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OFFICE OF AUDIT AND INVESTIGATION SERVICES

**AUDIT
OF THE UNFPA COUNTRY OFFICE
IN SIERRA LEONE**

FINAL REPORT

N° IA/2018-12

29 October 2018

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EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) performed an audit of the UNFPA Country Office in Sierra Leone (the Office). The audit covered the period from 1 January 2016 to 30 June 2017. Programme delivery and operational activities pertaining to other periods were covered by the audit, as appropriate.

Background

2. Activities covered by the audit correspond primarily to the second and third years of the sixth Country Programme 2015 – 2019, approved by the Executive Board in its 2014 annual session, with indicative resources of USD 38.2 million.

3. Expenses covered by the audit amounted to USD 20.8 million, executed by 23 Implementing Partners (USD 9.4 million) and by UNFPA (USD 11.4 million), funded from core resources of USD 3.5 million and non-core resources of USD 17.3 million. In addition, the audit covered the supply of reproductive health commodities during the period under review, procured with funding provided by the UNFPA Supplies programme, amounting to USD 1.9 million.

4. Approximately 69 per cent of the expenses incurred in the period under review corresponded to the Reproductive Health component. The Population Dynamics, Adolescents and Youth, and Gender components accounted for 14, 8 and 2 per cent of the expenses, respectively. Costs funded from the Institutional Budget and from programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 7 per cent of expenses.¹

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 governance, risk management and control processes in place over the in-scope areas and activities. 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 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 rating²

7. The overall audit rating is **“Major Improvement Needed”**, which means that the assessed governance arrangements, risk management practices and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.

8. Ratings by key audit area are summarized in the following table.

¹ Source: Cognos budgets and expenditures by programme cycle output reports

² See complete set of definitions in Annex 1

<i>Audit ratings by key audit area</i>		
Office Governance		Major improvement needed
<i>Office management</i>		<i>Major improvement needed</i>
<i>Organizational structure and staffing</i>		<i>Some improvement needed</i>
<i>Risk management</i>		<i>Major improvement needed</i>
Programme Management		Major improvement needed
<i>Programme planning and implementation</i>		<i>Major improvement needed</i>
<i>National execution</i>		<i>Major improvement needed</i>
<i>Inventory management</i>		<i>Major improvement needed</i>
<i>Management of non-core funding</i>		<i>Effective</i>
Operations Management		Some improvement needed
<i>Human resources management</i>		<i>Effective</i>
<i>Procurement</i>		<i>Effective</i>
<i>Financial management</i>		<i>Major improvement needed</i>
<i>General administration</i>		<i>Some improvement needed</i>
<i>Information and communication technology</i>		<i>Not covered – low assessed audit risk</i>
<i>Security</i>		<i>Not covered – low assessed audit risk</i>

Key findings and recommendations

9. The audit identified some good practices implemented by the Office as well as areas that require Management attention, three of a strategic nature, and others related to operational and compliance matters. Overall, the audit report includes 12 high priority and 6 medium priority recommendations designed to help the Office improve its programme delivery and operations. Of the 18 recommendations, 2 are of a strategic nature; 9 are operational; 4 are compliance related; 2 refer to both strategic and reporting matters and 2 others to both operational and compliance.

Good practices

10. The audit identified several good practices adopted by the Office, some of which could be considered for replication by other offices. From a governance perspective, the Office regularly assessed its own programmatic and operations capacity and requested for support and assistance missions from UNFPA business units at Headquarters, the West and Central Africa Regional Office, and other UNFPA Country Offices – in the process ensuring that control gaps were timely identified and addressed. The Office put in place various coordination mechanisms including periodic management, programme and operations staff meetings, with well-documented action plans whose implementation was monitored.

11. From a programme management viewpoint, the Office made effective use of the Global Programming System to plan, prepare and manage Implementing Partner workplans, which detailed the activities to be implemented together with the related budgets in clear and sufficient detail. The Office proactively undertook intense resource mobilization efforts through the development and implementation of a robust resource mobilization strategy. Performance appraisal and development activities reflected high completion rates within established timelines. Finally, in the area of operations management, the Office kept comprehensive and well-documented human resource, procurement and financial management files and developed an effective procurement plan that enabled timely and efficient purchase of goods and services.

Strategic level

12. There is a need to streamline targets, programme implementation, and reporting for consistency with Country Programme outputs. The Office should review its structure and staffing arrangements for better alignment to programme delivery and operational requirements. Further, there is a need to improve the assessment and management of risks through the Strategic Information System to reflect the nature of programmatic interventions undertaken by the Office as well as the materiality and complexity of the assessed risk areas. The Office should strengthen its programme results and resources framework to reflect Country Programme planned results in light of

programmatic and funding realities. The Office needs to ensure an effective monitoring and follow-up of the entire portfolio of activities, with a focus on high-risk activities such as constructions.

Operational level

13. From a programme management perspective, the Office should improve its programme monitoring activities by undertaking planned field-level monitoring visits, periodically updating its monitoring plans, and creating a central repository for the tracking of monitoring issues and recommendations. There is a need to follow competitive procedures for the selection of non-governmental Implementing Partners or, where selected for strategic reasons, obtain the necessary approvals and document the justifications in the policy-prescribed template. The Office should enhance the quality of its spot-checks and use the policy-recommended checklist in its review and approval of Funding Authorization and Certificate of Expenditure forms. The Office should also improve its programmatic indicators related to commodity security to include availability and stock-out output indicators and targets for contraceptives and lifesaving medicines and monitor progress towards their achievement. Further, the Office should strengthen commodity storage, controls and records at inventory warehouses and scale up support to the Government to address supply-chain management gaps.

14. In the area of operations management, there is a need to explore strategies to better manage the impact of value-added tax on programme expenses through seeking exemption of UNFPA goods and services purchased by non-governmental Implementing Partners from the tax. The Office should improve the management of cash advances by continuing to explore options for making payments through third-party money transfer service providers such as banks and, in exceptional circumstances, make cash advances to staff, putting in place appropriate control safeguards to improve the management of cash advances.

Compliance level

15. The Office should require completion of any outstanding mandatory courses by all its personnel and promote completion of the recommended ones. Further, the Office should comply with policy procedures for the payment of travel advances and enhance its asset management practices through recording all the requisite details on the handover of assets to Implementing Partners and documenting the review and sign-off of physical asset counts.

Reporting level

16. In the area of governance, there is a need for the Office to implement an effective internal process or mechanism to assess and report on the achievement of annual outputs using objective and reliable data.

Management response

17. The Office largely agrees with the overall findings and recommendations included in this report and plans to implement the recommendations. Office Management thanks the OAI team for its support in assessing the Office and for its very helpful recommendations. The team was very professional in its conduct and highly collaborative in its approach and review. Throughout the audit mission, Office Management and staff felt that the team was here to render support and greatly value the feedback provided. Feedback was provided promptly on a number of areas enabling the Office to start work on strengthening its controls and procedures immediately.

18. The recommendations provided are really very helpful to the Office as it strives to improve its performance. All recommendations have been reviewed and discussed by the Office's Senior Management Team, as well as with the West and Central Africa Regional Office. The Office has developed an action plan to assist in following up on the recommendations and a focal person has been nominated, within the Office of the Representative, to ensure regular review and follow-up on actions. The Representative will provide overall leadership to ensure the actions are met in a timely manner.

19. The Office welcomes the findings and agree with all the recommendations. The Office human resource capacity needs to be significantly strengthened to effectively implement the recommendations outlined, particularly those relating to programme management. The Office has proposed a Human Resource realignment which aims to strengthen programme oversight with a Deputy Representative and quality assurance focal person. In addition, a review of job descriptions will be conducted to ensure that some of the critical roles required for enhanced programme monitoring are incorporated into staff positions.

20. The OAIS team would like to thank the Management and personnel of the Office, the West and Central 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 activities implemented by the Office in the period from 01 January 2016 to 30 June 2017. 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 Sierra Leone.
3. The audit included such tests, as considered appropriate, to obtain reasonable assurance with regards to:
 - a) The effectiveness and efficiency of the Office 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 financial and operational reporting.
4. The scope of the audit included the review of the Office 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 an OAS audit specialist, supported by individual consultants and personnel from a local external audit firm. The audit started on 15 June 2017. A field mission took place from 11 to 30 September 2017. Preliminary findings and recommendations resulting from the audit were discussed with Office Management at an exit meeting held on 30 September 2017. Comments and clarifications provided by Management thereafter were reflected in a draft report submitted to the Office Management on 09 May 2018, with comments provided on 30 May 2018. In view thereof, as well as the OAS quality assessment review, a revised draft was produced on 08 August 2018 and a final Management response received on 08 October 2018.

