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OFFICE OF AUDIT AND INVESTIGATION SERVICES

**AUDIT
OF THE UNFPA COUNTRY OFFICE
IN COTE D'IVOIRE**

FINAL REPORT
N° IA/2016-5

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EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) performed an audit of the UNFPA Country Office in Cote d'Ivoire (the Office). The audit covered the period from 1 January 2014 to 31 March 2015. 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 to the sixth and seventh years of the extended sixth Country Programme, originally approved by the Executive Board in October 2008 for the period 2009-2013, with indicative resources of USD 72.7 million, and extended twice, initially through 2015, with additional estimated resources of USD 24.3 million,¹ and subsequently through 2016, in order to align it to national priorities as outlined in the new Cote d'Ivoire National Development Plan.

3. Expenses covered by the audit amounted to USD 11.7 million, corresponding to activities implemented by five non-governmental implementing partners (USD 0.7 million) and by UNFPA, in collaboration with governmental partners (USD 11.0 million), funded from core resources of USD 6.1 million and non-core resources of USD 5.6 million. In addition, the audit covered the supply of reproductive health commodities during the period under review, procured primarily with funding provided by the UNFPA Supplies programme, totalling USD 1.4 million (Cote d'Ivoire is one of the 46 priority countries of this programme).

4. Approximately 55 per cent of expenses incurred in the period under review correspond to the Reproductive Health component. The Gender component accounted for 6 per cent of expenses and the Population and Development component accounted for another 12 per cent of expenses. 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 27 per cent of expenses.²

Methodology and scope

5. The audit was conducted in conformance 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 analysing, on a test basis, information that provided the basis for the audit conclusions.

6. 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.

Audit rating

7. 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 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.

¹ Estimated resources indicated in the resources and results framework developed for the period 2014-2015

² Source: Cognos project monitoring reports

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

Key findings and recommendations

8. 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, compliance, and reporting matters. Overall, the audit report includes eight high priority and five medium priority recommendations designed to help the Office improve its programme delivery and operations. Of the 13 recommendations, one is of a strategic nature; 9 are operational; one refers to compliance matters and 2 relate to reporting. One recommendation has been addressed to the Technical Division.

Good practices

9. The audit identified several good practices adopted by the Office, some of which could be considered for replication by other offices. The Office developed a handbook to better explain the roles and responsibilities of its personnel and to reinforce accountability for programme results, which serves as a reference tool as regards daily work for new and existing staff members, and has maintained strong focus on staff capacity building. Workplans for the following year are developed before the end of the previous year, using a participatory approach that involves national and civil society partners.

10. The Office formulated a co-financing strategy to engage potential donors, encompassing fund-raising responsibilities for all programme officers. Although the Office has a dedicated Programme Analyst for partnership and resource mobilization, all programme officers and associates are involved in the process and take initiatives to ensure that annual resource mobilization targets are met. The Office has also put in place several mechanisms to enhance a culture of performance, such as annual workshops for staff and a performance appraisal and development review committee to examine staff performance assessments, so as to ensure transparency and foster coaching where necessary.

Strategic level

11. The Technical Division needs to issue a clear policy framework outlining the requirements relative to the programme documents to be signed with partners managing UNFPA supplied commodities, the management and distribution of the commodities and the use of cost-recovery proceeds.

Operational level

12. There is a need to promptly complete programmatic and financial capacity assessments for all partners currently engaged by the Office, regardless of the cash transfer modalities used, and to sign implementing partner agreements with them.

13. The operational performance of the Office could be reinforced in areas such as procurement, through more comprehensive procurement planning, use of long-term agreements and enhanced supervision of procurement activities, as well as in the execution of recruitment processes and financial monitoring of implementing partner expenses. There are also opportunities to enhance the effectiveness of risk management activities. Where applicable, programmatic monitoring should ensure that activities implemented are fully achieving expected results in line with planned objectives.

14. The Office needs to monitor the proper management of contraceptives supplied to governmental and other partners, including their timely distribution, availability, delivery to end-users, as well as the proper use of agreed-upon cost-recovery proceeds.

Compliance level

15. Controls should be implemented to enforce adherence to policies and procedures relative to the length of solicitations and contract awards.

Reporting level

16. Expenses related to activities implemented with governmental partners should be recorded as national execution, and the accounting codification of expenses reported by implementing partners should reflect their true nature.

Management response

17. The Office will work proactively to ensure the timely implementation of the recommendations under its responsibility.

18. The Office's Management is of the view that the report is relatively severe regarding the rating of the Office's performance in the area of inventory management. Despite a challenging post-crisis environment and though the issues faced by the partner involved in this area affected the management of all health commodities, the Office managed to maintain a 78.5 per cent of Health centres offering contraceptives without stock-out in its intervention area³ while for the rest of the country, 99.6 per cent of Health Centres were recorded with stock-out.

19. The Office Management welcomes the recognition by the audit [paragraph 59] of the importance of its efforts to respond to the issues faced, namely through the signature of the tri-partite agreement to clarify the responsibilities of each party, the partnership with other Non-Governmental Organisations for the distribution of the contraceptives, the action plan (SWEDD initiative) to address issues in the area of supply-chain management and the active role played by the Office in its design and implementation

20. The OAI team would like to thank the Management and personnel of the Office, of the Western and Central Africa Regional Office and of the different Headquarters units for their cooperation and assistance throughout the audit.

³ As confirmed by the survey conducted by ENSEA

I. OBJECTIVES, SCOPE AND METHODOLOGY

1. The audit covered the period from 1 January 2014 to 31 March 2015. Programme delivery and operational activities pertaining to other periods were covered by the audit, as appropriate.
2. The objective of the audit, conducted in conformance 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 Cote d'Ivoire.
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 OAI audit specialists, supported by staff from an external audit firm. The audit started on 30 March 2015. A field mission took place from 15 June to 7 July 2015. Findings and recommendations resulting from the field mission were discussed with Office Management at an exit meeting held on 3 July 2015. Additional audit work was performed in January 2016 as regards the supply of reproductive health commodities to governmental and non-governmental implementing partners. The outcome of the additional work, as well as comments and clarifications provided by Management thereafter, were reflected in a draft report submitted to Management on 14 April 2016, and a final Management response, reflected in this report, received on 19 July 2016.

II. BACKGROUND

6. The Republic of Cote d'Ivoire has a population estimated at approximately 22.8 million, up from 18.9 million in 2006,⁴ reflecting an annual population growth of approximately 2 per cent. Gross Domestic Product has grown at an annual rate of approximately 8 per cent since 2012.⁵ Notwithstanding, over 50 per cent⁶ of the population remains below the poverty line. Women and young people under 25 years represent 51 and 60 per cent, respectively, of the population, with approximately 50 per cent of it living in urban areas.

