



## **United Nations Population Fund**

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

### **OFFICE OF AUDIT AND INVESTIGATION SERVICES**

#### **AUDIT OF THE UNFPA COUNTRY OFFICE IN GUINEA-BISSAU**

**FINAL REPORT**  
N° IA/2019-09

**05 July 2019**

TABLE OF CONTENTS

<b>I. OBJECTIVES, SCOPE AND METHODOLOGY .....</b>	<b>6</b>
<b>II. BACKGROUND .....</b>	<b>7</b>
<b>III. DETAILED FINDINGS.....</b>	<b>8</b>
<b>A. OFFICE GOVERNANCE.....</b>	<b>8</b>
<i>Good practices identified .....</i>	<i>8</i>
<b>A.1 – OFFICE MANAGEMENT.....</b>	<b>8</b>
<i>Provide more training and guidance to strengthen the quality of information and use of the Strategic Information System .....</i>	<i>8</i>
<b>A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING .....</b>	<b>9</b>
<i>Develop and implement an action plan to address work environment issues .....</i>	<i>9</i>
<i>Timely fill vacant positions .....</i>	<i>10</i>
<i>Improve staff Performance Appraisal and Development process .....</i>	<i>10</i>
<i>Improve staff capacity through training .....</i>	<i>11</i>
<b>A.3 – RISK MANAGEMENT.....</b>	<b>12</b>
<i>Strengthen the process for assessing and managing risks .....</i>	<i>12</i>
<b>B. PROGRAMME MANAGEMENT .....</b>	<b>13</b>
<i>Good practices identified .....</i>	<i>13</i>
<b>B.1 – PROGRAMME PLANNING AND IMPLEMENTATION .....</b>	<b>13</b>
<i>Ensure the alignment of planned programme activities and results to the approved Country Programme .....</i>	<i>14</i>
<i>Significantly accelerate the implementation of the Peacebuilding project.....</i>	<i>14</i>
<i>Ensure effective engagement of key stakeholders for better coordination and stewardship of programme activities .....</i>	<i>15</i>
<b>B.2 – NATIONAL EXECUTION .....</b>	<b>16</b>
<i>Streamline the process for engaging implementing partners .....</i>	<i>16</i>
<i>Strengthen workplan management process .....</i>	<i>17</i>
<b>B.3 – INVENTORY MANAGEMENT.....</b>	<b>18</b>
<i>Significantly improve implementing partners’ logistical management capacity and Office’s monitoring .....</i>	<i>18</i>
<b>B.4 – MANAGEMENT OF NON-CORE FUNDING .....</b>	<b>20</b>
<i>Continue to strengthen the Office’s resource mobilization efforts .....</i>	<i>20</i>
<b>C. OPERATIONS MANAGEMENT.....</b>	<b>21</b>
<i>Good practices identified .....</i>	<i>21</i>
<b>C.1 – HUMAN RESOURCES MANAGEMENT .....</b>	<b>21</b>
<b>C.2 – PROCUREMENT.....</b>	<b>21</b>
<i>Timely initiate the procurement process of inventory items .....</i>	<i>21</i>
<i>Improve compliance with procurement policies and procedures.....</i>	<i>23</i>
<b>C.3 – FINANCIAL MANAGEMENT.....</b>	<b>23</b>
<i>Ensure that financial transactions are correctly coded .....</i>	<i>24</i>
<b>C.4 – GENERAL ADMINISTRATION .....</b>	<b>24</b>
<i>Submit travel requests and expense claims within policy timelines.....</i>	<i>24</i>
<i>The Office will continue its efforts to better plan travels and raise awareness of staff regarding the travel policy during programme and operations meetings. ....</i>	<i>25</i>
<i>Systematically use the asset custody form to document transfer of asset custodianship .....</i>	<i>25</i>
<b>C.5 – SECURITY.....</b>	<b>25</b>
<i>Improve security measures .....</i>	<i>26</i>

**ANNEX 1 - DEFINITION OF AUDIT TERMS..... 27**

**GLOSSARY ..... 29**

## EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) performed an audit of the UNFPA Country Office in Guinea-Bissau (the Office). The audit covered the period from 01 January 2017 to 30 June 2018. Programme delivery and operational activities pertaining to other periods were covered by the audit, as appropriate.

### Background

2. The activities covered by the audit correspond to the second and third years of the sixth Country Programme 2016–2020, approved by the Executive Board in its second regular session 2015, with indicative resources of USD 11.0 million.

3. Expenses covered by the audit amounted to USD 3.0 million, executed by eight Implementing Partners (USD 0.5 million) and by UNFPA (USD 2.5 million), funded from core resources of USD 1.9 million and non-core resources of USD 1.1 million. In addition, the audit covered the supply of reproductive health commodities, procured primarily with funding provided by the UNFPA Supplies programme, totalling USD 0.5 million.

4. Approximately 59 per cent of expenses incurred in the period under review corresponded to the Sexual and Reproductive Health component. The Population and Development, Gender Equality, and Adolescents and Youth components accounted for 14 per cent, 11 per cent, and 8 per cent of expenses incurred, respectively. Costs funded from the Institutional Budget and programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 7 per cent of expenses.<sup>1</sup>

### Methodology and scope

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

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

### Audit rating<sup>2</sup>

7. The overall audit rating is **“Not Effective”**, which means that 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. 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.

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

<sup>1</sup> Source: Cognos reports

<sup>2</sup> See complete set of definitions in Annex 1

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

Key findings and recommendations

9. The audit identified some good practices, as well as areas that require Management attention, some of a strategic nature, and others related to operational, reporting and compliance matters. Overall, the audit report includes 11 high priority and 9 medium priority recommendations designed to help the Office improve its programme delivery and operations. Of the 20 recommendations, 3 are of strategic nature; 12 refer to operational, one to reporting and 4 to compliance matters.

*Good practices*

10. The audit identified several good practices implemented by the Office, mostly in line with the established policies and procedures. From a governance perspective, the Office registered high completion rates for the performance appraisal and development process. In addition, detailed handover notes were prepared upon departure of the former Representative. From a programme management perspective, the Office secured programme country contribution to UNFPA core resources, reflecting the political support to UNFPA mandate. Finally, in the area of operations management, the Office registered high completion rates of security trainings and was consistently represented in the United Nations Security Management Team meetings.

*Strategic level*

11. At strategic level, there is a need to timely fill vacant positions, perform a more rigorous risk assessment and develop adequate mitigation measures, and implement supervisory controls to ensure the alignment of planned results and activities to approved country programme.

*Operational level*

12. From a governance perspective, the Office needs to improve its use of the Strategic Information System to plan, monitor, and report on Office activities. The Office also needs to develop and implement an action plan to address work environment issues; improve staff capacity through training; and strengthen the quality of the staff performance appraisal and development process by ensuring alignment of individual performance appraisals to the Office plan and systematically defining targets for all performance appraisal outputs.

13. In the area of programme management, the Office should ensure effective engagement of key stakeholders for better coordination and effectiveness of programme activities, and streamline the process for engaging implementing partners. There is also a need to strengthen the work planning process and resource mobilization capacity, and accelerate the implementation of the peacebuilding project. Finally, the Office needs to significantly improve the logistical management capacity of those implementing partners entrusted with inventory, as well as its own monitoring process.

14. Timely initiation of the procurement process for inventory items would help ensure the timely receipt of the corresponding goods for programme implementation.

*Reporting level*

15. The Office needs to strengthen supervisory controls to prevent the recording of transactions to erroneous account codes.