II. BACKGROUND

6. According to a 2015 Census, Sierra Leone has a total population of 7.1 million, with an estimated annual growth of 1.8 per cent. Gross Domestic Product (GDP) growth averaged seven per cent in the five years preceding the Ebola Virus Disease (EVD) outbreak in 2014. Due to the outbreak and ensuing emergency, GDP slumped by more than 20 per cent, recovering in 2016 by registering a 6.1 per cent growth.

7. The EVD outbreak worsened an already significant maternal mortality rate, increasing from 1,100 per 100,000 live births in 2013 to over 1,360 per 100,000 live births in 2014. The EVD emergency had disastrous consequences on the country's health sector, which was already struggling following the 1991 - 2002 civil war that caused an acute shortage in qualified human resources. In 2015, the country ranked at the bottom of the Human Development Index (179th out of 187 countries) – the ranking worsened by the EVD outbreak from 158 in 2010. By the end of December 2015, over 9,000 Ebola cases were reported in Sierra Leone, with an estimated 3,955 people killed.

8. The HIV prevalence rate has stabilized at 1.5 per cent since 2005 with a prevalence rate of 1.2 per cent among young people aged 15-24 years, of which young females constitute approximately 57 per cent. HIV prevalence is still significantly higher among “most-at-risk” sub-populations, averaging 6.7 per cent.

9. The EVD and post-Ebola period led to a massive aid response from donors and the wider international community, triggering rapid growth in the resources available to implementing agencies. The Office's programme size almost doubled,³ remaining significantly large during the period under review. The number of Implementing Partners (IP) and programmatic activities also increased significantly.⁴ Overall, Office programme activities expanded both thematically and geographically to cover all 14 administrative districts of the country and include high value projects for: (a) (re)construction of medical facilities; (b) construction and maintenance of water, sanitation and hygiene (WASH) facilities; as well as (c) collection, analysis and quality assurance of medical data.

10. Sierra Leone has been a United Nations Delivering-as-One country since 2009. UNFPA programme activities are guided by the Sierra Leone United Nations Development Assistance Framework (UNDAF) 2015 – 2018, with indicative total resources of USD 0.53 billion for the period. Under the UNDAF, each participating agency is responsible for delivering on a set of actions that jointly contribute to shared results. In early 2017, the United Nations Country Team extended the UNDAF period to 2019, with the possibility of a further extension to 2020. The sixth Country Programme 2015 – 2019 was, from the beginning, marked by the EVD emergency followed by a post-Ebola recovery programme.

11. Activities covered by the audit correspond primarily to the second and third years of the sixth Country Programme 2015 – 2019, approved by the Executive Board in its 2014 annual session, with indicative resources of USD 38.2 million, i.e. the beginning of the post-Ebola recovery programme.

12. Expenses covered by the audit amounted to USD 20.8 million, executed by 23 IPs (USD 9.4 million) and by UNFPA (USD 11.4 million), funded from core resources of USD 3.5 million and non-core resources of USD 17.3 million. In addition, the audit covered the supply of reproductive health commodities during the period under review, procured with funding provided by the UNFPA Supplies programme, amounting to USD 1.9 million.

13. Approximately 69 per cent of the expenses incurred in the period under review corresponded to the Reproductive Health component. The Population Dynamics, Adolescents and Youth, and Gender components accounted for 14, 8 and 2 per cent of the expenses, respectively. Costs funded from the Institutional Budget and from programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 7 per cent of expenses.⁵

14. The UNFPA Office in Sierra Leone is located in the capital city of Freetown. During the period under review, the Office was managed by a Representative, assisted by an Assistant Representative and an International Operations Manager.

³ From USD 11 million in 2014 to USD 21 million in 2015 and remained high in 2016 at USD 13.4 million, and USD 6.4 million as at 30 June 2017.

⁴ The number of IPs increased to 23 in 2016 up from 19 in 2014 and the number of Atlas transactional activities increased from 131 in 2014 to 260 in 2016.

⁵ Source: Cognos budgets and expenditures by programme cycle output reports.

III. DETAILED FINDINGS

A. OFFICE GOVERNANCE

MAJOR IMPROVEMENT NEEDED

Good practices identified

15. The audit identified the following good practices in the area of governance, in line with established policies and procedures:
- a) The Office regularly assessed its capacity and requested, for support and assistance, missions from Headquarters, the West and Central Africa Regional Office (WCARO) and other UNFPA Country Offices in addressing any control gaps identified in a timely manner;
 - b) The Office organized periodic management, as well as programme and operations staff meetings, which were well-documented through minutes with clear action plans. The meetings were used as a means for sharing information, reporting on the status of implementation activities and discussing programmatic and operational challenges faced by the Office; and
 - c) Performance appraisal and development activities reflected high completion rates within the established timelines.

A.1 – OFFICE MANAGEMENT

MAJOR IMPROVEMENT NEEDED

16. Audit procedures performed in this area included the review of: (a) the Office planning process in 2016; (b) the relevance of the 2016 and 2017 annual management plans, and the level of implementation of activities in 2016; (c) the alignment of the 2017 performance plans of key personnel to Office priorities; (d) the effectiveness of Management oversight over programme delivery and operational activities; (e) the accuracy of the Office 2016 annual report data; and (f) the level of familiarization of Office personnel with UNFPA policies and procedures.

17. Based on the work performed, the audit noted the following matter that needs Management attention.

Streamline targets, programme implementation and reporting for consistency with Country Programme outputs

18. The sixth Country Programme 2015 – 2019 was significantly impacted by external developments, primarily related to the EDV outbreak and post-Ebola recovery period, which caused a major shift in donor funding and stakeholders' focus and priorities. Tracking of the overall progress made towards the achievement of the Country Programme results was thus affected by several key factors:

Results and resources framework

19. While the Country Programme Action Plan Results and Resources Framework (hereafter referred to simply as the 'Results and Resources Framework') specified the overall five-year expected outcomes, outputs and output indicators (baselines and targets) to be achieved in the current Country Programme, there was no indication or breakdown of the planned annual results to be achieved in each programme area – making it difficult to effectively track progress towards their achievement. Further, the Results and Resources Framework included an annual breakdown of the resource estimates to be deployed for each programme component, prorated, on an equal basis, across the five years of the Country Programme, albeit without due regard for any planned annual results as these were missing.

20. In addition, the Results and Resources Framework did not reflect the full extent of programmatic activities undertaken by the Office during the period under review. The EVD and post-EVD period, in particular, witnessed a significant and rapid expansion in programmatic activities to include many that were not initially envisaged in the Results and Resources Framework.

21. Some were directly related to the UNFPA mandate, like projects for the collection, quality assurance and analyses of medical data in multiple districts (USD 3.6 million at the time of the audit field mission). Some others did not fall in the UNFPA mandate and received exceptional approval at Headquarters' level, i.e. for multiple construction and rehabilitation projects for medical facilities (USD 7.5 million in contracts at the time of the audit field mission) and WASH facilities projects (USD 1.8 million at the time of the audit field mission). At the time of the audit field

mission, the Results and Resources Framework had not been revised to reflect these, nor were some of the output indicators reflect the implementation challenges faced and these new activities.

22. Further, the targets set by the Office in its 2016 and 2017 annual plans were derived from IP workplan targets, with no direct link to the Results and Resources Framework targets – a consequence of the lack of planned annual results in the framework, as discussed in paragraph 19.

23. At the time of the field mission, there were no corporate tools to enable Offices to effectively track the entire programme cycle implementation and provide an overview of their portfolio. To assist with programme tracking and implementation, the Office Management put in place a spreadsheet-based tool which provided them with such an overview of programmatic implementation.

24. However, the tool focused primarily on IP implementation and did not consistently track the UNFPA-implemented activities. Additionally, there was no comprehensive overview of the extent of the activities related to constructions, which were tracked separately. For example, the civil works activities were reflected in the Ministry of Health and Sanitation (MOHS) workplan, while the related consultancies (Civil engineers) were reflected in the UNFPA workplan.

25. Based on the above, the audit considers that UNFPA does not have a holistic risk perspective of the entire portfolio of activities implemented at Country Offices, thus hampering an effective monitoring and oversight of high-risk activities and areas not usually falling under the UNFPA mandate, such as civil works. While an HQ approval to commence these types of activities is usually sought by the respective Country Offices (as was the case here), UNFPA does not have an effective way of following up on their implementation, progress and closure.

Programme results

26. The Office has, in the past, relied on annual Demographic Health Surveys (DHS) conducted by the MOHS and Statistics Sierra Leone to obtain relevant data for measuring the progress made towards achieving some of its programmatic targets. Owing to the EVD emergency, which necessitated the redeployment of DHS human and financial resources by the MOHS, the 2015 and 2016 surveys were not conducted. Results related to three significant programme output indicators, whose measurement was indicated in the Results and Resources Framework as being solely dependent on the outcome of the DHS, were however reported by the Office as having been achieved for the two years. Office Management did not provide evidence to support the reported results, as there was no alternative internal mechanism or process to assess or monitor the results.