7. The maternal mortality ratio was estimated at 645 per 100,000 live births in 2015,⁷ compared to 745 deaths per 100,000 live births in 1990. HIV prevalence stood at 2.7 per cent in 2013, down from 3.6 per cent in 2009.⁸ HIV prevalence remains high among sex workers and their partners, uniformed personnel and urban residents.

8. The activities covered by the audit correspond to the sixth and seventh years of the extended sixth Country Programme, originally approved by the Executive Board in October 2008 for the period 2009-2013, with indicative resources of USD 72.7 million, and extended twice, initially through 2015, with additional estimated resources of USD 24.3 million,⁹ and subsequently through 2016, in order to align it to national priorities, as outlined in the new Cote d'Ivoire National Development Plan.

9. Expenses covered by the audit amounted to USD 11.7 million, corresponding to activities implemented by four non-governmental (NGO) implementing partners (IPs) and an academic institution (USD 0.7 million), and by UNFPA, in collaboration with governmental implementing partners (USD 11.0 million), funded from core resources of USD 6.1 million and non-core resources of USD 5.6 million. In addition, the audit covered the supply of reproductive health commodities, procured primarily with funding provided by the UNFPA Supplies programme,¹⁰ totalling USD 1.4 million (Cote d'Ivoire is one of the 46 priority countries of this programme).

10. Approximately 55 per cent of expenses incurred in the period under review correspond to the Reproductive Health component. The Gender component accounted for 6 per cent of expenses and the Population and Development component accounted for another 12 per cent of expenses. 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 27 per cent of expenses.¹¹

11. The main UNFPA Office in Cote d'Ivoire is located in the city of Abidjan, with three decentralised offices located in the cities of Bouaké, Guiglo and Yamoussoukro. During the period under review, the Office was managed by a Representative (up to December 2014), assisted by a Deputy Representative, an Assistant Representative and an International Operations Manager. From January to July 2015, the Office was managed by an Officer-In-Charge while the Representative was on sabbatical leave.

⁴ 2014 national census

⁵ World Bank, Cote d'Ivoire overview

⁶ UNDAF Mid-term review December 2012

⁷ Trends in Maternal Mortality: 1990 to 2015 – Estimates by WHO, UNICEF, UNFPA, World Bank Group and the United Nations Population Division

⁸ WHO Global Health Observatory statistics

⁹ Estimated resources per the resources and results framework for the period 2014-2015

¹⁰ Previously known as the Global Programme for Reproductive Health Commodity Security (GPRHCS)

¹¹ Source: Cognos project monitoring reports

III. DETAILED FINDINGS

A. OFFICE GOVERNANCE

SATISFACTORY

Good practices identified

12. The audit identified the following good practices that could be replicated by other Offices in the area of Office governance:

- a) *Roles and responsibilities*: the Office developed a handbook to better explain the roles and responsibilities of its personnel and to reinforce accountability for programme results. The handbook serves as a reference tool for daily work for existing as well as new personnel. For example, the handbook has been used to guide new personnel in the three decentralized offices and to facilitate their induction to assigned functions upon recruitment;
- b) *Training*: the Office has maintained a strong focus on staff capacity building, including (a) training sessions on the Policies and Procedures Manual and on IPSAS¹² in coordination with the Headquarters Programme Division; (b) practical Atlas training to enable better budget management by National Programme Officers and Assistants; and (c) training on leadership and management at the Office 2014 annual retreat.

A.1 – OFFICE MANAGEMENT

SATISFACTORY

14. Audit procedures performed in this area included the review of: (a) the Office planning process in 2014 and 2015; (b) the relevance of the Office 2014 and 2015 annual management plans and the level of implementation of activities in 2014; (c) the alignment of the 2014 and 2015 performance plans of key personnel to the Office priorities; (d) the effectiveness of Management's oversight of programme delivery and operational activities, including those performed by the decentralized offices; (e) the accuracy of the Office 2014 annual report; and (f) the level of familiarization of the Office personnel with UNFPA's policies and procedures.

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

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

SATISFACTORY

16. The main UNFPA Office in Cote d'Ivoire is located in the city of Abidjan, with decentralised offices located in the cities of Bouaké, Guiglo and Yamoussoukro.

17. Up to 2012, UNFPA maintained five decentralized sub-offices in Cote d'Ivoire, located in the cities of Bouaké, Daloa, Danane, San Pedro and Yamoussoukro, as well as one project office located in the city of Korhogo. These offices, established following the 2005 mid-term review of the fifth Country Programme and in response to the decentralization process in Cote d'Ivoire, allowed closer access to beneficiaries and helped in the humanitarian response to the 2010-2011 political and military crisis. The Daloa, Danane, San Pedro and Korhogo offices were closed in 2012 and a new office opened in the city of Guiglo based on a decision to further focus programme interventions.

18. At the time of the audit field mission, the Office had 48 approved staff posts, including 12 that were created following an Office staffing review at the end of 2013. The approved posts include 6 international posts (Representative, Deputy Representative, International Operations Manager, Technical Specialist Maternal and Reproductive Health, Programme Specialist GBV¹³ and Programme Coordinator of Guiglo decentralized office), 18 national professional posts and 24 general service posts. Five of the approved staff posts (four national and one international post) were vacant at the time of the field mission. Staffing during the period under review was complemented through the engagement of contract personnel.

¹² International Public Sector Accounting International Standards

¹³ Gender-based Violence

19. Audit work performed in this area included the review of: (a) the alignment of the organizational structure and staffing arrangements with the requirements for the delivery of the Office programme and operational activities; (b) the use of proper personnel contractual modalities; (c) the effectiveness of the performance appraisal process; (d) the relevance and sufficiency of staff development activities conducted during the period under review; and (e) compliance with the UNFPA policy on decentralized offices.

20. The following issue was identified based on the audit work performed.

More timely fill vacant positions

21. The International Operations Manager position remained vacant for nine months, from 1 September 2014 to 25 April 2015, following the transfer of the incumbent to the West and Central Africa Regional Office. The position was intermittently filled by a retired Operations Manager from another country office in the region, from October 2014 to April 2015.

22. The audit also noted that four other positions (Technical Specialist Maternal Health, Programme Associate Population and Development, Programme Analyst HIV and Programme Analyst) remained vacant at the time of the audit field mission (June 2015), for periods ranging from 9 to 16 months, partly as a result of lack of suitable candidates.

23. No significant impact on the delivery of programme activities was noted as a result of these vacancies which, according to the Office, were filled subsequent to completion of audit fieldwork and prior to issuance of the draft audit report. Therefore, no recommendation is provided as regards this matter.