*Compliance level*

16. The Office should ensure compliance with the policies and procedures mainly those related to procurement competition and timely submission of travel requests and travel expense claims. There is also a need to improve security measures and compliance with the requirement to use the asset custody form to document the transfer of asset custodianship to implementing partners.

Management response

17. The Office would like to thank the OAS team, the West and Central Africa Regional Office and the different Headquarters units for their assistance throughout the audit. The Office generally agrees with the audit findings and recommendations and will take appropriate actions to improve operations excellence.

18. The OAS team would like to thank the Management and personnel of the Office, of 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 2017 to 30 June 2018. 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 Guinea-Bissau.
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 a team of an OASIS audit specialist supported by individual consultants. The audit started on 08 October 2018. A field mission took place from 12 to 29 November 2018. Preliminary findings and recommendations resulting from the audit were discussed with the Office Management at an exit meeting held on 29 November 2018. Comments and clarifications provided by Management thereafter were reflected in a draft report submitted to the Office Management on 03 May 2019, and a final Management response received on 03 July 2019.

## II. BACKGROUND

6. Guinea-Bissau has a population of approximately 1.9 million and an annual population growth rate of 2.4 per cent. The population is predominately poor, with more than two-thirds living on less than USD 1.9 a day.

7. The country fertility rate, mainly among young people, is high (4.5 children per woman), and so is maternal mortality (549 deaths per 100,000 live births in 2015). The modern contraceptive prevalence rate is low (14.4 per cent) and the unmet need for family planning is high at 22.3 per cent. It is estimated that 45 per cent of girls and women aged 15 to 49 have undergone a female genital mutilation. Child marriage affects 24 per cent of girls under the age of 18 and 6 per cent of girls under 15.

8. The activities covered by the audit correspond to the second and third years of the sixth Country Programme 2016–2020, approved by the Executive Board in its second regular session 2015, with indicative resources of USD 11.0 million.

9. Expenses covered by the audit amounted to USD 3.0 million, executed by eight Implementing Partners (IP) (USD 0.5 million) and by UNFPA (USD 2.5 million), funded from core resources of USD 1.9 million and non-core resources of USD 1.1 million. In addition, the audit covered the supply of reproductive health commodities, procured primarily with funding provided by the UNFPA Supplies programme, totalling USD 0.5 million.

10. Approximately 59 per cent of expenses incurred in the period under review corresponded to the Sexual and Reproductive Health component. The Population and Development, Gender Equality, and Adolescents and Youth components accounted for 14 per cent, 11 per cent, and 8 per cent of expenses incurred, respectively. Costs funded from the Institutional Budget and programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 7 per cent of expenses.<sup>3</sup>

11. The UNFPA main Office in Guinea-Bissau is located in the city of Bissau. During the period under review, the Office was managed by a Representative assisted by an Assistant Representative and an Operations Manager.

---

<sup>3</sup> Source: Cognos reports

**III. DETAILED FINDINGS**

<b>A. OFFICE GOVERNANCE</b>	<b>MAJOR IMPROVEMENT NEEDED</b>
-----------------------------	---------------------------------

Good practices identified

12. The audit identified the following good practices in the area of governance which were in line with established policies and procedures:

- a) The Office registered high completion rates for all three phases of the Performance Appraisal and Development (PAD) process; and
- b) Detailed handover notes were prepared by the former Representative and submitted to the Regional Office upon her departure in October 2018 to help her successor carry out his duties.

<b>A.1 – OFFICE MANAGEMENT</b>	<b>SOME IMPROVEMENT NEEDED</b>
--------------------------------	--------------------------------

13. Audit procedures performed in this area included the review of: (a) the Office planning process in 2018; (b) the relevance of the 2018 annual management plan and the implementation level of activities in 2017; (c) the alignment of the 2017 and 2018 performance plans of key personnel to Office priorities; (d) the effectiveness of Management oversight of programme delivery and operational activities; (e) the accuracy of the Office 2017 annual report data; and (f) the level of familiarization of Office personnel with UNFPA policies and procedures.

14. Based on the work performed, the audit identified one matter that requires Management attention.

Provide more training and guidance to strengthen the quality of information and use of the Strategic Information System

15. The Office used the Strategic Information System (SIS) to plan, monitor and report on its activities whereby each output: (a) is linked to a UNFPA Strategic Plan outcome and output; (b) has at least one output indicator with at least one quarterly milestone; and (c) has a responsible team working on/tracking the achievement of the yearly output indicator targets and their quarterly milestones. The review of 2018 results plan and 2017 annual report indicated issues with the formulation of milestones and accuracy of reported results.

16. In 10 instances, mainly related to Gender Based Violence, youth and adolescent, and population development components, established milestones were not defined to capture the quantitative or qualitative achievement of targets. For example, for output indicator ‘Health facilities with stock-outs for modern contraceptives’, the milestone was the availability of the commodity security survey’s stock-out results. Similarly, for output indicator ‘Number of regions with gender-based violence treatment protocols implemented’, the defined milestone was the availability of the report on the implementation of gender-based violence treatment protocols in each of the last three quarters.

17. Reported results were not always accurate. For two output indicators out of the seven tested, issues noted included conflicting information in the narrative section of the report and inconsistent results reported in the team leader’s PAD.

18. Issues related to the formulation of milestones and accuracy of reported results, caused by lack of training and supervision, have been raised by OAIS in other reports.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>Inadequate formulation of milestones and inaccurate results reporting diminishes Management’s ability to objectively measure achievements and take informed decisions.</i>
CATEGORY	<i>Operational</i>

**RECOMMENDATION 1**

**PRIORITY: MEDIUM**

*Provide training to and raise the awareness of personnel involved in results planning, monitoring and reporting processes to ensure formulation of quality milestones and reporting of accurate results; and monitor compliance thereof.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2020*

*The Office takes note of the recommendation and will carry out the following actions to address the corresponding audit findings:*

- 1. Organize for all Programme Officers training sessions on SIS and Results-Based Management;*
- 2. Formally re-assign staff members to be in charge of each result in SIS/myResults, taking into consideration the staff job description. In addition, a senior staff will be assigned to oversee the process;*
- 3. Regularly monitor the SIS/myResults planning and reporting to ensure proper formulation of milestones, compliance with the deadlines and accuracy of data reported;*
- 4. Provide evidences supporting the data reported in the system; and*
- 5. Ensure all results reported in team leaders' PADs are based /linked to SIS results.*

**A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING**

**MAJOR IMPROVEMENT NEEDED**

19. At the time of the audit field mission, the Office had 15 approved staff posts – including 3 international and 7 national professional posts, 5 general service posts; 10 posts are programme-related – and 4 United Nations Volunteers. An additional post was covered under the Service Contract modality.

20. Audit work performed in this area included a review of: (a) the alignment of the organizational structure and personnel arrangements with the requirements for Office programme delivery 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.

21. Based on the work performed the audit noted the following matters that need Management attention.

*Develop and implement an action plan to address work environment issues*

22. Work environment issues were raised by staff members and management during the audit. Some of these issues were reflected in the 2016 Global Staff Survey,<sup>4</sup> the results of which were not shared with the staff. A team building exercise was conducted in 2017 with the support of the Regional Office. However, the Office Management did not provide evidence of development and implementation of a comprehensive action plan to address the issues identified in the staff survey.

ROOT CAUSE *Guidance: Lack of supervision at the Office level.*

IMPACT *The Office's work environment may negatively be impacted by unaddressed issues, diminishing the effectiveness and efficiency of programme delivery and operational activities.*

CATEGORY *Operational*

**RECOMMENDATION 2**

**PRIORITY: HIGH**

*Leveraging on the Global Staff Survey, develop and implement a comprehensive action plan to address work environment issues.*

<sup>4</sup> The GSS 2018 did not have a sufficient response rate to yield a separate report.