Funding

27. As noted in paragraph 9, the EDV emergency and subsequent post-Ebola recovery period resulted in a significant change in programme size and extended the scope of activities. In particular, the non-core funds raised by the Office from the start of the programme cycle until the first quarter of 2017 had already exceeded by USD 8.4 million, the total Country Programme estimated non-core resources of USD 26.5 million. However, the impact of the additional funds mobilized was not reflected in revised programme outputs and targets. The audit also noted significant variations in the level of funding achieved for various programme areas or components in comparison to initial Country Programme estimates. For example, the programme areas of Adolescents and Youth and Population Dynamics were both on track to reach the estimated levels of funding for the Country Programme cycle; while the Gender Equality⁶ and Women Empowerment area and the Sexual and Reproductive Health area received significantly lower and higher funding, in comparison to the Country Programme estimates, respectively.

Changes to the Country Programme 2015 - 2019

28. The 'bottom-up' approach to setting targets and lack of overall visibility on the programme implemented, coupled with the complexities brought by the EVD emergency and the allied changes in the donor funding environment, resulted in the implementation of a programme that was much larger in size and scope from that envisaged in the approved Country Programme 2015 - 2019. At the time of the audit field mission, the Office was planning to conduct a mid-term review of the Country Programme, with the main objectives of: (a) determining the need for revising the Office's outputs and targets; (b) undertaking an in-depth assessment of progress towards the

⁶ Elements of Gender Equality were also integrated in the areas of Adolescents and Youth, as well as Sexual and Reproductive Health.

attainment of Country Programme goals and expected results; and (c) assessing its effectiveness, relevance and sustainability for the remainder of the programme cycle and beyond.

ROOT CAUSE	<i>Guidance: inadequate supervision at Office level. Guidelines: inadequate oversight by Headquarters.</i>
IMPACT	<i>Outputs, targets and resource allocations may not be aligned to Country Programme priorities. Lack of or inaccurate information on results achieved may lead to erroneous decisions.</i>
CATEGORY	<i>Strategic Reporting</i>

RECOMMENDATION 1 **PRIORITY: HIGH**

Leveraging on the mid-term review of the Country Programme 2015 – 2019, implement an effective internal process or mechanism, including appropriate management review controls, to assess and report on the achievement of annual outputs using objective and reliable data from the Office’s monitoring activities and other relevant independent sources of information. Ensure an effective follow up of the entire portfolio of activities with a special focus on high-risk activities, such as civil works.

<u>RESPONSIBLE MANAGER:</u> Representative	<u>STATUS:</u> Agree
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> December 2019

The mid-term review was conducted in November 2017. In January – February 2018, with support from the Regional Monitoring & Evaluation Adviser, the Office reviewed the Results Framework and updated the outcomes, outputs, targets to reflect the changing programmatic and funding realities. The current action plan is to review the resources in line with the revised Results Framework and to organize and conduct a Country Programme Evaluation to inform the remainder of the sixth Country Programme results and the development of a new Country Programme Document.

The Office will implement the following actions to establish an effective review mechanism:

- *Develop a plan that focuses on monitoring achievement towards results. The plan will be regularly reviewed and updated by the Monitoring & Evaluation Officer, in collaboration with Programme Officers;*
- *Develop a central repository to collate all data from monitoring visits and IP workplans; and*
- *Establish quarterly programmes and annual review of achievements towards targets.*

RECOMMENDATION 2 **PRIORITY: HIGH**

Enhance the corporate reporting and monitoring tools to enable a holistic tracking of UNFPA portfolio activities with a special focus on high risks or exceptional activities.

<u>RESPONSIBLE MANAGER:</u> Director, Programme Division	<u>STATUS:</u> Agree
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> June 2019

The Programme Division will include a requirement for the next GPS bundle to introduce a function that will force the users to answer a ‘Yes/No’ question along the lines of ‘Workplan includes activities for construction projects for more than USD XXXXX’. The question has to be answered as part of the preparation (or revision) of all workplans in GPS. The actual wording of the question will be fine-tuned in line with the final institutional arrangements that are still to be made. Once the Bundle will have been deployed (the Division hopes for late Q2 2019), it will help build the capacity of GPS to: (i) Send automated notifications to whoever we decide (e.g. PSB) whenever the question is answered affirmatively; and (ii) Deploy a report (in COGNOS or otherwise) that will list all the work plans where said activities exists.

In future, the quarterly portfolio review (QPR) report that is prepared for the Executive Committee, to monitor Key Performance Indicators, shall include a section on the alerts – including those on spikes in Country Offices’ volumes of operation. In addition, once the GPS operationalizes the high risk activity tag, the QPR will include analysis on performance by COs that have high risk activities in their annual plans.

With reference to the policy regarding high risk/exceptional activities such as construction, the Programme Division awaits and will work with the Procurement Services Branch about new provisions regarding construction-type activities, which will be introduced in the revision of the procurement policy currently on-going.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

SOME IMPROVEMENT NEEDED

29. At the time of the audit field mission, the Office had 34 approved staff posts, including 6 international, 14 national professional posts, and 14 general service posts. An additional 38 posts were filled by contract personnel.

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

31. Based on the work performed, the audit noted the following matter that needs Management attention.

Assess the Office structure and staffing alignment needs

32. At the time of the audit field mission, a comprehensive review of the Office structure and staffing arrangements had not been performed since the inception of the Country Programme 2015 – 2019.

33. The EVD emergency and post-Ebola period occasioned a sudden increase in programme size and scope, as well as a shift in focus to the provision of humanitarian support, leading to significant staff capacity challenges at the Office, both in terms of the requisite numbers and skills, which extended to the period under review. The Office responded to its programme and operational needs primarily through the hiring of individual consultants and hosting of support missions from other UNFPA Country Offices.

34. Further, in 2016, the Office programme delivery was impacted by a three-month vacancy in the position of Representative and the winding-down of 12 positions previously created and funded specifically for the EVD emergency. Subsequent to the emergency, 12 new positions were created through non-core funds mobilized by the Office, of which 10 were already filled at the time of the audit field mission. From its interview of Office staff, the audit noted a recurrent mention of heavy workloads, especially in light of capacity gaps and assignment of multiple functions to individual staff members. The audit noted several requests by the Office to WCARO and to Headquarters for the review of its structure and staffing arrangements.

35. The audit notes that a broader UNFPA organization-wide structural review covering all business units, which may impact on the Office structure and staffing arrangements, was underway at the time of writing this draft report.

ROOT CAUSE	<i>Guidance: inadequate supervision at Regional Office and Headquarters level.</i>
IMPACT	<i>Misalignment of the Office structure and personnel to programme and operational needs adversely affects the achievement of intended results.</i>
CATEGORY	<i>Strategic</i>

RECOMMENDATION 3

PRIORITY: HIGH

With the support of the West and Central Africa Regional Office and the Division for Human Resources, review the Office structure and staffing for better alignment to programme delivery and operational requirements.

RESPONSIBLE MANAGER: *Representative, with the support of the Directors, WCARO and Division for Human Resources* STATUS: *Agree*

MANAGEMENT ACTION PLAN: DUE DATE: *January 2019*

In collaboration with WCARO, the Office will undertake a human resource realignment process. This will involve bringing a Human Resource Specialist to thoroughly review staff roles and responsibilities in line with programme priorities and funding. In addition, the Office will work with WCARO to conduct a programme review to ensure that the Country Programme is aligned with national priorities and that human resources are aligned for effective programme delivery.

Complete all mandatory trainings and relevant recommended ones

36. At the time of the audit field mission, some staff members and contract personnel had not completed the mandatory security training courses. Similarly, completion rates for other mandatory courses, including those related to ethics, integrity, and anti-fraud; the internal control framework certification; and procurement level one, ranged from 9 to 35 per cent of the Office personnel. In addition, 90 per cent of the Office’s programme personnel did not complete the recommended results-based management basics training.

ROOT CAUSE	<i>Guidance: inadequate supervision at Office level.</i>
IMPACT	<i>Internal capability may not be sufficiently developed, affecting the quality and results of programme delivery and operations.</i>
CATEGORY	<i>Compliance</i>

RECOMMENDATION 4 **PRIORITY: MEDIUM**

Complete any outstanding mandatory courses by all personnel concerned and promote completion, by programme staff, of the recommended results-based management training.