A.3 – RISK MANAGEMENT	PARTIALLY SATISFACTORY
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24. Audit work performed in this area consisted of the review of the Office last fraud risk assessments, the process followed for identifying and tracking risks, and actions undertaken to mitigate them. The audit also included tests of a sample of key controls identified by Management in the fraud risk assessment for implementation and operating effectiveness.

25. Based on the work completed in this area, the audit noted one issue that requires Management attention.

Enhance the process for assessing risks and implementing risk mitigation strategies

26. The Office completed fraud risk assessments in August 2014 and March 2015, utilizing the pre-ERM¹⁴ process and tools. A detailed and structured process, which involved both Office Management and staff, was followed for both assessments in order to identify and elaborate upon risks and the measures to mitigate them. The fraud risk assessment was promptly communicated to staff, and recommendations implemented in a timely manner.

27. The audit noted, however, that as part of its procurement fraud risk mitigation strategy, the Office documented that it would conduct a systematic market surveys of established vendors, i.e. duly certified and operating within the legislation of Cote d'Ivoire, as well as a general price scan for the most frequently purchased items.

28. Following the field audit mission, the Office provided a comprehensive vendor survey completed at the end of 2014 by another United Nations organization, which identified reliable vendors across several goods and services categories. The audit noted the limited reliance placed by the Office in 2015 and 2016 on the vendors identified in this survey. Its scope should be expanded to cover most goods and services procured by the Office and used to help enhance better value-or-money and transparency in future procurement processes.

29. Following the audit field mission, the Office completed a new fraud risk assessment, as well as a strategic risk assessment, under the umbrella of the new corporate ERM process, using the functionality provided by the 'myRisks' application.¹⁵ While the design and operating effectiveness of the new ERM process has yet to be received

¹⁴ A new corporate Enterprise Risk Management (ERM) process was launched in August 2015

¹⁵ Part of the Strategic Information System

by OAS, the audit noted that the Office evaluated most fraud risks as low and the related controls as operating effectively, including in areas such as procurement and inventory management where the audit identified issues which require Management attention, indicating that the new assessment may not be reflective of the actual risk level faced by the Office.

IMPACT *Best value for money may not be achieved and procurement fraud risk not effectively mitigated.*
 ROOT CAUSE *Guidance (inadequate supervision at Office level).*
 CATEGORY *Operational.*

RECOMMENDATION 1

PRIORITY: HIGH

Leveraging on the existing survey, develop a comprehensive roster of established vendors for the most frequently purchased goods and services and perform a price scan of those items so as to ensure best value for money, encourage cost savings and further mitigate procurement fraud risk.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2016*

The Office will develop a roster of established vendors for the most frequently purchased goods and services and perform a price scan of these items to ensure best value for money.

IMPACT *Unmanaged fraud risk may lead to financial and reputational loss.*
 ROOT CAUSE *Guidelines (inadequate risk management process).*
 CATEGORY *Operational.*

RECOMMENDATION 2

PRIORITY: HIGH

Re-assess the outcome of the fraud risk assessment completed in 2016, taking in consideration the findings from the audit and clearly documenting the rationale underlying the assessed inherent and residual risk levels.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *September 2016*

The Office will consider the audit findings in its next fraud risk assessment to be completed in the third quarter of 2016, clearly documenting the rationale underlying the assessed inherent and residual risk levels.

B. PROGRAMME MANAGEMENT

PARTIALLY SATISFACTORY

Good practices identified

30. 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) *Workplan development:* Workplans are developed before the end of the previous year and take into account lessons learned from programme implementation in the preceding year. A participatory approach that involves national counterparts and civil society partners is used by the Office;
- b) *Strategic partnership and resource mobilization:* The Office formulated a co-financing strategy and relies on evidence, critical data and testimonies of direct beneficiaries to engage with potential donors for mobilizing additional contributions. At the beginning of each year, the Office defines a resource mobilization target and elaborates an Annual Partnership and Resource Mobilization Working Plan. In addition to a dedicated Partnership and Resource Mobilization Programme Analyst, all programme officers and associates are effectively involved in the process and must contribute towards achieving the annual co-financing goals. Programme staff capacity building is a key component of the strategy.

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

31. During the period under review, the Office implemented activities related to six outputs of the extended sixth Country Programme, at a cost of USD 10.7 million, inclusive of programme coordination and assistance costs, with financial implementation rates of 89 per cent in 2014 and 26 per cent as at 31 March 2015¹⁶ (measured based on annual budgets allocated in Atlas). Programme activities focused on the Abidjan region and seven administrative districts¹⁷ within the North, Central and West regions of Cote d'Ivoire.

32. Most programme activities were implemented directly by the Office or in collaboration with governmental partners, such as the Ministry of Health, with related expenses of USD 10.0 million (93 per cent of programme implementation expense in the period under review) and financial implementation of 89 per cent in 2014 and 14 per cent as at 31 March 2015. Under the arrangements in place for the implementation of activities in collaboration with governmental partners, the Office retained responsibility for the related financial management activities (i.e. procurement, payments to training participants, etc.) with the governmental partners remaining accountable for programmatic execution. Activities were also implemented through four NGO partners and an academic institution, with related expenses of USD 0.7 million (7 per cent of programme implementation expenses in the period under review) and financial implementation rates of 92 per cent in 2014 and 53 per cent as at 31 March 2015.

33. Audit work performed in this area focused on selected outputs, with aggregate expenses of USD 5.5 million during the period under review (47 per cent of programme implementation expenses) and included: (a) the review of three large workplans related to the outputs selected; (b) the assessment of the process followed to prepare, cost and approve the workplans, as well as monitor their implementation; (c) the review of UNDAF annual reports, workplan progress reports, monitoring reports and other evidence of programme implementation, including site visits to four regions where programme activities were implemented; and (d) the tracking of assets procured in 2013 and 2014, at a cost of USD 1 million, for the population and housing census. Additionally, the audit examined the realignment of the country programme to the UNFPA Strategic Plan and the rationale behind the programme implementation modality adopted, as well as how such modality allowed the Office to effectively meet the country programme objectives.

34. Workplan management and monitoring using the Global Programming System started in November 2014 with a dedicated Programme Officer and two focal persons to input and monitor information on activities, sub-activities and budgets. In general, workplans clearly identified activities to be implemented by the Office and its IPs, along with the corresponding budgets supported by detailed calculation sheets. The monitoring and evaluation (M&E) framework includes quarterly workplan reviews and reports that outline monitoring findings, recommendations and follow-up action points. The M&E findings are discussed during programme and operations meetings for follow-up.