**MANAGER RESPONSIBLE FOR IMPLEMENTATION:**

*Representative, with support from the Directors, West and Central Africa Regional Office (WCARO) and Division for Human Resources* **STATUS:** Agree

**MANAGEMENT ACTION PLAN:**

**DUE DATE:** October 2020

*The Office will leverage on the 2016 Global Staff Survey together with the recommendations of the 2017 team building retreat to develop and implement a comprehensive action plan to address the work environment issues. Furthermore, the Office Management will promote staff well-being, including work-life balance initiatives.*

Timely fill vacant positions

23. At the time of the audit field mission, 3 out of the 10-approved programme positions were vacant. The Office Management explained that the recruitment of one vacant position was no longer pursued as the post was frozen. For the two other positions, including that of peacebuilding Project Coordinator, the Office explained that the recruitment process was undertaken, but the candidates selected turned down the offers.

24. The review of the documentation related to the peacebuilding Project Coordinator recruitment revealed significant time elapsed and delays in the process, with candidates eventually interviewed in August 2018, or eight months after the project starting date. Similar issues were also noted for the recruitment of two national positions that were completed 12 and 19 months, respectively, after the closure date of the corresponding vacancy announcement. In all instances reviewed, the delays could have been avoided through a better planning of the recruitment process.

ROOT CAUSE *Guidelines: Inadequate planning.*

IMPACT *Misalignment of the Office structure and personnel to programme and operational needs adversely affects the achievement of intended results.*

CATEGORY *Strategic*

**RECOMMENDATION 3**

**PRIORITY: MEDIUM**

*Timely initiate the recruitment process to fill vacant positions for a better alignment of the Office staffing to programme delivery and operational requirements.*

**MANAGER RESPONSIBLE FOR IMPLEMENTATION:** *Representative*

**STATUS:** Agree

**MANAGEMENT ACTION PLAN:**

**DUE DATE:** *Implemented May 2019*

*All vacant posts, which include the Peacebuilding Project Coordinator, the Administrative and Finance Assistant for the peacebuilding project, the Communications Officer and the Personal Assistant to the Representative, were filled by May 2019. The status of vacant positions and the progress made to fill them will be an agenda item for all management meetings.*

**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.*

Improve staff Performance Appraisal and Development process

25. The review of the Office annual plans and staff PADs for a sample of key staff members indicated instances of misalignment of the Office plan with staff PADs. For example, in 10 instances in 2017 and in 8 in 2018, Office plan output indicators were not reflected in the corresponding team leaders' PADs. Out of these 18 output indicators, 6 were included in the PAD of a different team member (4 in 2017 and 2 in 2018). Discrepancies were also noted in the targets set in the team leaders' PADs and those defined in the results plan – impacting eight output indicators in 2017 and one output indicator in 2018.

26. Further, targets were not always set for PAD indicators in order to measure results. While the Office annual plan targets could be used as a reference for those output indicators imported directly from the Office plan in SIS, for other output indicators, a definition of targets in PADs is a prerequisite for objective performance assessment. In 6 of the 12 PADs tested, output indicators did not include such targets or indicators could not be related to targets in the Office plan.

27. These issues, mainly caused by lack of training, have been raised by OAS in other reports.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Lack of supervision at Office level.</i>
IMPACT	<i>Misalignment of Office plan and staff PADs may diminished the Office's ability to achieve its results and objectives.</i>
CATEGORY	<i>Operational.</i>

**RECOMMENDATION 4**

**PRIORITY: MEDIUM**

*Raise the awareness of staff members and implement monitoring controls to ensure the alignment of staff PADs to the Office annual plan, and the systematic inclusion of targets for all PAD output indicators.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2020*

*The Office takes note of the audit finding and will:*

- 1. Organize learning sessions for all staff on the development, review and assessment of the PAD, stressing the need for the staff to use the set performance indicators, as well as connecting individuals PAD to the Office annual plan.*
- 2. Raise the attention of SIS team leaders and focal points during programme and management meetings, to ensure clear alignment between SIS and PAD output indicators, making sure that there are measurable indicators with baseline and targets in PADs.*

*Improve staff capacity through training*

28. During the period under review, staff members planed their learning in Atlas Learning Management System (ELMS) and recorded their intended development outputs in their respective PADs. Simultaneously, the Office developed a comprehensive training plan to provide Office Management with an overview of planned training activities and help prioritize training needs.

29. The review of Atlas ELMS indicated records were not always accurate and consistent with the Office training plan and staff members' PADs. Noted discrepancies included training activities in the Office plan which were not reflected in Atlas ELMS, and training completion status in PADs inconsistent with that in Atlas ELMS.

30. Further, a number of mandatory training courses were not completed. Partial completion of mandatory training was reported by staff members in five out of the six 2017 PADs reviewed. Similarly, some training courses, mainly those related to the Distance Learning on Population Issues (DLPI) Programme – UNFPA's core learning programme on the key concepts and issues relevant to UNFPA's mandate – were not planned for and taken by relevant staff.

31. Lack of training was identified as the root cause for many issues identified by this audit and are discussed throughout this report, including those related to staff performance management, Global Programming System (GPS) work planning, IP management, inventory management, resource mobilization, and procurement.

ROOT CAUSE	<i>Guidelines: Inadequate planning. Guidance: Lack of supervision at Office level.</i>
IMPACT	<i>Inadequate planning and implementation of training activities may cause capacity gaps and adversely impact programme delivery.</i>
CATEGORY	<i>Operational.</i>

**RECOMMENDATION 5**

**PRIORITY: HIGH**

*Strengthen training planning process through more rigorous prioritization of planned training activities, considering programme delivery requirements and staff development needs; periodically review Atlas learning records to ensure that approved training activities and the completion status are accurately reflected.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2020*

*The Office will strengthen training planning process through more rigorous prioritization of training activities. Taking into account programme delivery requirements and staff development needs Management will:*

- 1. Establish a formal review and approval process of the training plan;*
- 2. Ensure alignment of planned training activities with programme delivery requirements and staff development needs; and*
- 3. Conduct annual review of Atlas records to ensure their accuracy and completeness.*

### A.3 – RISK MANAGEMENT

### MAJOR IMPROVEMENT NEEDED

32. Audit work performed in this area consisted of the review of the latest fraud and operational risk assessments completed by the Office, the process followed for identifying and assessing risks, and the actions undertaken to mitigate them.

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

*Strengthen the process for assessing and managing risks*

34. The risk assessment 2018 cycle, including the fraud risk assessment, was prepared and finalized by the Office, and validated by the Regional Office, in June 2018 using the ‘myRisks’ functionality of SIS. Its review indicated that risk levels assigned were not always realistic on account of the risks intrinsic to the environment within which programme delivery and operational activities take place, as well as the control gaps identified by this audit.

35. The most significant discrepancies are:

- a) The risk of not being able to attract new or non-traditional donors (assessed ‘low’) – while the Office has low resource mobilization capacity and the presence and interest of development donors is low;
- b) The risk of operational constraints (i.e. unmet operational demands) leading to risk of non-delivery of programme results (assessed ‘medium’) – although IP capacity is weak: five out of seven IPs engaged by the Office in 2018 had micro-assessment ratings of high or significant risk and all three IPs audited in 2017 for the 2016 audit cycle had either qualified or adverse audit opinions; and
- c) The risk of high reliance on static (i.e. overly influenced by large partnerships or local partners’ capacity issues) or few implementing partners (assessed ‘low’) – despite the limited spectrum of potential IPs and therefore, the Office’s inability to conduct an IP competitive selection.

