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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA COUNTRY OFFICE IN BURKINA FASO

**FINAL REPORT
N° IA/2020-02**

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EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) performed an audit of the UNFPA Country Office in Burkina Faso (the Office). The audit covered the period from 01 January 2018 to 31 March 2019. 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 (a) the first year of the eighth Country Programme 2018–2020, approved by the Executive Board in its second regular session 2017,¹ with indicative resources of USD 22.8 million²; and (b) the first quarter of the Programme's second year.

3. Expenses covered by the audit amounted to USD 9.7 million, executed by 15 Implementing Partners (USD 5.9 million) and by UNFPA (USD 3.8 million), funded from core resources (USD 2.7 million) and non-core resources (USD 7 million). In addition, the audit covered the supply of reproductive health commodities, procured primarily with funding provided by the UNFPA Supplies programme, totalling USD 5.5 million.

4. Approximately 68 per cent of expenses incurred in the period under review corresponded to the Reproductive Health and Rights component. The Adolescents and Youth, Gender Equality, and Population and Development components accounted for 11 per cent, 7 per cent, and 5 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 9 per cent of expenses.³

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 rating⁴

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 Country Programme document

² Source Country Programme document

³ Source: Cognos reports

⁴ See complete set of definitions in Annex 1

Audit ratings by key audit area	
Office Governance	Major improvement needed
<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>
Programme Management	Major Improvement needed
<i>Programme planning and implementation</i>	<i>Some improvement needed</i>
<i>Implementing Partner Management</i>	<i>Major improvement needed</i>
<i>Supply Chain Management</i>	<i>Some improvement needed</i>
<i>Management of non-core funding</i>	<i>Some improvement needed</i>
Operations Management	Some improvement needed
<i>Human resources management</i>	<i>Effective</i>
<i>Procurement</i>	<i>Some 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>Effective</i>

Key findings and recommendations

9. The audit identified some good practices implemented by the Office, 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 nine high priority and six medium priority recommendations designed to help the Office improve its programme delivery and operations. Of the 15 recommendations, 4 are of strategic nature; 4 refer to operational matters, 2 to reporting and 5 to compliance matters.

Good practices

10. The audit identified several good practices implemented by the Office, some of which could be considered for replication by other offices.

11. From a governance perspective, the Office developed an interactive platform for strengthening quality Sexual and Reproductive Health communication for adolescents. The Office workplan preparation and planning process for 2018 and 2019 were initiated early and were guided by well-developed and clear terms of reference, distributed to all counterparts involved in the workplan process.

12. From a programme management perspective, the Office developed good monitoring plans that were broken down by quarter, to allow for an effective follow-up of activities detailed in the workplans on a quarterly basis. With regards to inventory, early initiation of the customs clearing process allowed for the timely delivery of purchased supplies and a reduction in customs costs. An in-house supplies tracking tool was developed to allow for further follow-up on issues related to supplies once in country. The lessons learned from and features of this tool should inform the visioning of the new ERP system.

13. Finally, in the area of operations management, the Office is undertaking the role of Secretariat of the Peace Building Funds providing operational support to the Resident Coordinator Office. Although the role of the Secretariat evolved to being more complex than initially planned due to the humanitarian crisis, the Office’s performance has been consistent, including to stakeholders’ satisfaction.

Strategic level

14. At strategic level, the Organization should improve access to policies and procedures, as well as key guidance documents, in the three UNFPA working languages – which would contribute to improving understanding and compliance with the regulatory framework of UNFPA.

15. Further, there is a need to revisit the existing human resources plan to reflect the changing context and needs, seeking required approvals, before implementing it.

16. Finally, the Division for Management Services should issue a policy governing the UNFPA involvement in direct budget support and related types of projects, to ensure appropriate oversight and good stewardship of funds as well as mitigation of risks.

Operational level

17. From a governance perspective, the Office needs to better align and assess individual performance appraisals with programmatic results through training and strengthening the supervision over the performance indicators included in the appraisal and development plans, as well as the alignment of appraisals with results achieved.

18. In the area of programme management, the Office needs to strengthen the on-site monitoring process of activities implemented by Implementing Partners, and continue to improve on the Office's resource mobilization efforts as well as enhance its communication with donors.