35. Based on the work performed in this area, the audit noted the following matters that require Management attention.

Complete implementing partner agreements and capacity assessments for all governmental partners involved in programme implementation and classify related expenses as national execution

36. In 2014 and 2015, the Office signed workplans with four governmental partners, namely, the Ministries of Health; Family and Women; State, Planning and Development; and Education. These workplans detailed programme activities to be implemented at a total cost of USD 7.7 million and the corresponding results to be achieved. As a risk mitigation strategy, in response to gaps in the Cote d'Ivoire public financial management system identified by the HACT¹⁸ macro-assessment conducted in 2012/2013, the Office retained the financial execution of workplans - i.e., all related payments were made directly by UNFPA, instead of providing cash advances to the IPs - with partners retaining responsibility for implementation of certain programme activities. The programmatic capacity of these partners was, however, not assessed and IP agreements were not signed with them.

¹⁶ First quarter implementation

¹⁷ Bouaké: Vallée de Bandama, Savanes; Yamoussoukro: Lacs, Yamoussoukro, Sassandra-Marahoué; Guiglo: Montagnes, Bas Sassandra

¹⁸ HACT: Harmonized Approach to Cash Transfers. The aim of HACT is to harmonize practices related to the management of nationally executed activities moving from a control-based to a risk-based financial management process

37. The audit also noted that all expenses incurred under the above modality were recorded by the Office as direct programme execution although, as previously mentioned, the governmental partners retained responsibility for implementation of programme activities. The audit is of the view that, based on the arrangements in place, at least part of the expenses incurred should have been recorded as national execution (NEX) and therefore subject to NEX assurance activities. It was not possible for the audit to quantify the effect of any resulting misclassification of expenses.

IMPACT *Achievement of programme results may be impacted by implementing partner capacity gaps.*

ROOT CAUSE *Guidance (inadequate guidance at Office level).*

CATEGORY *Operational.*

RECOMMENDATION 3

PRIORITY: HIGH

Complete micro assessments, in line with the UNFPA policy requirements, for all implementing partners engaged by the Office and sign implementing partner agreements with them using the approved corporate agreement templates.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2016*

The Office will complete micro-assessments in line with the UNFPA policy requirements for all concerned implementing partners and sign partners' agreements with them using the approved corporate agreement template.

IMPACT *NEX expenditures may be understated and the Office may not obtain appropriate assurance about the activities implemented in collaboration with governmental IPs.*

ROOT CAUSE *Guidance (inadequate guidance at Office level).*

CATEGORY *Reporting.*

RECOMMENDATION 4

PRIORITY: HIGH

Record expenses related to the implementation of programme activities for which governmental implementing partners bear responsibility as national execution modality.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2016*

The Office will record expenses related to the implementation of programme activities for which implementing partners bear responsibility as national execution modality.

Monitor the effectiveness of the dedicated "Zero Pregnancies in Schools" campaign helpline

38. As a part of its programme on Sexual and Reproductive Health for Adolescents and Youth, including HIV prevention, and in collaboration with the Ministry of Education, the Office supported the operations of a helpline within the Ministry. This noteworthy initiative falls under the campaign "Zero Pregnancies in Schools" and youth across the country can call this line free-of-charge to obtain information on various issues related to sexual health, including, but not limited to, information on sexual and reproductive health, pregnancies at school, reporting rape and sexual harassment. The objective of the service is to provide a first line of counselling to callers, refer the cases to the appropriate authority where necessary, and monitor how cases are followed up and solved.

39. The audit noted that the helpline service is fully staffed and functional. A review of available performance statistics, developed by the Ministry of Education and monitored by the Office, showed that 27,470 calls were received. Of the 27,470 calls, 64 per cent were "prank calls" or calls received out of context. Of the remaining 36 per cent, 222 calls were referred to professional counsellors, the judicial system, or other appropriate bodies. There is, however, no documentary evidence of any reporting and monitoring by the Ministry of Education or the Office, on the quality of call handling, user feedback and the effectiveness of referral and post-referral activities. Absent regular

reporting on and monitoring of process quality, it may not be possible to identify issues impacting the achievement of expected results and inform corrective actions to be implemented.

IMPACT	<i>Issues potentially impacting the effectiveness of the programmatic intervention funded by the Office may not be timely identified and addressed.</i>
ROOT CAUSE	<i>Guidance (inadequate guidance or supervision at Office level).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 5

PRIORITY: MEDIUM

Perform an assessment of the effectiveness of the helpline service implemented in support of the “Zero Pregnancies in Schools” campaign, including call handling, call referral and post-referral follow-up activities.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2016*

It should be noted that the Office will no longer financially support the operation of the helpline. The Office will, however, support the Government to perform an assessment of the effectiveness of the helpline.

B.2 – NATIONAL EXECUTION

PARTIALLY SATISFACTORY

40. Expenses accounted for by the Office as NEX amounted to USD 0.7 million (7 per cent of total programme implementation expenses) in the period under review, corresponding to activities implemented by four NGO IPs and an academic institution. NEX expenses incurred by the IPs were recorded by the Office primarily as procured services costs (USD 0.4 million – 57 per cent of the expenses) and travel and daily subsistence allowance payments (USD 0.2 million – 29 per cent of the expenses).

41. NGOs provided sexual and reproductive health and gender-based violence assistance services, with focus on the most vulnerable populations (i.e. rural women, young girls and students). Four of the IPs executed their activities directly and one engaged contractees (i.e., second tier sub-partners) to supplement its own implementation efforts.

42. Operating Fund Account (OFA) balances were closely monitored and actively managed during the period under review. Implementation of IP-managed activities was completed by 30 November of each year; during the month of December, the Office and the IPs finalized the financial recording of transactions and unspent OFA balances were refunded to the Office.

43. Audit work performed in this area included the review of: (a) the IP selection and capacity assessment processes; (b) the existence of appropriate IP agreements; (c) 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; (d) the controls over the OFA used to record and control funds advanced to IPs; and (e) the process followed to monitor IP activities, for three out of the five IPs engaged by the Office, with reported aggregate programme implementation expenses of USD 0.5 million (approximately 75 per cent of NEX expenses) in the period under review.

44. The audit also included the review of NEX assurance activities (i.e., NEX audits and spot-checks) as well as site visits to the five IPs with the objective of developing an appropriate understanding of: (a) their overall control environment as pertains to UNFPA-funded programme activities; (b) the controls over financial transactions for significant expense categories; and (c) the process followed for the preparation and authorization of FACE forms and workplan progress reports submitted to UNFPA. The site visits also included the review of the safeguarding of assets provided to IPs and a determination of whether these were used for intended purposes, 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, quality and frequency of communication, and barriers and other factors potentially impacting the effectiveness of programme implementation.

45. Based on the work performed in this area, the audit noted the following matters that require Management attention.

Improve the codification of NEX expenses

46. The audit noted that 54 per cent of the expenses reported by NGO IPs were recorded under procured services accounts, irrespective of the type of expenses incurred by the IPs (e.g. daily subsistence allowances, transportation expenses, salaries, and assets). This situation stems from a lack of understanding of UNFPA financial recording practices and prevents an adequate understanding of the nature and type of expenses required to implement the Country Programme.