36. According to the applicable policy, the development of action plans is only required to mitigate ‘critical’ and ‘high’ risks – which leaves lower-assessed risks without proper mitigation.

37. Further, at the time of the audit fieldwork, the Office had not developed and documented action plans to mitigate the critical and high risks identified.

38. Similar issues related to inadequate assessment of risks and development of mitigating measures were raised by OAS in previous reports.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the Headquarters and/or Regional and Country Office level.</i>
IMPACT	<i>The ability to develop and implement appropriate mitigating measures to address identified risks is limited.</i>
CATEGORY	<i>Strategic.</i>

**RECOMMENDATION 6****PRIORITY: HIGH**

*With support from the West and Central Africa Regional Office, the ERM Lead and the ERM Specialist, perform a more rigorous risk assessment, taking into consideration, inter alia, the assignment of appropriate risk ratings in accordance with the materiality and complexity of the assessed areas, and develop and document appropriate mitigation action plans to address identified significant risks.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

*Representative, with support from the Director, West and Central Africa Regional Office; the Director, Division for Management Services as ERM Lead and the ERM Specialist*

STATUS: AgreeMANAGEMENT ACTION PLAN:DUE DATE: June 2020

*The Office takes note of the finding and will improve its risk assessment exercise process in collaboration with Headquarters and the Regional Office, to ensure that risks are identified and appropriate ratings and mitigating measures are in place. Furthermore, the Regional Office will work with the Office to conduct a more coherent risk assessment.*

**B. PROGRAMME MANAGEMENT****NOT EFFECTIVE**Good practices identified

39. The audit identified the following good practice in the area of programme management, which could be considered for replication by other Country Offices:

- a) The Office was successful in securing programme country contribution to UNFPA regular resources from the host government in 2015 and 2017, reflecting the political support to the UNFPA mandate.

**B.1 – PROGRAMME PLANNING AND IMPLEMENTATION****NOT EFFECTIVE**

40. Activities implemented by the Office during the period under review, with related expenses covered by the audit of USD 2.2 million, inclusive of programme coordination and assistance costs, corresponded primarily to six outputs of the second and third years of the sixth Country Programme 2016–2020, corresponding to financial implementation rates of 97 per cent in 2017 and 58 per cent as at 30 June 2018, measured based on annual budgets allocated in Atlas. Programme implementation activities during the period under review related mainly to: (a) the provision of sexual and reproductive health services, including maternal health and family planning services; (b) evidence-based analysis on population dynamics; (c) gender equality and women empowerment; and (d) adolescent and youth sexuality education.

41. Activities were implemented by UNFPA, with related expenses of USD 1.7 million (79 per cent of programme implementation expenses in the period under review) and financial implementation rates of 99 per cent in 2017, and 64 per cent as at 30 June 2018. A large portion of the expenses related to UNFPA-implemented activities corresponded to personnel and facilities costs and the procurement of inventory. Activities were also implemented by eight IPs engaged by the Office, with related expenses of USD 0.5 million (21 per cent of programme implementation expenses in the period under review) and financial implementation rates of 92 per cent in 2017 and 17 per cent as at 30 June 2018. Section B.2 of the report provides further details on IP-implemented activities. In the period under review, programme implementation activities were funded from core resources of USD 1.1 million and non-core resources of USD 1.1 million.

42. Audit work performed in this area focused on three outputs with aggregate expenses of USD 1.2 million during the period under review (55 per cent of programme implementation expenses) and included: (a) a review of the workplans related to the outputs selected, for both 2017 and 2018; (b) an assessment of the process followed to prepare, cost and approve these workplans; (c) the review of monitoring reports and other evidence of programme implementation; and (d) site visits to two facilities delivering reproductive health services funded by the Office.

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

Ensure the alignment of planned programme activities and results to the approved Country Programme

44. The review of the Office's 2018 results plan indicated that two Country Programme output indicators were not tracked in SIS, namely: (a) 'Health facilities with stock-outs for modern contraceptives'; and (b) 'Number of sex worker-led organizations benefiting from programmes addressing HIV prevention and their sexual and reproductive health needs'.

45. Office Management attributed the lack of planning and tracking of the second Country Programme output indicator in SIS to shortage of funding. A recommendation to strengthen the Office's resource mobilization capacity is raised later in this report (see paragraphs 70-74), hence no additional recommendation in this regards is made herein.

46. Similarly, the comparison of the 2018 SIS results plan to the GPS workplans revealed instances of misalignment, impacting output indicators (two instances) and output indicators' baselines and targets (six instances). These issues stem from an absence of supervisory controls to ensure that all Country Programme output indicators are captured in SIS and the corresponding activities are properly planned in GPS.

ROOT CAUSE *Guidance: Lack of supervision at the Office level.*

IMPACT *The ability to monitor and achieve expected programme results may be diminished.*

CATEGORY *Strategic*

**RECOMMENDATION 7****PRIORITY: HIGH**

*Leveraging on the new Policy and Procedure for Preparation, Management and Monitoring of Workplan (issued in August 2018), improve planning of programme activities and tracking of output indicators by developing a process to align planned activities in the Global Programming System and planned results in the Strategic Information System to the approved Country Programme.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2020*

*The Office takes note of the finding and will ensure better alignment between the Global Programming System (GPS), the Strategic Information System (SIS) and the Country Programme Document by:*

- 1. Organizing training sessions and learning afternoons on Results-Based Management, results planning in SIS and GPS workplanning;*
- 2. Implementing supervisory control to ensure the alignment of SIS output indicators to the approved country programme; and*
- 3. Implementing supervisory control to ensure the alignment of GPS workplan to the SIS results plan.*

Significantly accelerate the implementation of the Peacebuilding project

47. In December 2017, the Office received USD 0.5 million, representing the first tranche of peacebuilding funding for an 18-month joint project with two other UN organizations, aiming at empowering women and youth to engage in the country's political life to consolidate peace and socioeconomic development. A second tranche, of USD 0.2 million, was scheduled to be released, conditional upon (a) the submission of a substantive progress report and (b) reaching an implementation rate of at least 80 per cent by March 2019.

48. As at December 2018, the Office had neither an approved GPS workplan covering the project activities nor had started any implementation. Consequently, no disbursements of the funds received were made. There was no likelihood that the Office would meet conditions (a) and (b) by the set deadline.

49. The Office Management attributed the delay in implementing the project to the delay in recruiting the Project Coordinator and to the prevailing country situation with postponed legislative elections. In consultation with the other United Nations organizations involved, the Office explained it intends to submit a request for a no-cost extension to the Steering Committee to allow the implementation of said project activities.