Reporting level

19. In the area of programme management, the Office needs to strengthen its monitoring over the data reported by Implementing Partners to support the achievement of programme results, ensuring that performance measurement is reliable and accurate. With regards to operations, the Office should strengthen supervisory controls to prevent the recording of transactions to erroneous account codes.

Compliance level

20. The Office should ensure compliance with 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 compliance with the requirement of the policy and procedures for Fixed Asset Management, especially as it relates to asset disposals.

Management response

21. The management team would like to thank the OAS team candid collaboration during this much needed internal audit process. Overall, Management agrees with audit findings and recommendations included in this report and plans to implement the recommendations as per the deadlines established.

22. 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 2018 to 31 March 2019. 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 Burkina Faso.

3. The audit included such tests, as considered necessary in the circumstances, 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 OAS audit specialists, supplemented by individual consultants. The audit started on 20 May 2019. A field mission took place from 15 July to 02 August 2019. Preliminary findings and recommendations resulting from the audit were discussed with the Office Management at an exit meeting held on 01 August 2019. Due to a 'cas de force majeure' in OAS, comments and clarifications provided by Management thereafter were reflected in a draft report submitted to the Office Management on 31 December 2019, and a final Management response received on 10 March 2020.

II. BACKGROUND

6. Burkina Faso has a population of approximately 20.3 million and an annual population growth rate of 2.9 per cent. The GDP 2018 annual growth rate was 6.5 per cent. The poverty rate decreased from 47 per cent in 2011 to 40 per cent in 2016.

7. The security situation in the country has considerably deteriorated over the past five years, with multiple terrorist attacks taking place, particularly in the border areas with Mali and Niger. Burkina Faso hosts 33,000 refugees from Mali. Ten regions (from a total of 13) are impacted by recurrent floods, including the capital city Ouagadougou where more than 25 per cent of the urban population of the country lives.

8. As one of the least developed countries in Africa, Burkina Faso suffers from food insecurity and disease outbreaks. Two-thirds of the country is under the age of 25, which is contributing to the country's rapid population growth and is further affecting available resources. The fertility rate is high (5.4 children per woman) with a modern contraceptive prevalence rate of 24 per cent. The maternal mortality ratio is high, at 330 maternal deaths per 100,000 live births. Sexual violence against girls and women persists.

9. The activities covered by the audit correspond to (a) the first year of the eighth Country Programme 2018–2020, approved by the Executive Board in its second regular session 2017 with indicative resources of USD 22.8 million⁵; and (b) the first quarter of the Programme's second year.

10. UNFPA is also assisting the Government of Burkina Faso in conducting its population and housing census in late 2019, financed by the World Bank.

11. Expenses covered by the audit amounted to USD 9.7 million, executed by 15 Implementing Partners (IP) (USD 5.9 million) and by UNFPA (USD 3.8 million), funded from core resources (USD 2.7 million) and non-core resources (USD 7 million). In addition, the audit covered the supply of reproductive health commodities, procured primarily with funding provided by the UNFPA Supplies programme, totalling USD 5.5 million.

12. Approximately 68 per cent of expenses incurred in the period under review corresponded to the Reproductive Health and Rights component. The Adolescents and Youth, Gender Equality, and Population and Development components accounted for 11 per cent, 7 per cent, and 5 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 9 per cent of expenses.

13. The UNFPA main Office in Burkina Faso is located in the city of Ouagadougou. Three new sub-offices located in Dori, Kaya and Fada (North and East of the Country) have been envisaged for opening, to increase UNFPA's presence throughout the country due to the deterioration of the security situation and also for a stronger integration with the United Nations system organizations. During the period under review, the Office was managed by a Representative, who left in March 2018 and was replaced by the incumbent in May 2019, assisted by an Assistant Representative and an International Operations Manager.

⁵ Source Country Programme document

III. DETAILED FINDINGS

A. OFFICE GOVERNANCE

MAJOR IMPROVEMENT NEEDED

Good practices identified

14. The audit identified the following good practices in the area of governance which can be considered for replication in other Country Offices:

- a) Through an interactive on-line platform (platform “QGJEUNE”) designed around youth, by young people, for young people, adolescents can access Sexual Reproductive and Health information through several tools such as quiz, encyclopaedia, courses, videos, etc.; and
- b) Annual Office activities were planned in a participative manner with the involvement of both programme and operations staff.