IMPACT *Financial records of UNFPA might not be accurate.*

ROOT CAUSE *Resources (inadequate training).
Guidance (inadequate supervision at Office level).*

CATEGORY *Reporting.*

RECOMMENDATION 6

PRIORITY: MEDIUM

Train relevant Implementing Partners and UNFPA personnel and implement appropriate supervisory controls to ensure that NEX expenses are recorded in the appropriate accounts.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2016*

For 2016, the Office has already budgeted activities in detail in the workplans in order to allow detailed reporting by the IPs in the FACE forms and detailed recording in the appropriate Atlas accounts by UNFPA. The recording of the activities in appropriate accounts will be monitored by the Finance Associate.

Enhance implementing partner financial monitoring

47. The five non-governmental partners engaged by the Office in the period under review were selected following an assessment process conducted in 2012. Over the Country Programme length, three of these IPs were subject to yearly NEX audits, with satisfactory results. In addition, as part of its financial monitoring arrangements, the Office undertook pre-audits and spot-checks (one or two spot-checks were conducted for each of the five NGO IPs in 2014 and pre-audits were conducted for each IP in early 2015) along with training and follow-up sessions on NEX audit process, results-based management, results reporting and NEX audit recommendation implementation. The audit noted, however, that the follow-up of recommendations stemming from spot-checks and pre-audits was not documented.

48. Audit work performed at one of the IPs visited in the course of the field audit mission revealed issues around the management of funds entrusted to the IP, that were not identified through the NEX assurance activities undertaken. An invoice amounting to USD 7,400, for the purchase of promotional tee-shirts and purses had a phone number that traced back to the IP office when it was called; no satisfactory explanations were provided by the IP upon enquiry by the audit about this matter. In addition, no activity reports or other evidence of implementation of family planning consultation activities for which expenses amounting to USD 5,500 were incurred (catering and consultant fees) were provided to the audit team, raising concerns as to whether and how the activities were actually undertaken.

IMPACT *Ineligible or unsupported expenses may be reported and reimbursed by UNFPA.*

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

CATEGORY *Operational.*

RECOMMENDATION 7

PRIORITY: HIGH

Improve Implementing Partner financial monitoring activities to ensure they provide Management with sufficient assurance about the eligibility, authorization and validity of expenses reported.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2016*

The recommendation will be taken into account in planning the 2016 assurance activities to continue to improve the Office control over the quality of IP expenditures. The terms of reference of the spot-checks and pre-audits will be amended accordingly, to improve the review and verification methodology and deepen review activities.

B.3 – INVENTORY MANAGEMENT

UNSATISFACTORY

49. During the period under review, the Office supplied reproductive health commodities and other inventory items at a total cost of USD 2.3 million, primarily with funding provided by 'UNFPA Supplies'. The large majority of inventory supplied consisted of contraceptives, medical equipment and reproductive health kits procured by the UNFPA Procurement Services Branch based in Copenhagen, Denmark.

50. Contraceptives procured by UNFPA were delivered through three channels, according to a plan jointly developed with all stakeholders: (a) a governmental agency ('*Nouvelle Pharmacie de la Santé Publique*' - NPSP¹⁹); (b) two large NGOs involved in family planning and social marketing activities, and (c) UNFPA itself. NPSP, in turn, supplied, at a cost recovery fee, the contraceptives to governmental health facilities at district and urban levels throughout the country. Commodities delivered to the two NGOs were distributed through their network of supported health facilities and social marketing outlets, also for a fee. Medical equipment, non-contraceptive commodities and a portion of the contraceptives were stored at a UNFPA-rented warehouse before distribution to intended beneficiaries.

51. Needs assessment for contraceptives was performed by a committee with the participation of the Ministry of Health, NPSP, UNFPA and other key stakeholders. This committee met quarterly to address issues relative to commodity availability and annually to determine commodity needs for the following year. There was a yearly commodity availability survey and quantification of the needs for the upcoming year was determined based on data provided by the three venues of distribution (NPSP and the two NGOs).

52. 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 at a cost of USD 1.7 million (74 per cent of the value of inventory supplied), of the processes and controls in place in the areas of: (a) requisitioning; (b) custom clearance, receiving and inspection; (c) inventory controls (while the goods procured remained in UNFPA's possession); (d) handover of the inventory to the IPs; (e) warehousing; (f) distribution to intended beneficiaries; and (g) monitoring. For locally procured commodities, audit work also included a review of the related procurement processes (refer to Section C.2 of the report).

53. Based on the work performed in this area, the audit noted the following matters that require Management attention.

Devise a plan to reduce commodities stock-outs at health facilities

54. From the start of the sixth Country Programme cycle in 2009 to March 2015, UNFPA supplied Cote d'Ivoire with reproductive health commodities procured at a cost of USD 8.2 million, with a cost-recovery value of USD 5.3 million (computed using the corresponding cost-recovery fees charged to end-user beneficiaries in accordance with the healthcare policies put in place by the Government of Cote d'Ivoire). The commodities supplied by UNFPA contributed significantly to the increase in the contraceptives prevalence rate from 13.9 per cent in 2011 to 25 per cent in 2015.²⁰

¹⁹ The NPSP was created in response to operational issues affecting its predecessor, the '*Pharmacie de la Santé Publique*' – PSP

²⁰ Based on 2012 health demographic survey and 2015 Family planning 2020 report

55. Contraceptives supplied were distributed through three main channels, as summarized below:²¹
- a) *Government health facilities*: Approximately 35 per cent of the contraceptives supplied, worth USD 2.4 million (based on the applicable cost-recovery fees) were allocated to NPSP, of which contraceptives worth USD 1.3 million were distributed to approximately 200 governmental health facilities throughout the country;
 - b) *Non-governmental organizations*: Approximately 35 per cent of the commodities, worth approximately USD 1.9 million (based on the applicable cost-recovery fee), were allocated to two local NGOs involved in family planning and social marketing activities; and
 - a) *Cost-free distribution*: Approximately 20 per cent of the contraceptives, worth USD 1.0 million (based on the applicable cost-recovery fee), were allocated at no-cost for distribution to beneficiaries by UNFPA and through other channels, for example, fairground consultations.

Commodity availability and stock-out levels

56. Annual surveys of health facilities (public and private) completed in 2015 and 2014 revealed an increase in the number of facilities offering (a) at least five methods of contraception, from 44.7 per cent to 50.2 per cent, and (b) at least three methods of contraception, from 69.9 per cent to 71 per cent.²² The surveys also revealed an increase in the number of service delivery points that offered seven vital maternal health commodities, from 32.7 per cent to 67.6 per cent of the facilities surveyed.