RESPONSIBLE MANAGER: *Representative* STATUS: *Agree*

MANAGEMENT ACTION PLAN: DUE DATE: *March 2019*

The following actions are proposed to improve compliance since there are no existing organizational sanctions for non-completion of mandatory courses:

- *The human resources focal person will review all staff files to determine the mandatory courses already completed and identify those still outstanding;*
- *All staff will be reminded, by the Representative, of the mandatory courses they need to complete and target completion dates set and monitored by the human resources focal person. All staff will be required to include the completion of the mandatory courses as a target in their individual performance plans;*
- *If mandatory courses are not completed within a month, no travel will be approved for those concerned;*
- *All staff will be required to complete all mandatory courses before contract renewals; and*
- *All new staff will be required to complete mandatory courses within three months of joining the organization.*

A.3 – RISK MANAGEMENT

MAJOR IMPROVEMENT NEEDED

37. Audit work performed in this area consisted of the review of the latest Office strategic and fraud risk assessments and of the control self-assessment survey completed at the time of the audit field mission; the process followed for identifying and assessing risks and controls; and the actions undertaken to mitigate significant residual risk.

38. Based on the work performed, the audit noted the following matter that needs Management attention.

Improve the assessment and management of risks through the Strategic Information System

39. The Office completed a fraud risk assessment, as well as a strategic risk assessment, for the year 2016, under the umbrella of the corporate Enterprise Risk Management (ERM) process, using the using the ‘myRisks’ functionality in the Strategic Information System and correctly assessed several risks primarily related to the office structure and capacity, as well as inventory management, as ‘High’.

40. However, all of the other risks, including those related to inherently high risk areas such as ‘National Execution’ and ‘Delivery of Programme Results’ were assessed as either “Medium” or “Low”. This does not tie in with the relatively large number of IPs engaged by the Office (23) as well as the challenges and complexities brought about by the rapid growth in programme size and scope (as discussed in paragraph 9), sometimes incorporating high-risk interventions, like construction and renovation works, information technology development, and WASH interventions which are not typically carried out by UNFPA, across several implementation sites in all the 14 districts of the country.

41. The audit acknowledges that the limitations of the corporate ERM framework, a matter that has already been brought to the attention of Headquarters Management by OAIS, may have impacted the Office ability to develop and adequate fraud risk response.

ROOT CAUSE	<i>Guidelines: inadequate risk management process.</i>
IMPACT	<i>The ability to develop and implement appropriate mitigating measures to address identified risks is limited.</i>
CATEGORY	<i>Strategic</i>

RECOMMENDATION 5 **PRIORITY: HIGH**

With support from the West and Central Africa Regional Office and Headquarters, and leveraging on the 2018 ERM process, perform a more rigorous strategic and fraud risk assessment, taking into consideration, inter alia, the nature of programmatic interventions undertaken by the Office and the assignment of appropriate risk ratings in accordance with the materiality and complexity of the assessed areas; and develop appropriate action plans to address the identified risks.

RESPONSIBLE MANAGER: *Representative, with support from the Directors, WCARO and Division for Management Services* STATUS: *Agree*

MANAGEMENT ACTION PLAN: DUE DATE: *March 2019*

Office Management will work to perform a more rigorous strategic and fraud risk assessment taking into consideration the feedback and recommendations of this report. In addition, Office Management will seek further guidance from the Division for Management Services on how to more rigorously assess Office risks. Office Management will also include risk assessment, as an area requiring support, in a planned WCARO programme mission to the Office. In addition, the Office will orientate its staff on ERM at its annual staff retreat, in an attempt to incorporate awareness and assessment of risks in activities.

Although Office Management has identified a due date for completion of the above activities, it acknowledges the importance of ensuring that this is an ongoing activity.

The Division for Management Services will support the Office during the preparation of the 2018 strategic and fraud risk assessment and action plans.

B. PROGRAMME MANAGEMENT **MAJOR IMPROVEMENT NEEDED**

Good practices identified

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

- a) The Office made effective use of the Global Programming System to plan, prepare and manage the individual workplans of Implementing Partners resulting in a clear workplan audit trail; and
- b) Office Management proactively undertook intense resource mobilization efforts deploying an effective and efficient resource mobilization strategy which included activities such as regular visits to donors, close donor engagement, and well-coordinated communications that increased the visibility of the Office in the donor community.

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION **MAJOR IMPROVEMENT NEEDED**

43. Activities implemented by the Office during the period under review, with related expenses of USD 19.8 covered by the audit, inclusive of programme coordination and assistance costs, corresponded to 18 outputs of the second and third years of the sixth Country Programme 2015 - 2019, corresponding to financial implementation rates of 67 per cent in 2016 and 60 per cent as at 30 June 2017, measured based on annual budgets allocated in Atlas.

44. Activities were implemented directly by UNFPA, with actual expenses of USD 11.4 million (55 per cent of programme implementation expenses) in the period under review, and financial implementation rates of 57 per cent in 2016 and 52 per cent as at 30 June 2017. A large part of the expenses related to UNFPA’s implemented activities

corresponded to staff and contract personnel costs, facilities and service costs, as well as the procurement of reproductive health commodities. Activities were also implemented by 23 IPs engaged by the Office, with related expenses of USD 9.4 million (45 per cent of programme implementation expenses in the period under review), and financial implementation rates of 89 per cent in 2016 and 71 per cent as at 30 June 2017. Section B.2 of the report provides further details on IP-implemented activities. Programme implementation expenses were funded from core resources of USD 2.5 million and non-core resources of USD 17.3 million.

45. Audit work performed in this area focused on seven output areas with aggregate expenses of USD 17.7 million during the period under review (89 per cent of programme implementation expenses) and included: (a) a review of the workplans related to the outputs selected, for both 2016 and 2017; (b) an assessment of the process followed to prepare, cost and approve the workplans; (c) a review of workplan progress reports, standard progress reports, monitoring reports and other evidence of programme implementation; and (d) site visits to six primary-level Service Delivery Points, one district health facility, four civil works sites, and four warehouses in 3 out of 14 districts (Bombali, Port Loko and Western Urban Area), where programme activities were implemented.

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

Develop specific strategies and action plans to respond to unique programme components such as the EVD recovery

47. Sierra Leone was declared EVD-free in November 2015. In an effort to help the country recover from the social, political and economic trauma caused by the EVD emergency, United Nations (UN) organizations in Sierra Leone prepared a recovery plan,⁷ aligned to the National Ebola Recovery Strategy and the President's Recovery Priorities. Under the recovery plan, UNFPA committed to support the Government in its EVD response through strengthening the surveillance system, breaking the chains of virus transmission and restoring maternal and newborn health care services.

48. The Office did not develop a separate formal strategy or action plan to support the recovery plan and the requisite change in programmatic focus and did not establish any specific output indicators for the recovery response. According to Office Management, the Country Programme output indicators used for the recovery response were in line with planned Office outputs. While the audit acknowledges the reasoning of the Office, it considers that the approach made it difficult to effectively track the progress and results of the recovery programme components.

49. Overall, the audit notes the effort made by the Office to incorporate the EVD and post-Ebola programme activities in its regular programming, albeit with some monitoring complexities due to the lack of specific output indicators, and also notes that the post-Ebola recovery period ended in June 2017. Therefore, no recommendation is provided in this regard.

Enhance programme monitoring activities

50. In 2015, the Office prepared a monitoring strategy that included an overall framework which covered both the activities undertaken by the Office, as well as third-party monitoring.

51. The monitoring plans for 2016 and 2017 outlined the processes to be followed, together with estimated timelines, and included monitoring tools such as checklists and report templates. However, the plans were neither followed nor updated during the period under review; they also did not include details on the level of completion or coverage achieved – making it difficult to assess the extent of monitoring conducted by the Office.

52. More specifically, due to heavy workload (see paragraph 34), programme managers assigned monitoring responsibilities rarely conducted planned field trips to implementation sites and IPs – a fact confirmed by IPs visited by the audit, which indicated that monitoring visits by Office personnel were either non-existent or inconsistent. Programme managers relied instead on remote monitoring, carried out from the Office premises, through desk reviews of programme reports and of Funding Authorization and Certificate of Expenditure (FACE) forms.

⁷ UN Ebola Recovery Plan, September 2015.

53. The Office also relied on third-party monitoring conducted by IPs engaged to that sole effect. For example, the Office engaged an IP to monitor reproductive commodities' availability and stock-outs in Primary Health Units (PHU) and another IP to monitor the activities of a consortium⁸ of IPs implementing a large project. However, there was no evidence of consistent validation, verification or quality assessment of the monitoring results reported by these third-party monitoring IPs and of follow-up by the Office on the reported results.

54. In addition, the audit noted focused efforts to improve monitoring through: (a) employing the services of independent engineers, as individual consultants, to monitor specialized construction projects; and (b) conducting joint monitoring with a major donor and a Government Ministry. Although the monitoring visits conducted were well-documented, there was no evidence to substantiate a consistent follow-up of the reported findings as OASIS site visits revealed.