A.1 – OFFICE MANAGEMENT

SOME IMPROVEMENT NEEDED

15. Audit procedures performed in this area included the review of: (a) the Office planning process in 2018; (b) the relevance of the 2018 and 2019 annual management plan and the implementation level of activities in 2018; (c) the alignment of the 2018 and 2019 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 2018 annual report data, and (f) the level of familiarization of Office personnel with UNFPA policies and procedures.

16. Based on the work performed, the audit identified the following matter that requires Management attention.

Improve access to policies, procedures and other guidance documents through translation in all UNFPA working languages

17. The UNFPA policies and procedures, as well as other guidance documents and tools, are mainly available in English. While UNFPA Management made efforts to comply with the UNFPA policy for Translation of Official Documents and translate in the three UNFPA working languages ‘Headquarters administration documents’ – inter alia, policies and procedures, circulars essential to work-related tasks, employment or security, gaps are noticeable. Translation of other documents, inter alia tools and guidance notes, into language(s) appropriate to their target audience is undertaken at the discretion and cost of the organisational unit requiring the translation.

18. The primary working language used in the Office is French, with English proficiency levels varying from high (few individuals) to nil. As a result, Office performance was adversely affected as personnel may not have access to or incorrectly interpret English-based documents – which is a contributing factor to many of the issues found in the course of this audit.

19. It is noted that the issue – regarding the French language – is not specific to the Office and is shared with most field offices in the West and Central Africa region, and to a lesser extent, the East and Southern Africa region and the Latin America and Caribbean region.

ROOT CAUSE	<i>Guidelines: Inadequate corporate policies or procedures.</i>
IMPACT	<i>Insufficient familiarization with policies and procedures may adversely impact programme delivery.</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 1

PRIORITY: HIGH

Make policies and procedures available in the three UNFPA working languages, as well as key guidance documents.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Director, Policy and Strategy Division, with support from the Deputy Executive Director for Management and all relevant Division Directors and Chiefs

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: March 2021

UNFPA is making a concerted effort to translate more key policies in all working languages. However, in view of the frequently changing nature of the policies, consistent translation requires continued centralized translation funding flows, and ability to quality-assess the translated documents. Such resources are not available at the centralized level.

The Policy and Strategy Division (PSD) will continue to encourage policy owners to translate their key policies as part of the issuance process and will continue to translate its own key programme policies. PSD and headquarters units will rely on the Regional Offices to assist with the quality assurance review of translations. PSD further notes that field office senior management profiles – specifically Representatives, Deputy Representatives and Operations Managers – require a competency such as a working level of English.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

MAJOR IMPROVEMENT NEEDED

20. At the time of the audit field mission, the Office had 34 approved staff posts – comprised of 4 international posts (of which 2 were vacant), 10 national professional posts, 13 general service posts, as well as another 7 posts filled by contract personnel.

21. 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.

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

Revisit the comprehensive human resources plan to reflect the changing environment and needs

23. In September 2017, following the UNFPA Executive Board approval of the Country Programme plan for the current cycle (2018-2020), the Office drafted a Human Resources (HR) plan proposing: (a) changes in staffing; and (b) the development of innovative training and internal succession plans; and (c) a proposal for a decentralized office depending upon fund availability.

24. Since the elaboration of the 2017 HR plan, the security situation deteriorated with increased humanitarian activities – which resulted in the UN system planning to set up integrated offices to scale up activities and ensure adequate support to the population at risk.

25. In view of the above, it becomes necessary for the Office to revisit its HR plan to cater to the new environment, notably the need for an increased presence in the field with stronger integration of the United Nations system organizations, and a stronger integration of the Office’s humanitarian, peace-building and development activities. A revised plan should include, at least: an Office realignment plan – adapting the classification and description of posts to the changing environment and expanding Office structure; and specific trainings to align personnel skills to the new context, especially in humanitarian activities.