57. Aside from these achievements, the surveys revealed a high number of facilities with contraceptive stock-outs, both in the six months preceding the day of the survey (96.7 per cent in 2013 and 100 per cent in 2014²³), as well as on the day of survey (97.8 per cent in 2013 and 99.6 per cent in 2014). The high stock-out levels were attributed, in the surveys and by Office Management, to: (a) the operational difficulties at PSP that led to low activity levels in 2013 and to delays in deliveries to health facilities; and (b) low demand for long-term contraceptives and female condoms combined with insufficient training of health workers for the delivery of long-term methods.

58. The audit noted that from 2009 to 2014 contraceptives delivered to NGOs increased significantly from 106,000 units to 9.4 million units, whilst quantities that were distributed to health facilities by PSP only increased from 386,000 units to 661,000 units. In particular, between 2013 and 2014, the audit noted a decrease by almost two thirds in the volume supplied to PSP, contrasting with the large increase in the volume supplied to NGOs - as a response to the PSP operational issues. The audit noted, however, that 2 million male condoms were returned to NPSP in 2016 by one of the NGOs as the quantities delivered exceeded its ability to distribute them to beneficiaries.

59. The Office undertook different activities in order to help increase contraceptive availability and reduce stock-out levels, including demand-generation activities through fairground consultations, training of partner personnel in logistics management and support to the introduction and operation of an inventory management system at district level. Of paramount importance, starting in 2016, the Office has been actively supporting the implementation of an action plan, at a cost of USD 3.0 million, to enhance health products supply-chain management processes and systems, with financing provided by the World Bank in the context of the Sahel Women's Empowerment and Demographic Dividend Project (SWEDD) initiative. In recognition of the importance of this action plan and the active role played by the Office in its design and implementation to date, no recommendation is provided as regards this matter.

Management of commodities

60. Commodities worth USD 0.4 million (at cost-recovery fee value) expired before they could be distributed, primarily due to operational issues at PSP coupled with low demand from health facilities in the period 2010-2013.

61. Until 2015, there were no signed agreements between the Office and its partners on the management of commodities supplied by UNFPA and the use of fee proceeds. Similarly, no workplans relative to the supply of contraceptives were signed with these partners. PSP/NPSP could only account for 23 per cent of the contraceptives

²¹ Information based on distribution data provided by the Office - not independently validated by the audit

²² According to the commodity availability survey of 2015

²³ Based on the commodity availability surveys of 2013 and 2014

distributed to Government health facilities worth USD 1.3 million (at cost-recovery fee value - see paragraph 55.a). Evidence on the cost-recovery proceeds for the remaining 77 per cent was not sufficient. The Office explained that this may have been partly the result of mixing contraceptive cost-recovery proceeds (which are deposited in an account managed by the Treasury) with other Government revenues. The reorganization of PSP that took place at the end of 2013 did not facilitate obtaining detailed information on the actual amounts received.

62. Management indicated that, at the time of audit fieldwork, the Office had started negotiating an agreement with the Government regarding the management of commodities and the use of the cost-recovery proceeds; this agreement was signed prior to finalizing the audit report. In the absence of corporate guidelines in this area, the audit found the agreement quite comprehensive and clear. The audit could not determine whether similar agreements were under discussion with the NGOs which received contraceptives supplied by UNFPA. Management indicated that, in the future, NGO partners would be supplied through the NPSP.

63. The audit further noted limited monitoring by: (a) PSP/NPSP, of the financial flows and inventory balance levels of their facilities; and (b) the Office, of the distribution of commodities by PSP/NPSP and use of fee proceeds. Further, over the period under review, PSP was able to provide information on only 40 per cent (in value) of those commodities delivered to governmental health facilities.

64. The NGOs supplied with UNFPA-funded commodities had information on commodity deliveries to their own facilities and provided documentary evidence of the use of proceeds, funding of expenses directly linked to distributing these commodities. The audit could, however, not establish whether the Office had a process in place to regularly monitor commodities distribution by the NGOs as well as the receipt and use of proceeds.

65. Based on inquiries to the Commodity Security Branch, the audit noted that corporate policies relative to contraceptive management by social marketing partners and to situations involving cost-recovery fees, were under development and had not been issued at the time of finalization of the audit report.

IMPACT *Contraceptives supplied and cost recovery proceeds may not be used in the intended manner.*
 ROOT CAUSE *Guidelines (lack of corporate policies and procedures).*
 CATEGORY *Strategic.*

RECOMMENDATION 8

PRIORITY: HIGH

Issue comprehensive guidelines related to: (a) the type and content of agreements and programme documents to be signed with partners managing UNFPA-supplied commodities; (b) the requirements for the management and distribution of the commodities supplied; and (c) the use of cost-recovery or other charges made by partners to end-users, including through social marketing schemes.

RESPONSIBLE MANAGER: *Director, Technical Division*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2017*

The Technical Division commits to developing and issuing the recommended guidelines. The guidelines may not necessarily align precisely with items (a), (b) and (c) of the recommendation quoted above; however, the Division sets out to honor the spirit of what is recommended.

IMPACT *Contraceptives may not be timely distributed or available to beneficiaries.*
 ROOT CAUSE *Guidance (lack of guidance and supervision at Office level).*
 CATEGORY *Operational.*

RECOMMENDATION 9

PRIORITY: HIGH

Monitor the management of contraceptives supplied to governmental and other partners, including their timely distribution, availability and delivery to beneficiaries, as well as the proper use of agreed-upon cost-recovery proceeds.

RESPONSIBLE MANAGER: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2016

The recipient of the contraceptives is the Ministry of Health which reports to UNFPA on the state of the stock and its use, distribution and recovery of costs during the quarterly meetings of the Mother and the Child Committee in which UNFPA is part. Through this channel, the Office will monitor the management of the contraceptive supplied to the Government, including their distribution, availability and delivery to beneficiaries, as well as the use of agreed-upon cost-recovery proceeds. Additional monitoring controls will be defined with support from the Commodity Security Branch.

B.4 – MANAGEMENT OF NON-CORE FUNDING

SATISFACTORY

66. Programme implementation expenses funded from non-core resources amounted to approximately USD 5.6 million (48 per cent of total expenses of USD 11.7 million) in the period under review. Of this amount, USD 2.6 million corresponded to funds provided by UNFPA Supplies, USD 1.1 million corresponded to funding from the 'H4+ Global Initiative for Reproductive, Maternal, New-born and Child Health - Accelerating Progress in MDG 4 & 5', and USD 0.8 million to support provided by a donor to the project 'Support to Fistula Prevention and Management in the Centre, North and West Regions of Cote d'Ivoire'.

67. Audit work performed in this area included tests of compliance with co-financing agreement requirements, including expense eligibility and reporting, for two major co-financing agreements. The audit also included testing for accuracy of reports submitted to donors and 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.