55. It was also unclear whether the monitoring tools were consistently used by Office personnel during monitoring visits to IPs and implementation sites. The audit noted, for instance, unplanned monitoring activities that were undertaken without use of the tools.

56. Further, the Office did not have a comprehensive repository for logging monitoring findings and/or action plans, to facilitate effective and efficient tracking of progress towards resolution. The Office requested a technical assistance mission from another UNFPA Country Office in July 2017 with the primary objective of assessing the existing monitoring and evaluation processes and tools. The mission helped establish best practice monitoring guidelines and checklists tailored specifically for use by the Office and develop an electronic database to function as a repository for monitoring recommendations. The database was, however, not fully operational at the time of the audit field mission.

ROOT CAUSE	<i>Guidance: inadequate supervision at Office level.</i>
IMPACT	<i>Programmatic and financial management issues may not be timely identified and remediated, impacting the achievement of programme results. Follow-up on monitoring findings may not be effectively and timely executed.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 6 **PRIORITY: HIGH**

Leveraging on the monitoring strategy adopted by the Office, implement an effective process, with appropriate supervisory controls, for: (a) preparing, implementing, and tracking a detailed monitoring plan; (b) reviewing and validating monitoring results; and (c) logging and tracking of monitoring findings.

<u>RESPONSIBLE MANAGER:</u> <i>Representative</i>	<u>STATUS:</u> <i>Agree</i>
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> <i>December 2019</i>

Management will undertake the following actions:

- *Conduct a results-based management training for all staff;*
- *Develop a detailed monitoring plan to monitor activities and results. The plan will include joint monitoring with the relevant Ministries;*
- *Operationalize the best practice database that has already been developed; and*
- *Develop a repository for collating monitoring visit findings and follow-up actions, and institute a mechanism for regular review by the Monitoring and Evaluation Officer who will systematically follow-up on agreed actions and recommendations. Regular review of monitoring findings will also be included in the monthly Programmes-Operations meetings.*

⁸ The "Changes" consortium of IPs under the Saving Lives Programme, a large-scale health-focused programme financed by a major donor.

B.2 – NATIONAL EXECUTION

MAJOR IMPROVEMENT NEEDED

57. National Execution (NEX) expenses amounted to USD 9.4 million (45 per cent of total programme implementation expenses) in the period under review, corresponding to activities implemented by 17 non-governmental organizations and 6 Government IPs, with financial implementation rates of 89 per cent in 2016 and 71 per cent as at 30 June 2017.

58. As per the available general ledger information, the majority of the NEX expenses incurred related to training and learning costs (USD 5.6 million), hiring of contract personnel (USD 0.7 million) and facilities management (USD 0.6 million).

59. IP audits performed in 2016 covered 2 of the 23 IPs engaged by the Office, with aggregated expenses of USD 2.96 million (31 per cent of total NEX expenses in 2016). Of the two IP audits conducted, one received a qualified audit opinion based on unsupported expenses amounting to USD 64,359 (less than 2 per cent of audited expenses). Operating Fund Account (OFA) balances, representing the funds transferred to IPs for activities not yet implemented, averaged USD 1.0 million quarterly during the period under review, and amounted to USD 1.6 million as at 30 June 2017 (nil as at 31 December 2016).

60. 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 IPs through the use of FACE forms; (d) the controls implemented over the OFA, used to record and control funds advanced to IPs; and (e) the process followed to monitor IP activities;(f) the review of a sample spot-checks .

61. The audit also visited and held meetings with eight of the IPs engaged, 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; (c) the process followed for the preparation and authorization of the FACE forms and workplan progress reports submitted to UNFPA; and (d) safeguarding and use, for intended purposes, of assets provided by the Office. The visits also included 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.

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

Document the justification for strategic Implementing Partner selection

63. Out of six non-governmental IPs engaged by the Office in 2017, five were part of a consortium, directly selected by a major donor, to work on a specific large-scale project,⁹ and one was chosen as a strategic partner funded by the same donor. For two of the IPs, the Office relied on micro-assessments conducted in 2014 by another UN Agency, and for the others, the Office engaged consultants to conduct micro-assessments to determine the cash transfer modality

64. For all the six newly-engaged IPs tested by the audit, the Office neither documented the justification for their selection in the non-competitive partnership template prescribed by the policy; nor – specifically in the case of the one strategic partner – did the Office seek the approval of the Regional Director, although the 2017 IP budget, estimated at USD 1.24 million, was above the threshold of USD 0.5 million requiring, by policy, the Regional Director’s approval through the prescribed template.

ROOT CAUSE	<i>Guidance: inadequate supervision at Office level.</i>
IMPACT	<i>IPs engaged may not be the best available to implement workplan activities with the highest quality and in a cost-effective manner.</i>
CATEGORY	<i>Operational Compliance</i>

⁹ Saving Lives Programme

RECOMMENDATION 7

PRIORITY: HIGH

When using a non-competitive implementing partner selection process, document and maintain on file a comprehensive written justification of the partner’s unique capabilities and other rationale underlying the selection – as required by the policy for ‘Selection, Registration and Assessment of Implementing Partners’.

RESPONSIBLE MANAGER: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: March 2019

Office Management will familiarize itself with and, in future, ensure compliance with the specified policy guidelines. In addition, the Office will conduct a mapping of partners in the country with a view to creating a database that would support the selection of partners.

Improve spot-check management

65. The review of spot-checks which were completed by a contractor and Office staff revealed weaknesses for three of the five largest IPs tested.

66. The test worksheets to support the spot-checkers’ conclusions were either missing, incomplete or inadequately filled. There was no documentation on how the sample size was determined and sample size coverage varied between 17 to 100 per cent, without a rationale. It was impossible to determine whether the sample selection was performed on a risk basis as required by the UNFPA Spot-Check Guidance. This is a matter that was noted by the Board of Auditors in their report A/73/5 Add 8, dated July 2018, as well as by OAIS in previous audit reports.

ROOT CAUSE *Guidance: inadequate supervision at Office level.*

IMPACT *Funds provided to IPs for programme implementation may not be adequately safeguarded.*

CATEGORY *Operational*

RECOMMENDATION 8

PRIORITY: HIGH

Improve spot-check management by ensuring that (a) spot-check test sheets are filled out and support the conclusion of the tests performed; (b) the sample size selection is risk-based and documented in accordance with the UNFPA guidance on spot-check; (c) ensuring that spot-checkers have the necessary training.

RESPONSIBLE MANAGER: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: September 2019

Management will review spot check guidelines and ensure that all spot-checkers have the necessary training.

Use the FACE form review checklist

67. The Office did not complete FACE form checklists as evidence of FACE form review by Programme Officers and Finance staff, as recommended by the applicable programme and financial monitoring and reporting policies. The purpose of the checklist is to help staff practice due diligence, in particular detecting possibly excessive, unauthorized or ineligible expenses, and thereby manage risk.

ROOT CAUSE *Guidance: inadequate supervision at Office level.*

IMPACT *UNFPA may accept excessive, unauthorized or ineligible expenses.*

CATEGORY *Operational
Compliance*

RECOMMENDATION 9

PRIORITY: MEDIUM

Use the FACE form checklists during the review and approval of the FACE forms and retain/file the checklists for audit trail purposes.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree & implemented*

MANAGEMENT ACTION PLAN:

DUE DATE: *January 2019*

FACE form checklists were adopted as soon as the audit feedback was received in September 2017. They are now routinely used and filed with programme documents.

OAIS COMMENTS ON MANAGEMENT RESPONSE: *The status of implementation of the recommendation reported by Management is acknowledged by the audit, and will be validated as part of the internal audit recommendation follow-up process.*

B.3 – INVENTORY MANAGEMENT

MAJOR IMPROVEMENT NEEDED

68. During the period under review, the Office supplied reproductive health commodities and other inventory items at a total cost of USD 1.9 million with funding provided mainly by the UNFPA Supplies programme, for which Sierra Leone is one of the 46 priority countries. The inventory supplied consisted mainly of contraceptives (USD 1.2 million) and pharmaceutical products (USD 0.2 million) procured, on behalf of the Office, by the UNFPA Procurement Service Branch (PSB) located in Copenhagen, Denmark. The reproductive health commodities supplied were stored at and distributed primarily from three warehouses located in the capital city of Freetown, managed by the MOHS.

69. Audit work performed included a review of the needs assessment and forecasting arrangements in place, as well as testing, for a sample of inventory supplied in 2016 and 2017 at a cost of USD 0.7 million (37 per cent of the value of inventory supplied), of the processes and controls in place in the areas of: (a) procurement planning, requisitioning and ordering; (b) customs clearance, receiving and inspection; (c) inventory controls (while the goods procured remained in UNFPA’s possession); (d) handover of inventory to IPs; (e) distribution to intended beneficiaries; (f) monitoring; and (g) recording in the UNFPA financial systems.