ROOT CAUSE	<i>Guidelines: Inadequate planning. Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>Diminished ability to achieve programme results and mobilize additional resources.</i>
CATEGORY	<i>Operational</i>

**RECOMMENDATION 8**

**PRIORITY: HIGH**

*Accelerate the implementation of the Peacebuilding project through (a) timely planning and approving project activities in the Global Programming System, (b) promptly filling the Project Coordinator’s position; and (c) submit the request for no-cost extension to the Peacebuilding Steering Committee, including a realistic timeframe to complete project activities.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *January 2020*

*The Office acknowledges the audit recommendations and has already taken the following actions to mitigate the findings:*

- 1. The planning and approval of the project activities in GPS was done on 23 January 2019;*
- 2. The Project Coordinator was on boarded on 07 January 2019; and*
- 3. The request for no-cost extension is being prepared for submission to the Peacebuilding Fund Steering Committee.*

*Ensure effective engagement of key stakeholders for better coordination and stewardship of programme activities*

50. The Office financed the construction of a surgery room through a modification of an existing maternity ward and supplied the necessary equipment. However, as noted during the audit fieldwork, this room has not been used since its completion in 2017 and inquiries from the health facility staff revealed that they consider the room too small. The main IP (Ministry of Public Health), contacted during the audit fieldwork, stated that the floor plans were prepared by the Ministry’s architect and are consistent with the country standards. The Office Management offered to enlarge the surgery room, but the IP refused as it deemed its size adequate. The issue raises concerns of ineffective stewardship of funds, especially since surgical facilities in the country are scarce and the lack or inaccessibility thereof is a risk factor for maternal death<sup>5</sup> as reported by Office Management.

51. In addition, as part of the UNFPA-UNICEF joint programme on abandonment of Female Genital Mutilation (FGM), the Office engaged a government IP to develop an updated national strategy on FGM; however, this IP was unable to finalize the expected strategy and, as a result, was not engaged in 2018. However, due to lack of coordination, the development of the same strategy was simultaneously undertaken by UNICEF, in partnership with a different government IP. This issue raises concerns of ineffective stewardship of funds.

ROOT CAUSE	<i>Guidelines: Inadequate planning. Guidance: Inadequate supervision.</i>
IMPACT	<i>Lack of proper planning and coordination of programme activities, including joint ones, may lead to inefficient use of scarce resources and diminish the ability to achieve programme results.</i>
CATEGORY	<i>Operational.</i>

**RECOMMENDATION 9**

**PRIORITY: HIGH**

*In consultation with Government counterparts (i.e. Ministry of Public Health and Health Facility Authority), explore options to make the surgery room operational and implement the most effective and efficient one.*

<sup>5</sup> Guinea Bissau has one of the 20 highest maternal death rates in the world, according to 2015 United Nations data.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2020*

*On 18 April 2019, the Office held a meeting with the regional health authorities and Senior Managers from the Ministry of Health to find ways to make the surgery room functional. Management will continue to deploy efforts and conduct necessary follow-up actions to address the issue.*

**RECOMMENDATION 10**

**PRIORITY: HIGH**

*Better coordinate joint programme activities with UNICEF and key Government stakeholders to ensure the effectiveness of implemented activities.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2020*

*The Office acknowledges the issue and has already taken measures to address it. Several coordination meetings have been held with UNICEF since November 2018. The Office Management will pay particular attention to proper coordination of joint programmes through collection of feedback from involved partners.*

**B.2 – NATIONAL EXECUTION**

**MAJOR IMPROVEMENT NEEDED**

52. National Execution (NEX) expenses amounted to USD 0.5 million (21 per cent of total programme implementation expenses) in the period under review, corresponding to activities implemented by four Government IPs and four non-governmental organizations (NGO), with financial implementation rates of 92 per cent in 2017 and 17 per cent as at 30 June 2018.

53. As per available information, NEX expenses corresponded primarily to service company costs (USD 0.2 million – 43 per cent of NEX expenses); and training and learning costs (USD 0.2 million – 38 per cent of NEX expenses).

54. IP HACT<sup>6</sup> audits performed in 2018 for the 2017 cycle covered four of the seven IPs engaged by the Office,<sup>7</sup> with aggregated expenses of USD 0.4 million (87 per cent of total NEX expenses in 2017). Three of the four IP audits received unqualified audit opinions. The remaining IP audit received a qualified audit opinion for ineligible expenses amounting to USD 3,643. Insignificant ineligible expenses were also reported in all three other audit reports.

55. Operating Fund Account (OFA) balances, representing funds transferred to IPs for activities not yet implemented, averaged USD 0.04 million quarterly in 2017. Insignificant OFA balances were registered at 31 December 2017 and 30 June 2018.

56. Audit work performed in this area included a 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 Funding Authorization and Certificate of Expenses (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 for IPs engaged by the Office with aggregated programme implementation expenses of USD 0.3 million (approximately 76 per cent of NEX expenses) in the period under review.

57. Based on the work performed in this area, the following matters require Management attention.

*Streamline the process for engaging implementing partners*

58. The Office adopted a practice of re-signing IP agreements with Government IPs annually for the duration of the workplan activities, instead of signing one IP agreement for the entire programme cycle, as prescribed by the applicable policy. The Office Management explained this practice by short-lived Governments experienced by the country in recent years. However, it is noted that the Office could have managed these changes through amendments to signed IP agreements.

<sup>6</sup> Harmonized Approach to Cash Transfers.

<sup>7</sup> An additional IP was engaged in 2018.

59. Further, the Office signed IP agreements in Portuguese, the Office Management explaining that IPs only sign agreements in Portuguese. However, standard IP agreements are available in three UN official languages, i.e. English, French and Spanish. Hence, the Office internally translated the standard IP agreement in Portuguese, but did not seek, and obtain, the required clearance from the Policy and Strategy Division, with involvement of the Legal Unit as appropriate.

ROOT CAUSE	<i>Resources: Inadequate training.</i>
IMPACT	<i>Re-signing IP agreement for the duration of the workplan unduly increases the workload and may delay implementation of programme activities. Lack of clearance of the translated IP agreement may increase the Organization's exposure to risk.</i>
CATEGORY	<i>Operational.</i>

**RECOMMENDATION 11**

**PRIORITY: MEDIUM**

*Engage implementing partners for the duration of the programme cycle and manage changes through amendments to signed agreements; systematically seek clearance from the Policy and Strategy Division and as appropriate of the Legal Unit, regarding translation of the standard agreement.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

*Representative, with support of the Director, Policy and Strategy Division and the Chief, Legal Unit*      STATUS:      *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE:      *January 2021*

*The Office takes note of the finding and will engage Implementing Partners for the duration of the entire programme cycle; and if translation is needed, clearance will be sought from relevant Headquarters units.*

Strengthen workplan management process

60. The workplan management review disclosed several issues, the most significant ones relating to:
- a) The IP workplan signatory was not an authorized officer as identified in the IP agreement (all seven Government IP workplans);
  - b) IP workplans contained one or more activities that were not programmatic in nature (six workplans in 2017 and two workplans in 2018);
  - c) Clear linkages were missing between outputs, indicators and activities (three workplans in 2018); and
  - d) Unjustified differences between workplan budget amounts in GPS and commitment control budgeted amounts in Atlas were found (two workplans in 2017 and nine workplans in 2018), for an absolute total variance of USD 17,600 in 2017 and USD 258,815 in 2018, respectively. It is noted that this issue has been raised by OAIS in past reports as well as by the Board of Auditors.

61. Further, one of the main NGO IPs interviewed raised concerns as to the delayed signature of workplans and the late transfer of funds, adversely impacting timely implementation of programme activities. For instance, the 2018 workplan was signed at the end of July 2018 and the corresponding funding advance received at the end of August 2018. A request for a second advance, submitted in October 2018, was unfulfilled at the end of the audit field mission (end of November 2018). The IP used its own funds to pre-finance activities while waiting for the UNFPA funding.