ROOT CAUSE	<i>Guidelines: Inadequate planning. Other: factors beyond the control of UNFPA.</i>
IMPACT	<i>An inadequate organizational structure may hamper the Office performance and ability to achieve its objectives.</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 2

PRIORITY: HIGH

Revisit the existing human resources plan to reflect the changing context and needs, seeking required approvals, before implementing it.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2020

The Office will conduct a re-alignment process during this year, with the recommendation of the alignment to be implemented by December 2020.

Improve the alignment of staff Performance Appraisal and Development indicators to planned Office results

26. The audit reviewed the performance planning and development process of the year 2018 cycle corresponding to five staff members.

27. Work performed revealed the following issues that might be indicative of errors or inconsistencies in the PAD review and evaluation process.

28. Workplan outputs or activities were not SMART (specific, measurable, achievable, relevant, time-bound) for several PADs reviewed.

29. Further, in two instances, performance indicators were not specifically related to expected results and work to be delivered. In three cases, activities had no indicators; and in two other cases, staff members' self-appraisals were unrelated to the PAD initially approved. These issues, mainly caused by lack of training and supervision, have been raised by OAS in other field office audit reports.

ROOT CAUSE	<i>Resource: Inadequate training. Guidance: Lack of supervision at the Country Office level.</i>
IMPACT	<i>Individual performance not being adequately measured may diminish the Office's ability to achieve its results and reach its objectives.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 3

PRIORITY: MEDIUM

Raise the awareness of staff member and supervisors over the development and review of the performance indicators included in the appraisal and development plans, as well as the alignment of appraisals with results achieved.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: June 2020

The Office will organize a learning afternoon session on phase 1 of the PAD with staff and supervisors and also set up a PAD review team for quality assurance of outputs and indicators.

A.3 – RISK MANAGEMENT

MAJOR IMPROVEMENT NEEDED

30. 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.

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

Perform a more rigorous risk assessment

32. The risk assessment for the 2018 and 2019 cycles, including the fraud risk assessment, was prepared and finalized in the Strategic Information System (SIS) 'myRisks' application in May 2018 and June 2019, respectively. Its review indicated that risk levels assigned were not always commensurate with the likelihood of the risk occurring.

33. The most significant discrepancies are:

- a) The risk of 'not being able to meet established funding targets' was assessed as 'low', although the challenges that the Office faces – primarily related to the humanitarian and security situation – will require to secure additional funding. Management acknowledged the resource mobilisation risk for

humanitarian activities and highlighted the difficulties to capture donors’ interest. The Organization’s funding gap to cover humanitarian activities in Burkina Faso are further described later in the report (see section B-4, in particular paragraph 68).

- b) The risk of ‘*wrongdoing and other proscribed practices*’, including sexual exploitation and abuse as well as sexual harassment, was assessed as ‘low’ in both 2018 and 2019, despite the context in which the Office operates; and
- c) The risk of ‘*loss, fraudulent sale or unauthorized diversion of inventory of commodities and/or pharmaceutical products*’ was assessed as ‘low’. The absence of monitoring of commodities to the “last mile” as described later (section B-3, in particular paragraph 61) increases the risk of product diversion. Yet, this that was not considered in the fraud risk assessment.

ROOT CAUSE	<i>Guidelines: inadequate risk management processes.</i>
IMPACT	<i>The incorrect identification of risks limits the ability to develop and implement appropriate mitigating measures.</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 4 **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: *Agree*

MANAGEMENT ACTION PLAN: DUE DATE: *June 2020*

Rigorous risk assessments will be conducted periodically. Risk ratings will first be reviewed at the Office level by Management, then at the regional level for quality assurance and in consultation with the ERM Specialist, before they are finalized.

B. PROGRAMME MANAGEMENT **MAJOR IMPROVEMENT NEEDED**

Good practices identified

34. The audit identified the following good practices in the area of programme management, which can be considered for replication in other Country Offices:

- a) The workplan preparation and planning process for 2018 and 2019 were initiated early and were guided by well-developed and clear terms of reference distributed to all counterparts involved in the workplan process. This contributed in the start of (some) programme activities within the first quarters of 2018 and 2019;
- b) The Office developed good monitoring plans that were broken down by quarter to allow for an effective follow-up of activities on a quarterly basis;
- c) The early initiation of the customs clearing process allowed for the timely delivery of purchased supplies to warehouses and a reduction in customs costs; and
- d) In order to complement the corporate ‘Order Tracking System’, the Office developed an in-house spreadsheet-based tool to track supplies once in-country, allowing to follow up distribution and identify issues. The lessons learned from and features of this tool should inform the visioning of the new ERP system.