70. Audit work performed also included site visits to: (a) the three central warehouses located in Freetown (one Central Medical Store and two privately-owned stores), managed by the MOHS; (b) one District Medical Store in Bombali District (Makeni); and (c) three local medical stores located at PHUs in Kalangba, Yoni and Masongbo. The audit tests performed were designed to: (a) verify the receipt of commodities procured by UNFPA; (b) assess the warehouse controls in place and reliability of the inventory records; (c) test the distribution of commodities by tracing a sample of deliveries across the supply-chain; and (d) verify commodity availability and stock-out levels at the warehouses and health facilities visited. The audit also assessed the processes and systems in place for commodity needs quantification and forecasting, the approaches and systems in use for the distribution of contraceptives, as well as the logistics management information systems in place.

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

Improve the indicators related to commodity security

72. The audit noted that both the Country Programme Document and the Results and Resources Framework reflect only one generic output indicator related to commodity security – which is stated as the “*Percentage of service delivery points offering at least three modern methods of contraceptives*”. No specific output indicators related to the availability of lifesaving medicines or contraceptive stock-out levels, are defined.

73. In the absence of corresponding indicators and targets, the Office did not provide any evidence that it regularly monitored availability and stock-out levels at service delivery points such as the PHUs.

ROOT CAUSE *Guidelines: inadequate planning.*

IMPACT *The Office’s ability to measure progress and results achieved in the area of commodity security may be diminished.*

CATEGORY *Operational*

RECOMMENDATION 10

PRIORITY: HIGH

Define availability and stock-out output indicators and targets for both contraceptives and lifesaving medicines; and perform regular monitoring on progress towards achieving these targets.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2019*

Management accepts this recommendation. However, it should be noted that the output indicator referred to was defined at Headquarters and does not necessarily need redefinition at country level.

Actions towards implementing the recommendation include:

- *Continuing to conduct annual supplies surveys, which track availability and stock-out of contraceptives and lifesaving medicines; and*
- *Providing support to the relevant Government entity to conduct quarterly stock assessments at national and district levels in order to supplement the annual Reproductive Health Commodities Security surveys and progressively move towards supporting assessments at the Service Delivery Point level.*

Enhance the commodities needs assessment and forecasting process through optimal use of available data

74. During the period under review, the commodity needs assessment and forecasting process was conducted in collaboration with other stakeholders, and was based primarily on the available demographic data and capacity-related statistics. According to Office Management, information gathered on logistics, morbidity, service and consumption statistics was either incomplete, inaccurate or outdated.

75. Several different data sources and reports were used for supply-chain management, including, inter alia: (a) Logistics Management and Information System (LMIS) managed by the MOHS – that provided data on commodity availability and stock-out levels of commodities at PHUs; (b) the District Health Information Software 2 (DHIS 2)¹⁰ – which provided different sets of health data, including information related to commodity availability, stock-outs and consumption; (c) data on commodity availability, stock-outs and consumption at the PHU level collected by a UNFPA-contracted IP; and (d) reports prepared by national authorities and other stakeholders, mainly in relation to commodity availability and stock-outs. Most of these data and information sources, although automated at the national level, relied heavily on manual input and reporting by individual PHUs at the local level, with a considerable amount of paper trail. With the exception of these facilities covered by the UNFPA-contracted IP, the data and information received from other sources was not consistently validated for completeness and accuracy by the Office. There was neither a process in place for the Office to corroborate or reconcile the data and information received, nor evidence of their use in the commodities needs assessment and forecasting process.

76. The interviews of personnel at the PHUs visited during the audit field mission revealed that they have to prepare manual responses to each separate stakeholder’s data and information request – which place a significant burden on the (often) understaffed facilities and represent a duplication of efforts on the collation and publication of data and information, especially in relation to commodity availability and stock-outs. While the data and information collected may serve different purposes for each stakeholder, the audit considers that efficiencies could be gained through closer collaboration among stakeholders.

ROOT CAUSE	<i>Other: factors beyond the control of the Office – operational context.</i>
IMPACT	<i>The inability to develop an accurate needs assessment and forecast may negatively impact commodity availability and originate stock-outs.</i>
CATEGORY	<i>Operational</i>

¹⁰ DHIS 2 is a free and open source software for online data management, capturing, validation, and analytics. DHIS 2 is in use as a Health Management Information System in more than 60 programme countries.

RECOMMENDATION 11**PRIORITY: HIGH**

In collaboration with the relevant programme stakeholders, support the Government in streamlining and making more efficient the data collection, validation and analysis processes – to support a robust commodity needs assessment and forecast.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2019*

Management will take the following actions:

- *Support training on the Logistics Management Information Systems including data collection tools;*
- *Continue to support District Information Officers in the collection of and input of data;*
- *Support the upgrade of CHANNEL to a higher version and a web-based version; and*
- *Support quarterly supervision and data auditing to validate data entered.*

Scale up the support to the Ministry of Health and Sanitation to address supply-chain management gaps

77. An independent reproductive health commodities and services facility assessment,¹¹ finalized in 2017 with significant involvement in and support from the Office, revealed that 17 per cent of all facilities reported no stock-out of any of the contraceptive methods offered in the three months preceding the assessment. Conversely, 83 per cent of facilities experienced stock-outs of at least one required contraceptive method. Stock-outs varied across facilities, ranging from 75 per cent at the tertiary level¹² to 85 per cent at the primary level.¹³ Emergency and injectable contraceptives had the highest stock-out levels (54 and 51 per cent, respectively) amongst all the contraceptive methods required by national guidelines. One reason for the high level of stock-outs was the ad-hoc supply of family planning commodities and essential maternal drugs experienced throughout 2016, in part due to reforms at the entity that was responsible for their distribution (see paragraph 79 below). All the seven health facilities visited by the audit (six at primary and one at district level) had stock-outs of, at least, one UNFPA-supplied contraceptive method, with some having experienced the stock-outs for several months.

78. The assessment report provided significant recommendations for improving commodity security in Sierra Leone, including, *inter alia*, the need to: (a) strengthen procurement processes and quantification for all commodities to ensure availability of family planning and reproductive health products; (b) improve supply of commodities from warehouses; (c) strengthen the monitoring of family planning and maternal reproductive health commodity stock levels; (d) strengthen the commodity distribution process to ensure an expanded method mix at lower-level facilities; (e) strengthen the capacity of health providers and facilities to provide longer-term contraceptive methods; (f) increase availability of information systems at Service Delivery Points; (g) define appropriate mechanisms for managing data flows and information in the logistics system; and (h) coordinate system improvements with greater demand creation amongst clients.

79. According to Office and MOHS personnel interviewed by the audit, there were multiple structural and operational challenges related to the distribution of UNFPA commodities during the period under review. The entity initially responsible for the distribution of the commodities was dissolved by the Government towards the end of 2016. While the entity already faced capacity and resource-related challenges, its dissolution and the subsequent nomination of a temporary replacement created additional capacity and resource issues, in particular, the lack of an operational budget, which prevented an effective and efficient distribution of reproductive health commodities. According to other stakeholders interviewed, the situation was not limited to reproductive health commodities, and was a systemic issue faced by the pharmaceutical supply-chain management in the country.

80. In December 2016, in an effort to address stock-outs across the country, the Office took over the distribution of commodities as a one-time assistance to the MOHS. The latter requested the Office to provide additional support in distributing commodities in July 2017 – the only nationwide supply for the year. Further, the country's reproductive health commodity security strategic plan expired in 2016. Owing to the ongoing parallel development of a Costed

¹¹ Facility Assessment for Reproductive Health Commodities and Services in Sierra Leone – 2016 UNFPA Supplies Survey Report.

¹² Advanced or national level facilities that receive referrals from primary and secondary level facilities.

¹³ The basic first level of contact between individuals and families with the health system.

Implementation Plan (CIP)¹⁴ at the time of the audit field mission, a new reproductive health commodity security strategy to cover 2017 and beyond had not been completed as it was dependent on the CIP as a basis for the strategy development.

81. Further, the audit also acknowledges the efforts by the Office to conduct several capacity-building activities, including a relaunch of the LMIS (the use of which was discontinued during the EDV emergency), holding of training sessions and workshops for national health authorities, and undertaking other interventions aimed at strengthening supply-chain management by the national authorities.