ROOT CAUSE	<i>Guidance: Lack of supervision at the Office level. Resources: Inadequate training.</i>
IMPACT	<i>Lack of proper planning and budgeting of programmes activities may diminish the effectiveness of monitoring activities and budgetary controls; and increase exposure to risk. Implementation of programme activities may be delayed due to late signature of workplans and late advance of funds, therefore adversely impacting achievement of results.</i>
CATEGORY	<i>Operational.</i>

**RECOMMENDATION 12****PRIORITY: HIGH**

*Establish a more effective workplan management process, with supervisory controls and strengthened Office personnel skills in using the Global Programming System, to ensure that: (a) workplans are timely and duly signed by authorized individuals; (b) workplan activities are of programmatic nature and linked to defined outputs and output indicators; (c) funds are timely advanced to implementing partners; and (c) discrepancies between workplan amounts and commitment control budgeted amount are reviewed and justified if appropriate.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2020*

*The Office takes note of the finding and will implement the following activities to address the audit recommendation:*

- 1. Ensure work plans are duly and timely signed by appropriate officials;*
- 2. Provide regular guidance to programme staff on the work plan preparation, with reference to the defined outputs and indicators;*
- 3. Ensure funds are timely advanced to IPs; and*
- 4. Regularly monitor the programme budget to avoid any discrepancy between workplan and commitment control, or justify them if appropriate.*

**B.3 – INVENTORY MANAGEMENT****NOT EFFECTIVE**

62. During the period under review, the Office supplied reproductive health commodities and other inventory items at a total cost of approximately USD 1.1 million, with funding provided mainly by the UNFPA Supplies programme, for which Guinea-Bissau is one of the 46 priority countries. The inventory supplied consisted mainly of contraceptives procured by the UNFPA Procurement Services Branch (PSB), located in Copenhagen, Denmark, on behalf of the Office. The reproductive health commodities were stored at and distributed from the Ministry of Health warehouses.

63. Audit work performed included the review of the needs assessment and forecasting arrangements in place, as well as testing, for a sample of inventory supplied in 2017 at a cost of approximately USD 0.8 million (80 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) custom clearance, receiving and inspection; (c) inventory controls (while the goods procured remained in UNFPA's possession); (d) handover of the inventory to IPs; (e) distribution to intended beneficiaries; and (f) monitoring.

64. Audit work performed further included site visits to: (a) three warehouses managed by the Ministry of Health; and (b) two service delivery points to: (i) verify the receipt of commodities procured by UNFPA; (ii) assess the warehouse controls in place and reliability of inventory records, including through stock counts; and (iii) verify commodity availability and stock-out levels at the warehouse and service delivery points visited. The audit also included a review of the results of the 2017 Reproductive Health Commodities and Services Availability Survey in Guinea-Bissau.

65. From the sample testing and visits, the audit found the following matter that needs Management attention.

*Significantly improve implementing partners' logistical management capacity and Office's monitoring*

66. Procured inventory items are immediately handed over to the IP upon custom clearance. The Ministry assumes the responsibility for distribution from a central warehouse to the 11 health regions, based on expressed needs. The Office contributed to the development of the national logistic management capabilities through provision of a logistic management software (CHANNEL) which was installed in all 11 regions, as well as providing training to 17 users of the software, incurring training expenses of approximately USD 20,000. During the audit field mission, OAS also visited the central warehouse and two regional health centres.

67. Significant capacity gaps went undetected by the existing Office monitoring process:
- a) CHANNEL was not used in any of the warehouses and regional health centers visited. In the central warehouse, manual stock cards were used;
  - b) A detailed review of the manual stock cards at the central warehouse indicated that these were not systematically maintained for all UNFPA-funded inventory items. For those items for which stock cards were maintained, a stock counts of seven different items showed variances which were individually insignificant; however, the reconciliation of inventory records to physical stock counts revealed unjustified discrepancies in all seven items selected for testing;
  - c) Inventory was not stored in an adequate condition. In particular in the central warehouse, the storage area was damaged by fire and had been unrepaired since 2015; it lacked adequate fire prevention, detection and extinction mechanisms, such as fire and smoke detectors, extinguishers and sprinklers. Some inventory items were exposed to direct sunlight, inconsistent with product labels and manufacturer's storage requirements. In one of the regional health centers, access to the storage area was not restricted and inventory was not stored in an organized and systematic manner, increasing the risk of theft; and
  - d) Significant amounts of expired inventory items were identified in all three visited facilities, further to idle undistributed inventory and equipment which had been procured since 2013 for a total amount of approximately USD 75,000. Further, the 2016 and 2017 commodity security surveys indicated high stock out levels.

68. During the period under review, the Office did not receive any of the required quarterly inventory reports from the Ministry of Health. The reports, which were to be aggregated by the Ministry of Health based on individual reports submitted by each of the 11 health regions, aimed at providing the Office with more visibility on inventory consumption and stock levels.

69. The lack of visibility on inventory management was further exacerbated by the Office performing only one monitoring visit to a health region during the period under review.

ROOT CAUSE	<i>Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>The ability to efficiently achieve programme objectives and discharge management oversight and contractual obligations over inventory is impaired. The risk of inventory losses due to poor storage conditions, inadequate controls and inaccurate/incomplete recordkeeping is increased.</i>
CATEGORY	<i>Operational</i>

**RECOMMENDATION 13**

**PRIORITY: HIGH**

*Significantly improve the inventory management process by (a) building the logistical capacity of the central warehouse and all 11 health regions, including consistent use of CHANNEL, timely submission of accurate quarterly inventory reports, and improved storage conditions; and (b) closely monitoring of inventory to ensure adequate level and timely distribution.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *October 2020*

*The Office agrees with the recommendations, and will take below actions:*

1. *Contribute to building IP capacities in logistic management system for the central warehouse and the 11 health regions, including consistent use of CHANNEL, timely submission of accurate quarterly inventory reports, and advise the Ministry of Health to improve storage conditions; and*
2. *Monitor to ensure timely inventory custom clearance and hand-over to IPs.*

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

**MAJOR IMPROVEMENT NEEDED**

70. Programme implementation expenses funded from non-core resources amounted to USD 1.1 million (50 per cent of total programme expenses) in the period under review. Of this amount, USD 0.4 million corresponded to a multi-donor trust fund for the joint global initiative for reproductive, maternal, newborn and child health; USD 0.3 million funding from UNFPA Supplies to enhance reproductive health commodity security; USD 0.2 million contributed by the multi-donor trust fund for the joint programme to accelerate the abandonment of female genital mutilation; and USD 0.1 million funded by the Maternal Health Thematic Trust Fund.

71. 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 compliance with the cost recovery policy.

72. Based on the audit work performed, the audit noted the following matter that requires Management attention.

Continue to strengthen the Office’s resource mobilization efforts

73. Due to the situation which affected the country for decades, the aid flow remained limited and resource mobilization a challenge. In the period under review, none of the non-core resources was mobilized locally by the Office. In 2017, the Office, jointly with other UN organizations, mobilized peacebuilding funding for a total amount of USD 1.8 million, of which USD 0.7 million were for UNFPA programme activities. In 2018, however the Office failed to mobilize its set target of USD 0.5 million for non-core resources, which Office Management attributed to low office resource mobilization capacity and the current country context.

74. To remedy the resource mobilization challenges, Office Management explained that in June 2018, two staff members participated in a regional workshop during which two proposals for resource mobilization were presented on behalf of the Office and discussed. At the time of the audit field mission, none of these proposals had been submitted for potential donor funding.