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

C. OPERATIONS MANAGEMENT

SATISFACTORY

Good practices identified

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

- a) *Performance management process:* The Office has implemented several initiatives to improve performance planning and assessment, including: (a) an annual workshop with all staff on the performance assessment and development process; (b) sharing of information on Office performance trends; (c) monthly reviews of staff outputs to identify improvement opportunities; (d) quarterly staff performance reviews (in addition to the mandatory mid-year review); (e) use of a performance review committee to enhance the fairness and balance of staff performance assessments, to provide increased transparency and to better address instances of underperformance; and (f) regular coaching and monitoring of staff affected by performance issues;
- b) *Management of payment of DSA:* The Office entered into a long-term agreement with a mobile telephony service provider for the direct transfer of funds to beneficiaries through their mobile phone accounts, thus minimizing the risk typically associated with cash DSA payments.

C.1 – HUMAN RESOURCES**SATISFACTORY**

70. During the period under review the Office incurred payroll expenses amounting to USD 3.8 million. In addition, the Office made extensive use of contract personnel and engaged 13 individuals under the Service Contract modality and 105 individuals under the Special Service Agreement modality, incurring related costs amounting to USD 1.1 million. At the time of the audit field mission, the payroll for both staff members and Service Contract holders was managed by the United Nations Development Programme (UNDP).

71. Audit work performed in this area included an 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 two staff members; and the testing of a sample of five Service Contracts and four Special Service Agreements awarded by the Office, at a cost of USD 0.32 million, for linkage to the corresponding workplans and compliance with policies and procedures and the operating effectiveness of controls in the areas of: (a) recruitment; (b) contract award; and (c) contract management. Audit procedures also included a review of the Office leave management process and benefits.

72. Individuals engaged under the Special Service Agreement modality included 85 consultants, selected by the Office from a roster provided by the Ministry of Health, who worked under the supervision of Government IPs to provide maternal health and HIV prevention training sessions and to participate in fistula “caravans” (i.e., groups of trained medical professionals travelling to rural areas to perform fistula repair surgery at health facilities located in those areas).

73. No reportable matters were identified based on the work performed in this area.

C.2 – PROCUREMENT**PARTIALLY SATISFACTORY**

74. During the period under review, the Office locally procured goods and services at a cost of approximately USD 6.1 million. The most significant categories of goods and services procured corresponded to medical products, facilities costs, including the renovation of health facilities across the country, consultancy services and other services. In addition, over the same period, the Office procured reproductive health commodities and other inventory items through the Procurement Services Branch at a cost of approximately USD 1.4 million.

75. Audit work performed in this area included the review of local procurement transactions made at a cost of USD 3.2 million (52 per cent of local procurement value) for linkage to the corresponding workplans, compliance with the UNFPA procurement principles,²⁴ policies and procedures, as well as operating effectiveness of controls in the areas of: (a) requisitioning; (b) solicitation and bidding; (c) bid assessment; (d) vendor selection; (e) contract award; (f) purchase order issuance; and (g) receiving. Audit work also included a review of the procurement planning process and the management of charges related to common services shared with other United Nations organizations.

76. Based on the work performed in this area, the audit noted the following matters that require Management attention.

Implement supervisory controls to enforce compliance with contract award and solicitation period procedures

77. The audit noted five instances, aggregating USD 0.3 million, where the Office awarded contracts for the procurement of accommodation services and local medical supplies in excess of USD 50,000 without submitting the awards to the Local Contracts Review Committee. The Office attributed this omission to the vacancy in the International Operations Manager position and the absence of the Senior Finance Assistant on maternity leave. It should be noted that the Office detected the issue based on a review of expenses undertaken in May 2015 and requested post facto approval from the Local Contract Review Committee and the Procurement Services Branch.

78. The audit also noted 15 contracts awarded for the procurement of printing and publication services, communication, and medical supplies amounting to USD 0.15 million, for which the solicitation period was under

²⁴ Best value-for-money; fairness, integrity and transparency; open and effective competition; and protection of the interest of UNFPA

10 business days, and in some instances, only one day, deviating from the corporate policy requirement of a solicitation period of at least two weeks. Although no wrongdoing was identified, this situation may have limited the number of potential vendors able to submit bid, potentially hindering the Office from obtaining best value-for-money on its purchases, as well as creating a perception of insufficient transparency in the procurement process.

IMPACT *Procurement activities might not provide best-value for money.*
 ROOT CAUSE *Resources (insufficient human resources).
 Guidance (inadequate supervision at Office level).*
 CATEGORY *Compliance.*

RECOMMENDATION 10

PRIORITY: HIGH

Implement supervisory control to enforce compliance with procedures related to contract award, including submission of proposed awards to contract review committees or the Procurement Services Branch, and length of the solicitation period.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *Already implemented*

Since the Office detected the weakness related to the submission of the awards to the relevant review committees, measures have been taken to strengthen the control over this process. The Office has already prepared a summary sheet to guide the procurement staff in selecting the appropriate procedure to use; the summary sheet has been further developed into a check-list.

The Office has also developed a review tool for a systematic checking of all new awards decisions against previous contracts to the same suppliers before issuing purchase orders; it has been helping to ensure timely submission of the concerned awards to the relevant local and HQ CRC before the purchase orders are issued.

Award long-term agreements for the procurement of recurrent goods and services

79. The audit noted that, at the time of its field mission, the Office had not awarded long-term agreements (LTAs) other than for the procurement of travel services (this LTA was awarded jointly with other United Nations organizations operating in Cote d'Ivoire). Based on the work performed, the audit identified several services recurrently purchased, such as customs clearance services; printing services; hotel services (accommodations and meeting room rentals); and vehicle rentals that could be considered for procurement under LTAs.

80. The use of LTAs, either awarded by the Office or by/with other United Nations organizations, could shorten the procurement process for the above listed services and provide better value-for-money. The Office indicated that a market survey of vendors in Cote d'Ivoire had been prepared by another United Nations organization in October 2014 and shared with the other members of the UN Country Team with the aim to have joint LTA agreements awarded, where applicable. According to the Office, progress has been made on this initiative but it was not yet completed as of the date of the issuance of the audit report.

IMPACT *The Office may not benefit from time saving, cost savings or economies of scale afforded by LTAs.*
 ROOT CAUSE *Guidance (Lack of supervision at Office level).*
 CATEGORY *Operational.*

RECOMMENDATION 11

PRIORITY: MEDIUM

Assess the feasibility of awarding, preferably in coordination with other United Nations organizations operating in Cote d'Ivoire, long-term agreements for goods and services recurrently procured.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: December 2016

The Office has been working since 2011 with other UN agencies to use existing LTAs and to sign new ones. The UN Agencies Operations Management Team, through its Procurement Task Force of which the UNFPA Representative assumes the role of secretariat, is actively working at concluding seven LTAs in 2016.