ROOT CAUSE	<i>Other: factors beyond the control of the Office – operational context.</i>
IMPACT	<i>Reproductive health commodities availability may be reduced and stock-outs increased due to supply-chain management capacity gaps.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 12

PRIORITY: HIGH

Support the Government, in collaboration with the relevant programme stakeholders, in the development and implementation of a strategy which addresses, inter alia, the challenges that adversely impact commodity availability levels and originate stock-outs at Service Delivery Points.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2019*

The Office will support the development of a revised supply chain management strategy that will address these challenges. The operational context has now changed with the new Government. The Office will work with the relevant Government entity to identify the bottlenecks.

Strengthen commodity storage conditions, controls and records at warehouses

82. From its visit of the three warehouses (see paragraph 70), the audit noted that controls and storage conditions were in need of urgent attention.

83. In particular, due to a discontinuation in the use of the LMIS during the EVD emergency, the audit was unable to verify inventory opening balances and reconcile inventory movements between the three central warehouses and the district medical stores during the period under review. The situation was exacerbated by the vast amount of paper trail originating from over 1,300 PHUs (which was yet to be analysed, validated or reconciled), which significantly increased the risk of errors and inaccuracies in the records maintained at the warehouses. In addition, the audit noted differences between the warehouse inventory balances and those in the Office records which, although not material, highlighted a lack of regular reconciliation of balances.

84. Further, inventory items at the warehouses were not stored in an orderly manner, hindering access to some items and making it difficult to conduct physical counts. Interviews with warehouse staff and review of documents at the warehouse revealed that inventory counts were not consistently undertaken as prescribed by applicable policy. It is therefore unclear on which basis the 2016 inventory certification letter submitted by the Office to Headquarters was prepared, given that no inventory count was undertaken at year-end 2016. In addition, the warehouses visited were missing security controls such as cameras, night motion sensors, smoke detectors, water sprinklers, and modern firefighting equipment – thereby, increasing the risk of inventory loss.

85. During its visit to one of the district medical stores, the audit noted some instances of inventory losses as a result of unreconciled records. However, it was unclear whether these cases were reported to the Office and followed up. In addition, the value of the losses incurred was not quantified by the store.

¹⁴ The Costed Implementation Plan (CIP) is a multi-year actionable roadmap designed to help governments achieve their family planning goals—goals that when achieved, will save millions of lives and improve the health and wellbeing of women, families and communities. CIPs are a critical tool in transforming ambitious family planning commitments—such as those made through Family Planning 2020 and the Ouagadougou Partnership—into concrete programs and policies – Family Planning 2020 (www.familyplanning2020.org).

ROOT CAUSE	<i>Guidance: inadequate supervision at Office level.</i>
IMPACT	<i>Increased risk of inventory losses due to poor physical security, storage conditions, controls and inaccurate/incomplete recordkeeping.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 13 **PRIORITY: HIGH**

Conduct periodic inventory counts to reconcile physical quantities to recorded balances and update inventory balances accordingly, following up on resolving any inventory differences and instances of reported losses.

<u>RESPONSIBLE MANAGER:</u> Representative	<u>STATUS:</u> Agree
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> December 2019

The Office will engage a consultant to support it and the relevant Government entity to conduct quarterly stocktakes to reconcile physical quantities to recorded balances and update inventory balances accordingly, and follow up on resolving any inventory differences and instances of reported losses.

RECOMMENDATION 14 **PRIORITY: MEDIUM**

Support the Government, and the respective warehouse managers, to improve the warehouse physical security through enhancements like cameras, night motion sensors, smoke detectors, water sprinklers and firefighting equipment.

<u>RESPONSIBLE MANAGER:</u> Representative	<u>STATUS:</u> Agree
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> June 2019

The Office will secure funds and renovate the Central Warehouse to optimal condition and ensure that all family planning and contraceptive commodities are stored together in one location.

B.4 – MANAGEMENT OF NON-CORE FUNDING **EFFECTIVE**

86. Programme implementation expenses funded from non-core resources amounted to USD 17.3 million (approximately 87 per cent of total programme expenses) in the period under review. Of this amount, USD 6.2 million was provided by a major donor to support reproductive health interventions in Sierra Leone, USD 2.4 million by another donor mainly to support the Adolescent and Youth Programme, and USD 2.0 million by a multilateral institution for construction projects. The remaining contributions were provided primarily by UNFPA Supplies (USD 1.9 million) to enhance reproductive health commodity security.

87. 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 tests of the accuracy of reports submitted to donors and of compliance with the new cost recovery policy. Inquiries of representatives of two major donors were made to obtain an understanding of their working relationship with the Office and their assessment of UNFPA’s performance and achievements

88. No reportable matters were identified based on the audit work performed.

C. OPERATIONS MANAGEMENT **SOME IMPROVEMENT NEEDED**

Good practices identified

89. The audit identified the following good practices in the area of operations management, which were in line with established policies and procedures:

- a) The Office maintained a well-organized filing system for procurement, financial management and human resource documents, making the retrieval of documents easy; and

- b) The Office developed a detailed procurement plan and regularly tracked its implementation, resulting in the timely purchase of goods and services for both programmatic and operational activities.

C.1 – HUMAN RESOURCES MANAGEMENT

EFFECTIVE

90. The Office incurred staff payroll costs amounting to USD 3.5 million during the period under review. In addition, the Office made use of contract personnel and engaged 10 individuals under service contracts and another 11 under Individual Consultant Contracts, for management activities and programme delivery and support, incurring related costs in the amount of USD 1.8 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).

91. Work performed in this area included an analytical review of payroll and contract personnel costs; a walk-through of the payroll reconciliation controls with UNDP; and the testing of a sample of five individual consultancies awarded by the Office at a cost of USD 0.4 million (24 per cent of total individual consultant costs incurred in the period), for linkage to the corresponding workplans and compliance with the applicable policies and procedures and operating effectiveness of controls in the areas of: (a) recruitment; (b) contract award; and (c) contract management. Audit procedures applied also included testing of the recruitment process for five staff members hired during the audit period, and a sample of staff entitlements and benefits in the amount of USD 2.0 million.

92. No reportable matters were identified based on the audit work performed.

C.2 – PROCUREMENT

EFFECTIVE

93. During the period under review, the Office locally procured goods and services at a cost of USD 5.1 million. The most significant categories of goods and services procured corresponded to training and learning services, office and communication supplies and construction and alteration of health facilities. For the latter, procurement, entirely local, was conducted directly by the MOHS and the donor, with due diligence performed by the Country Office procurement team, reinforced with hired engineers.

94. Audit work performed in this area included the review of a sample of 64 local purchases made at a cost of USD 0.5 million (10 per cent of total local procurement) for linkage to the corresponding workplans; compliance with the UNFPA procurement principles,¹⁵ and policies and procedures; and 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, as well as the review of the procurement planning process. The work performed also included a review of the processes followed by the MOHS in procuring construction and alteration works in the amount of USD 0.8 million and the due diligence undertaken by the Office in ensuring proper execution of the resultant contracts.

95. No reportable matters were identified based on the audit work performed.

C.3 – FINANCIAL MANAGEMENT

MAJOR IMPROVEMENT NEEDED

96. Work performed in this area included the review of: (a) the financial management capacity of the Office; (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 payment process; (e) the value-added tax control arrangements in place; (f) the budget management process; and (g) the effectiveness of the financial management accountability process.

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

¹⁵ Best value-for-money; fairness, integrity and transparency; open and effective competition; and protection of the interest of UNFPA

Improve the management of cash advances

98. During the period under review, the Office provided significant project cash advances, through a designated service contract holder to make payments to IPs and other meeting participants at training and workshop events. Cash advances amounting to USD 0.4 million were made in this manner.

99. Of this amount, USD 79,000 was inadequately supported as there was no evidence of Management review and approval of the resultant accountabilities. Further, for an additional USD 56,000, the supporting documents did not fully reconcile to the corresponding advances provided.

100. In addition, the Office used pre-printed forms at trainings and workshops to indicate participants' names and the amounts to be paid, as a form of control. In 38 instances, the amounts indicated in the pre-printed forms were manually altered to higher amounts to be paid without documenting the reasons thereof. The instances noted did not, individually or in aggregate, involve material amounts and were, overall, less than 1 per cent of the cash advances reviewed. Office Management, however, did not provide explanations for the alterations.

101. Further, the cash advances provided to the service contractor were, in many instances, recorded directly as expenses, instead of being booked as receivables until fully cleared.

102. The audit notes that attempts by the Office to mitigate the risk in using mobile money operators for cash transfers were unsuccessful due to poor telephone and internet network coverage across the country. Instead, as of August 2017, the Office was temporarily utilizing a contract entered into by UNDP with a local commercial bank to facilitate cash payments to training and workshop participants.