ROOT CAUSE	<i>Resources: Inadequate training. Other: factors beyond the control of UNFPA.</i>
IMPACT	<i>Limited non-core resources at a time of diminished core funding, may impair financial sustainability and diminish the ability to achieve programme results.</i>
CATEGORY	<i>Operational.</i>

**RECOMMENDATION 14**

**PRIORITY: HIGH**

*With the support of the West and Central Africa Regional Office, strengthen the efforts to build the Office’s resource mobilization capacity; explore opportunities for resource mobilization; and exploit identified opportunities through development and submission of responsive funding proposals to donors.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

*Representative, with the support of the Director, West and Central Africa Regional Office and the regional Resource Mobilization Advisor*      STATUS:      *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE:      *January 2021*

*The Office takes note of the audit finding and with the assistance of the Regional Office, will take the following actions:*

- 1. Strengthen the Office capacity in terms of innovative proposals writing and improved delivery; and*
- 2. Exploit any opportunity to widen the donor funding basis and maintain close contact with the Regional Office to support on the identification of new donors at country level by integrating the One UN initiative and, at regional level, by integrating the Office in regional initiatives.*

**C. OPERATIONS MANAGEMENT****SOME IMPROVEMENT NEEDED**Good practices identified

75. 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 registered a completion rate of 100 per cent for both the basic and advanced mandatory security trainings; and
- b) The Office Representative consistently attend the UN Security Management Team meetings. A Security Focal Point was appointed and security accountability responsibilities of the Office Representative and the Security Focal point were reflected in their respective PADs.

**C.1 – HUMAN RESOURCES MANAGEMENT****EFFECTIVE**

76. The Office incurred staff payroll costs amounting to USD 1.3 million during the period under review. In addition, the Office made use of contract personnel and engaged an individual under service contract, another 12 under individual consultant contracts, and four United Nations Volunteers for management activities and programme delivery and support, incurring related costs in the amount of USD 0.2 million. At the time of the audit fieldwork, the payroll for both staff members and service contract holder was managed by the United Nations Development Programme (UNDP).

77. Work performed in this area included (a) an analytical review of payroll and contract personnel costs; (b) a walk-through of payroll reconciliation controls with UNDP; and (c) the testing of a sample of five individual consultancies awarded by the Office at a cost of USD 0.1 million (66 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: (i) recruitment; (ii) contract award; and (iii) contract management. Audit procedures applied also included (d) testing of the recruitment process for the staff member and three United Nations Volunteers hired during the audit period; and (e) testing of 59 payments of staff benefits and entitlements amounting to approximately USD 0.1 million.

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

**C.2 – PROCUREMENT****MAJOR IMPROVEMENT NEEDED**

79. During the period under review, the Office locally procured goods and services at a cost of USD 0.4 million. The most significant categories of goods and services procured corresponded to: (a) office and communication (USD 0.1 million); (b) service companies (USD 0.1 million); and (c) travel (USD 0.1 million).

80. Audit work performed in this area included the review of a sample of 17 local purchases made at a cost of USD 0.2 million (approximately 40 per cent of total local procurement) for linkage to the corresponding workplans; compliance with the UNFPA procurement principles,<sup>8</sup> 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.

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

Timely initiate the procurement process of inventory items

82. The Office experienced significant delays in initiating the procurement process of inventory items. For instance, the 2016 annual procurement plan included UNFPA Supplies funded-inventory items worth USD 0.5 million to be procured by PSB and delivered to the Office before July 2016. However, the corresponding requisition and purchase orders were only raised in June and September 2016, respectively. As a consequence, procured inventory

<sup>8</sup> Best value-for-money; fairness, integrity and transparency; open and effective competition; and protection of the interest of UNFPA

items were in transit at the end of the year. Furthermore, transit times ranging from 107 and 217 days were registered between financial<sup>9</sup> and physical receipts of goods which eventually took place in May 2017.

83. Similarly, in 2017, the requisition was raised in June 2017 and the corresponding purchase orders in September 2017. Consequently, out of USD 0.6 million worth of UNFPA supplies-funded inventory planned to be received before September 2017, USD 0.2 million were in transit at the end of the year and were only received by the Office in February 2018.

84. The Office failed to achieve the output indicator targets for stock-out level in two successive years, i.e. 2016 and 2017.

85. The Commodity Security Branch (CSB)<sup>10</sup> explained that in line with applicable rules, UNFPA can only procure family planning supplies with cash on hand — yet the timing of donors' funding disbursements and countries' requests for commodities do not always match. Therefore, CSB often had to hold off from raising requisitions until funding is available – which resulted in delayed orders, shortages and stock-outs. In 2018, to bridge this mismatch of funding UNFPA developed a revolving fund (Bridge Funding Mechanism) with support from two major donors, that could be used to place commodity orders to meet country needs prior to funds being received from donors. The objective of such funding is to expedite the procurement process, lower the cost of commodities, and reduce UNFPA-related commodity stock-outs.

ROOT CAUSE	<i>Guidelines: Inadequate planning.</i>
IMPACT	<i>Lack of proper planning and timely initiation of procurement activities may diminish the ability to achieve programme results.</i>
CATEGORY	<i>Operational.</i>

**RECOMMENDATION 15**

**PRIORITY: HIGH**

*Leveraging on the Bridge Funding Mechanism, timely initiate the procurement process of inventory items, based on specific lead-time by item, so that enough time to complete the required procurement steps is available and receipt of goods for programme implementation is timely.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

*Representative, with the support of the Chiefs, Commodity Security Branch and Procurement Services Branch*

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: June 2020

*The Office acknowledges the audit findings and with assistance from PSB and CSB will take the following mitigation measures:*

- 1. National quantification exercises will be conducted in good time to enable timely submission of procurement plans to PSB. This will take place within specified deadlines to allow PSB to communicate volume estimates to suppliers for the upcoming year;*
- 2. Country commodity procurement needs will be timed in alignment with the programme needs and in anticipation of consumption rates and expected stock reductions;*
- 3. The Office will submit procurement request to CSB before 31 October of each year to allow CSB to conduct validation and establish the needs for requesting Bridge funding through the Bridge Funding Mechanism; and*
- 4. PSB will make sure a procurement control report providing a clear overview of the un-sourced requisitions is generated and shared regularly with the procurement teams of PSB, and the Country Focal Point is requested to provide comments on the sourcing status to ensure the requisitions are being treated/processed in a timely manner and/or there is a valid justification for the delayed sourcing. The quarterly review of the procurement control report has been identified as a SIS indicator in the PSB Annual Plan.*

<sup>9</sup> Financial receipt is completed in Atlas when the buyer receives the bill of lading

<sup>10</sup> Headquarters unit managing UNFPA Supplies Programme

Improve compliance with procurement policies and procedures

86. Fifteen of the 17 procurement transactions tested showed deviations from procurement policies and procedures. The most notable exceptions were due to a lack of proper training and supervision:

- a) Nine instances of direct contracting for procurement of goods and services with no justification on file on the use of this contracting method as required by policy.– totalling approximately USD 100,000;
- b) Two instances where the solicitation document specified brand names of the goods to be procured instead of the required technical and performance specifications – totalling USD 4,000;
- c) Two instances where the evaluation methodology was not clearly stated in the solicitation documents– totalling USD 40,000;
- d) Two instances where offers submitted were not accurately reflected in the evaluation report, including one instance (USD 2,700) where this error resulted in the contract being unduly awarded to a bidder whose bid was not the most responsive to meet the Office’s needs – totalling USD 7,500.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>Deviation from prescribed procurement policies and procedures may diminish the ability to achieve best value for money and increase exposure to reputational risk.</i>
CATEGORY	<i>Compliance</i>

**RECOMMENDATION 16**

**PRIORITY: HIGH**

*Raise the awareness of relevant staff on the need to comply with procurement policies and procedures in all procurement processes as a means of ensuring fairness, integrity, transparency and achieving best value for money; and closely monitor compliance thereof.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2020*

*The Office agrees with the audit finding and will take the following actions:*

1. *Continuously raise the awareness of all programme staff, through learning session, to better plan needs in terms of purchases of goods and services and to communicate them in a timely manner, to allow the procurement unit to have enough time to complete the procurement process following the procurement policy and procedures of the organization;*
2. *The Operations Manager will complete the CIPS 2 certification programme and plan to complete all remaining CIPS certificates, which will enhance her procurement competency and thus improve the supervision and coaching of the Procurement Officer, as well as of all staff involved in the procurement activities; and*
3. *With support from PSB, develop internal checklists, internal control mechanisms; and develop process flows that will help respect procurement steps while abiding by relevant procedures .*

**C.3 – FINANCIAL MANAGEMENT**

**SOME IMPROVEMENT NEEDED**

87. 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 payments 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.

