INTOSAI ERM
CLASSIFICATION: Information technology controls and
security)**

Gaps in software update
No or inadequate checking process on transactions
Weaknesses in cost-effectiveness assessment of applications change, migration or upgrade
Lack or inadequate quality assurance process
No or inadequate data integrity check

UNFPA AUDIT CAUSES CLASSIFICATION

Category of risk:

External

AUDIT CAUSE

EXAMPLES OF ISSUES or CONDITIONS

**Inadequate security, safety and protection of staff
(INTOSAI ERM CLASSIFICATION: Event identification)**

Mandatory security training not or poorly monitored by managers
Poor compliance with security rules

**Inadequate security of premises (INTOSAI ERM
CLASSIFICATION: Event identification)**

No or partial MOSS compliance

**Unreliable emergency preparedness (INTOSAI ERM
CLASSIFICATION: Event identification)**

Irregular, unsystematic or incomplete preparedness and response activities
Unreliable assessment of emergency preparedness capacity of Ips
Inadequate planning