ROOT CAUSE	<i>Guidance: inadequate supervision at Office level.</i>
IMPACT	<i>Increased risk of financial loss to UNFPA. Increased security risk to Office personnel who handle significant cash amounts.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 15

PRIORITY: HIGH

Explore options for making payments to event participants using third-party money transfer service providers such as banks, with proper safeguards that provide a sufficient trail of payments made; when it is otherwise not possible to use such providers, make cash advances to staff, putting in place safeguards and recording advances as receivables until fully cleared.

RESPONSIBLE MANAGER: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *Implemented as of
November 2017*

The Office has in place a system in place since 2017 last year where all payments and liquidations are prepared by the responsible staff and a liquidation sheets provided is prepared and passed to management for approval.

In addition, the Office also now piggy-backs on a contractual payments arrangement between UNDP and a local bank and, where applicable, payments to workshop participants are paid by the bank's officials. This essentially works for payments in Freetown. Payments out in the provinces still need to be improved.

Further, lesser payments are now made to UNFPA staff through project advances and, where made, liquidation is within 14 days following payment.

OAIS COMMENTS ON MANAGEMENT RESPONSE: *The status of implementation of the recommendation reported by Management is acknowledged by the audit, and will be validated as part of the internal audit recommendation follow-up process.*

Explore strategies to better manage the impact of value-added tax on programme expenses

103. Goods and services procured directly by UNFPA for the implementation of its programme are exempt from the 15 per cent Value-Added Tax (VAT) rate applicable in the country. The exemption did not extend to goods and services purchased by IPs using the funding provided by UNFPA, at an approximate level of USD 3.7 million¹⁶. As the Office did not account for or separately track VAT paid by its IPs, the audit could not establish the value of VAT paid by the IPs that could potentially become available for programming if claimed.

104. The audit acknowledges the solution implemented by another UN Agency in the country, which performs all procurements over a certain threshold for their IPs internally. However, based on discussions with Management, the Office capacity would be significantly impacted if such a solution would be implemented by UNFPA.

ROOT CAUSE	<i>Other: factors beyond the control of UNFPA.</i>
IMPACT	<i>Cost saving opportunities, increasing funds available for programing, may not be realized.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 16

PRIORITY: MEDIUM

In collaboration with the United Nations Country Team, advocate for the extension of the VAT exemption to activities executed through non-governmental Implementing Partners using UN funds. Should it not be possible to generalize the exemption, reassess the implementation modality for workplans involving significant purchases of taxed goods and services.

<u>RESPONSIBLE MANAGER:</u> <i>Representative</i>	<u>STATUS:</u> <i>Agree</i>
<u>MANAGEMENT ACTION PLAN:</u>	<u>DUE DATE:</u> <i>September 2018</i>

The Office has been working on the matter of obtaining VAT exemption for goods and services purchased by its IPs for a while now and it is unlikely that it will be resolved expeditiously. The Office will, however, continue exploring avenues to resolve the matter. In the meantime, the Office will now prioritise using UNFPA processes where there are significant purchases to be made by IPs.

OAIS COMMENTS ON MANAGEMENT RESPONSE: *The status of implementation of the recommendation reported by Management is acknowledged by the audit, and will be validated as part of the internal audit recommendation follow-up process.*

C.4 – GENERAL ADMINISTRATION

SOME IMPROVEMENT NEEDED

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

Travel management

106. Travel expenses incurred by the Office during the period under review amounted to USD 2.0 million. Audit work performed in the area of travel included a walk-through of the travel process and testing of a sample of 21 travel-related transactions amounting to approximately USD 0.2 million (10 per cent of total travel expenses) for appropriateness of business purpose, compliance with policies and procedures and operating effectiveness of the controls over: (a) the procurement of travel services; and (b) the authorization, calculation and payment of daily subsistence allowances (DSA).

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

Comply with policy procedures for the payment of travel advances

108. DSA payments amounting to USD 90,000 were made, in advance, to individual consultants on a 100 per cent basis instead of the policy-prescribed 80 per cent. Policy requires payment of the remaining balance of 20 per cent on a reimbursement basis, through separate travel claims, following delivery of work and other deliverables.

¹⁶ Best estimate based on the accounting data available at the time of the audit fieldwork.

ROOT CAUSE *Guidance: inadequate supervision at Office level.*
 IMPACT *The Office may not be able to recover unutilized or unearned allowances.*
 CATEGORY *Compliance*

RECOMMENDATION 17

PRIORITY: MEDIUM

Pay travel advances to consultants in accordance with the Duty Travel Policy.

RESPONSIBLE MANAGER: *Representative* STATUS: *Agree*

MANAGEMENT ACTION PLAN: DUE DATE: *Implemented*

Effective October 2017, consultants are paid 80 per cent of DSA upfront and the remaining 20 per cent payable as a reimbursement or as a claim usually, towards the end of the contract.

OAIS COMMENTS ON MANAGEMENT RESPONSE: *The status of implementation of the recommendation reported by Management is acknowledged by the audit, and will be validated as part of the internal audit recommendation follow-up process.*

Asset management

109. In the period under review, the Office held fixed assets with a cost of USD 0.6 million. The most significant categories of fixed assets procured were vehicles and office and information technology equipment. Audit work performed in this area included the review of a sample of fixed asset accounting adjustment transactions, as well as of assets procured since 2015, at a cost of USD 0.3 million (50 per cent of the value of fixed assets procured) for appropriateness of business purpose and compliance with the asset management policies and procedures.

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

Enhance asset management practices

111. The audit noted that information recorded by the Office with regard to the handover of assets to IPs was incomplete, missing details such as a vehicle identification number. Information recorded in the Assets Management Certification provided by the Office for the year 2016 was incomplete. In addition, there was no evidence of the review and sign-off by Office Management, of the results of physical asset counts and inspections, as required by applicable policy.

ROOT CAUSE *Guidance: inadequate supervision at Office level.*
 IMPACT *Increased risk of incorrect asset reporting or asset losses.*
 CATEGORY *Compliance*

RECOMMENDATION 18

PRIORITY: MEDIUM

Record all the requisite details for the handover of assets to Implementing Partners and Assets Management Certification, and document the review and sign-off of physical asset counts.

RESPONSIBLE MANAGER: *Representative* STATUS: *Agree*

MANAGEMENT ACTION PLAN: DUE DATE: *March 2019*

The International Operations Manager will develop a checklist with all necessary details related to items to be handed over that should be recorded. All physical asset counts will be documented with oversight by the International Operations Manager. In addition, the assets management focal person will be re-trained. A review of roles and responsibilities is being undertaken as part of the human resources realignment process.

ANNEX 1 - DEFINITION OF AUDIT TERMS

A. AUDIT RATINGS

Audit rating definitions, adopted for use in reports for audit engagements initiated as from 1 January 2016,¹⁷ are explained below:

<ul style="list-style-type: none"> ▪ Effective 		<p>The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issue(s) and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area’s objectives.</p>
<ul style="list-style-type: none"> ▪ Some improvement needed 		<p>The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issue(s) and improvement opportunities identified did not significantly affect the achievement of the audited entity/area objectives. Management action is recommended to ensure that identified risks are adequately mitigated.</p>
<ul style="list-style-type: none"> ▪ Major improvement needed 		<p>The assessed governance arrangements, risk management practices and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.</p>
<ul style="list-style-type: none"> ▪ Not effective 		<p>The assessed governance arrangements, risk management practices and controls were not adequately established or functioning to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issues identified could seriously compromise the achievement of the audited entity or area’s objectives. Urgent management action is required to ensure that the identified risks are adequately mitigated.</p>

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.

¹⁷ Based on the proposal of the Working Group on harmonization of engagement-level audit ratings approved by the United Nations Representatives of Internal Audit Services (UN-RIAS) in September 2016

C. PRIORITIES OF AGREED MANAGEMENT ACTIONS

Agreed management actions are categorized according to their priority, as a further guide to Management in addressing the related issues in a timely manner. The following priority categories 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 management actions, 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

Acronym	Description
CIP	Costed Implementation Plan
DHIS 2	District Health Information Software 2
DHS	Demographic Health Survey
DSA	Daily Subsistence Allowance
ERM	Enterprise Risk Management
EVD	Ebola Virus Disease
FACE	Funding Authorization and Certificate of Expenditure
GDP	Gross Domestic Product
GPS	Global Programming System
IP	Implementing Partner
LMIS	Logistics Management and Information System
MOHS	Ministry of Health and Sanitation
NEX	National Execution
OAIS	Office of Audit and Investigation Services
OFA	Operating Fund Account
PHU	Primary Health Unit
PSB	Procurement Services Branch
QPR	Quarterly Portfolio Review
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UN-RIAS	United Nations Representatives of Internal Audit Services
USD	United States Dollars
VAT	Value added tax
WCARO	West and Central Africa Regional Office
WASH	Water, Sanitation and Hygiene