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

Ensure that financial transactions are correctly coded

89. The review of the transactions tested in the various areas covered by the audit revealed numerous account coding errors in Atlas. The errors mainly impacted travel and individual consultant accounts. OASIS noted that the errors were due to a combination to language barriers, inadequate training and inefficient review by the second line of defense.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>Increased risk of inaccurate financial reporting by the Office.</i>
CATEGORY	<i>Reporting</i>

**RECOMMENDATION 17**

**PRIORITY: MEDIUM**

*Raise the awareness of relevant staff on the need to correctly record financial transactions, and implement review and supervisory procedures to prevent the charging of expenses to erroneous account codes.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*                      STATUS:            *Agree*

MANAGEMENT ACTION PLAN:    DUE DATE:            *June 2020*

*The Office agrees with the audit finding and will take the following actions:*

- 1. Ensure regular training – learning afternoon session on the Account Dictionary utilization/application;*
- 2. Ensure that all finance staff have account code control in their PAD;*
- 3. Ensure that accounts included in the memorandum to the attention of the Head of the Office are verified/certified by the finance staff before any Requisition is created in ATLAS;*
- 4. Ensure that all vouchers are verified by the Head of finance, prior to sending to payment;*
- 5. The Office will also closely work with the Finance Branch for periodic review of accounts; and*
- 6. Use and follow up on dictionary accounts will be an agenda item of operations meetings.*

**C.4 – GENERAL ADMINISTRATION**

**SOME IMPROVEMENT NEEDED**

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

91. Travel expenses incurred by the Office during the period under review amounted to USD 0.1 million. Audit work performed in the area of travel included (a) a walk-through of the travel process and (b) testing of a sample of 28 travel-related transactions amounting to approximately 55 per cent of total travel expenses for appropriateness of business purpose, compliance with policies and procedures and operating effectiveness of the controls over: (i) the procurement of travel services; and (ii) the authorization, calculation and payment of Daily Subsistence Allowance.

92. Procurement of assets in the period under review amounted to USD 0.05 million. As at 30 June 2018, the Office held 51 in-service fixed asset items with a net book value of USD 0.1 million. The largest fixed asset categories included vehicles and information technology equipment. Audit work in this area included the review of all four assets procured during the period under review for appropriateness of business purpose and compliance with the asset management policies and procedures.

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

Submit travel requests and expense claims within policy timelines

94. The existing travel policy requirement to confirm travel itineraries as early as possible and purchase airline tickets in advance of travel (at least 21 days when traveling in business class and at least 14 days in advance when traveling in economy class) was not adhered to in four out of the nine travel transactions reviewed.

95. Further, in eight instances, the traveller did not submit the required travel expense claim form as a proof that the travel occurred, and to account for travel advances.

ROOT CAUSE	<i>Guidelines: Inadequate planning. Guidance: Lack of supervision at Office level.</i>
IMPACT	<i>Late procurement of tickets may prevent the Office from obtaining the lowest fares available. Lack of timely submission of travel expense claim form does not help promote accountability and allow timely recovery of potential excess advanced travel entitlements.</i>
CATEGORY	<i>Compliance</i>

**RECOMMENDATION 18**

**PRIORITY: MEDIUM**

*Raise staff awareness to better plan travel and submit travel requests and travel expense claim forms within applicable policy requirements; monitor compliance thereto.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: June 2020

*The Office will continue its efforts to better plan travels and raise awareness of staff regarding the travel policy during programme and operations meetings. Going forward, an explanatory note will be included in the travel reports, should there be any deviation or no respect of the policy.*

*Systematically use the asset custody form to document transfer of asset custodianship*

96. The Office supported the implementation of programme activities by Government IPs in allowing them to use seven Office vehicles, while UNFPA retained the corresponding legal title. According to Office Management, an asset custody form was signed for each vehicle with the concerned IP at the time the vehicle was initially transferred (i.e. between 2008 and 2011). However, the Office was unable to locate the signed custody forms.

97. Further, noting the change of individuals listed as ‘Authorized Officers’ in the implementing partner agreements since the vehicle transfer, an asset custody forms should have been revised and signed.

ROOT CAUSE *Resources: Inadequate training.*

IMPACT *Lack of proper documentation of transfer of assets custodianship may cause confusion and increase the organization’s risk exposure.*

CATEGORY *Compliance*

**RECOMMENDATION 19**

**PRIORITY: MEDIUM**

*Systematically use the asset custody form to document transfer of custodianship. The form should be systematically updated following any changes in the designation of Authorized Officers.*

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: June 2020

*The Office agrees with the recommendation and will systematically use the asset custody form to document transfer of custodianship. Any changes in the designation of Authorized Officers will be documented and securely filed.*

**C.5 – SECURITY**

**SOME IMPROVEMENT NEEDED**

98. Work performed in this area included: (a) a review of the most recent United Nations Minimum Operating Security Standards (MOSS) assessment; (b) an assessment of compliance with mandatory security training requirements; and (c) inquiries about the active engagement of UNFPA Office Management including its participation in the Security Management Team.

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



## 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,<sup>11</sup> are explained below:

<ul style="list-style-type: none"> <li>▪ <b>Effective</b></li> </ul>		<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"> <li>▪ <b>Some improvement needed</b></li> </ul>		<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"> <li>▪ <b>Major improvement needed</b></li> </ul>		<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"> <li>▪ <b>Not effective</b></li> </ul>		<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.

<sup>11</sup> 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
<b>Atlas</b>	UNFPA's ERP (Enterprise Resource Planning) system
<b>BCP</b>	Business Continuity Plan
<b>CSB</b>	Commodity Security Branch Management
<b>DLPI</b>	Distance Learning on Population Issues
<b>ELMS</b>	Atlas Learning Management System
<b>FACE</b>	Funding Authorization and Certificate of Expenditure
<b>FGM</b>	Female Genital Mutilation
<b>GPS</b>	Global Programming System
<b>HACT</b>	Harmonized Approach to Cash Transfers
<b>HF</b>	High Frequency
<b>IP</b>	Implementing Partner
<b>MOSS</b>	Minimum Operating Security Standards
<b>NEX</b>	National Execution
<b>NGO</b>	Non-Governmental Organization
<b>OAIS</b>	Office of Audit and Investigation Services
<b>OFA</b>	Operating Fund Account
<b>PAD</b>	Performance Appraisal and Development
<b>PSB</b>	Procurement Services Branch
<b>SIS</b>	Strategic Information System
<b>UNDP</b>	United Nations Development Programme
<b>UNDSS</b>	United Nations Department of Safety and Security
<b>UNFPA</b>	United Nations Population Fund
<b>USD</b>	United States Dollars