As part of the Business Operating Strategy that will support the next Unified Country Programme, the Office is also actively working with other agencies towards the awards of 14 additional LTAs by 2018.

Improve the preparation and monitoring of annual procurement plans

81. The audit noted that the 2014 Office procurement plan included only reproductive health commodities and medical equipment, omitting other goods and services. In addition, the audit observed that most procurement activities in 2014 took place in the last quarter of the year, which the Office attributed to late procurement requests from national partners. The audit further noted that differences between planned and actual procurement were not identified and analyzed in a timely manner.

82. As a result of the issues mentioned above, some activities scheduled for implementation in 2014 were postponed to the first quarter of 2015. The Office indicated that issues related to procurement timing were also partly due to communication problems with the Procurement Services Branch, which resulted in delays in obtaining quotations.

IMPACT	<i>Lack of a comprehensive and timely implemented procurement plan may result in programme implementation delays.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at Office level).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 12

PRIORITY: MEDIUM

Enhance the annual procurement planning process to ensure that the procurement plan reflects all significant and predictable procurement needs of the Office and is aligned to the milestones included in annual workplans. Monitor the procurement plan implementation, at least quarterly, to ensure that procurement activities are implemented on time.

RESPONSIBLE MANAGER: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: Already implemented

The Office will ensure that the procurement plan will include all significant and predictable procurement needs of the Office and is aligned to the milestones included in the workplans. The Office will also ensure that procurement activities are implemented timely.

C.3 – FINANCIAL MANAGEMENT

SATISFACTORY

83. Work performed in this area included the review of: (a) the Office financial management capacity; (b) the authorization and proper processing of financial transactions; (c) the coding of transactions to the correct project, activity, general ledger account, IP and fund codes; (d) the operating effectiveness of controls over the accounts payable and payments processes; (e) the budget management process; (f) the effectiveness of the financial management accountability process; and (g) the value-added tax (VAT) control arrangements in place.

84. Based on the work performed in this area, the audit noted the following matter that requires Management attention.

Clarify the role of Regional Coordinators in the FACE form review and approval process

85. The FACE form review process for activities implemented in the intervention areas covered by decentralized Offices remains unclear. In particular, there is no clarity on whether FACE forms are to be reviewed by the decentralized offices' Regional Coordinators and administrative staff or only by the Office Finance Assistants located in the Abidjan Office.

86. The audit is of the view that Regional Coordinators should be involved in the FACE form review and approval process, as they have a closer understanding of and access to the groundwork performed by IPs. This review should be documented and communicated to the Finance Assistant in Abidjan, for consideration in expense validation.

IMPACT *The FACE form review process may not benefit from knowledge gained by staff participating in field activities.*

ROOT CAUSE *Guidelines (inadequate Office policies or procedures).*

CATEGORY *Operational.*

RECOMMENDATION 13

PRIORITY: MEDIUM

Clarify and document the role of the decentralized offices' Regional Coordinators in the review and approval of FACE forms.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *September 2016*

In compliance with the role of decentralised offices, guidelines will be issued to clarify the role of decentralised offices in the review and approval of FACE forms, with the aim of ensuring that an efficient yet flexible mechanism is put in place.

C.4 – GENERAL ADMINISTRATION

SATISFACTORY

87. Audit work in this area focused on the travel and asset management processes.

88. Travel expenses incurred by the Office during the period under review, including DSA, amounted to USD 3.6 million. Around three-quarters of these expenses are related to field and monitoring visits by Office staff and attendance at training workshops by beneficiaries. Audit work in this area included (a) testing a sample of DSA payments to 13 staff members and 15 tickets and other travel services transactions corresponding to 64 per cent of the population of travel and DSA transactions, for appropriateness of business purpose, proper authorization, accurate calculation and recording; and (b) reviewing the travel services long-term agreements in use during the period under review.

89. The audit noted that during part of the period under review, large DSA payments were made to staff members who, in turn, would pay participants in meetings and fairground sessions in various districts of Cote d'Ivoire. A review of the supporting documents for payments related to these meetings and sessions showed a list of the participants, the amount that they were to receive and their signature verifying receipt. For further verification, a random sample of participants was contacted by the audit team, to verify that the DSA was received in accordance with the documentation. No reportable exceptions were identified based on this work. The Office explained that cash DSA payments were discontinued at the end of 2014, following the award of a LTA to a mobile telephony operator and the set-up of an electronic money transfer solution starting 1 January 2015.

90. Audit work performed on the asset management process included the review of asset purchases aggregating USD 0.8 million (77 per cent of the value of fixed assets procured in the period under review), and focussed on compliance with the applicable asset management policies and procedures. The most significant transactions in this area corresponded to the procurement of motorbikes, bicycles and accompanying accessories for use in the national population census and in community-based interventions across the country. These motorbikes and bicycles and all corresponding accessories were duly transferred to the Government and other project partners.

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

C.5 - INFORMATION AND COMMUNICATIONS TECHNOLOGY

SATISFACTORY

92. Work in this area was limited to the review of compliance with the mandatory annual certification of Atlas access rights and the local network back-up facilities and controls in place. The Atlas access rights profiles were reviewed and updated, as appropriate, in a timely manner. In addition to the on-site server backup at the Office, an offsite backup system was in place. No reportable issues were identified based on the work performed.

C.6 – SECURITY MANAGEMENT

SATISFACTORY

93. Work in this area included inquiries of designated security officers and the review of actions taken by the Office resulting from security assessments and the level of compliance with minimum operating security standards, including the assessment of UNFPA's representation and attendance to Security Management Team meetings. No reportable issues were identified based on the audit 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

COSO	Committee of Sponsoring Organizations
CSB	Commodity Security Branch
DSA	Daily Subsistence Allowance
FACE	Funding Authorization and Certificate of Expenditures
GBV	Gender-based Violence
GPRHCS	Global Programme for Reproductive Health Commodity Security
HACT	Harmonized Approach to Cash Transfer
HIV	Human Immunodeficiency Virus
INTOSAI	International Organization of Supreme Audit Institutions
IP	Implementing Partner
IPSAS	International Public Sector Accounting Standards
LTA	Long-term Agreement
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
NEX	National Execution
NGO	Non-Governmental Organization
OAIS	Office of Audit and Investigation Services
OFA	Operating Fund Account
PSB	Procurement Service Branch
PSP	Pharmacie de la Sante Publique
NPSP	Nouvelle Pharmacie de la Sante Publique
SWEDD	Sahel Women Empowerment and Demographic Dividend
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFPA	United Nations Populations Fund
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
WFP	World Food Programme