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION

SOME IMPROVEMENT NEEDED

35. During the period under review, the Office implemented activities related to four outputs of the eighth Country Programme at a cost of USD 9.7 million, inclusive of programme coordination and assistance costs, with financial implementation rates of 99 per cent in 2018 and 36 per cent as at 31 March 2019, measured based on annual budgets allocated in Atlas.

36. Activities were implemented by UNFPA, with related expenses of USD 3.8 million (39 per cent of programme implementation expenses in the period under review) and financial implementation rates of 98 per cent in 2018 and 25 per cent as at 31 March 2019. A large proportion of the expenses related to UNFPA-implemented activities corresponded to UNFPA Programme Supplies, amounting to USD 5.5 million.

37. Activities were also implemented by 15 IPs engaged by the Office, with related expenses of USD 5.9 million (61 per cent of programme implementation expenses in the period under review) and financial implementation rates of 100 per cent in 2018 and 47 per cent as at 31 March 2019. 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 2.7 million and non-core resources of USD 7 million.

38. Audit work performed in this area focused on three outputs with aggregate expenses of approximately USD 7.5 million during the period under review (77 per cent of programme implementation expenses) and included: (a) a review of the workplans related to the outputs selected, for the periods 01 January 2018 to 31 March 2019; (b) an assessment of the process followed to prepare, cost and approve the workplans, as well as to monitor their implementation by the Office and with various IPs; and (c) the review of monitoring reports and other evidence of programme implementation, along with site visits to two regions where programme activities were implemented. In addition, the audit reviewed; (d) the alignment of the activities implemented to the Country Programme document and related documents; and (e) the level of achievement of the eighth programme cycle outputs for selected programmatic components.

39. The audit also reviewed 10 results plans reported in 2018 in SIS and the related supporting evidence to assess the completeness and sufficiency of the information provided by the Office to support the programme results and achievements.

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

Document programme results better

41. In four cases reviewed, the evidence for demonstrating output achievement was unavailable and/or insufficient. For instance, there was no mechanism to verify the actual number of adolescents who participated in gender-based violence trainings, or of participants in a family planning training event. The Office acknowledged the control gap and mentioned that remedial actions to verify programme results are under implementation.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: inadequate supervision at the Office level.</i>
IMPACT	<i>Lack of or insufficient evidence to support the reporting of the programme results achieved might impact the accuracy and reliability of the performance reported by the Office for the period considered.</i>
CATEGORY	<i>Reporting</i>

RECOMMENDATION 5

PRIORITY: HIGH

Provide training and raise the awareness of Programme Managers to review and document evidence to measure the achievement of Programme results and monitor compliance thereof.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: June 2020

The Office will undertake the following actions:

- a) Organize training and awareness session of Programme Managers for quality assurance and better documentation of the achievement of programme results and monitoring compliance thereof;
- b) Ensure the availability of attendance list of girls who participate in live skill programme every six month;
- c) Conduct small surveys to assess and measure the capacity of girls receiving trainings; and
- d) Ensure the availability of attendance reports for trainings organized by IPs.

Formalize the workplan quality assurance process

42. The Office reported the quality assurance review of the annual workplans as a collaborative process that included programmatic and operational staff as well Office Management. Office Management stated that several meetings were scheduled to conduct the quality assurance process and were subsequently held, both in 2018 and 2019.

43. While noting the process undertaken, no document was provided or could be identified to support the statement, nor the underlying assumptions and/or rationale used to develop the workplans in 2018 and 2019. As a consequence, the effectiveness of the quality review could not be assessed.

ROOT CAUSE	<i>Guidance: inadequate supervision at the Office level.</i>
IMPACT	<i>Without a formalized and documented process, a quality assurance review may be less effective, reducing the opportunities to identify potential budget over- or under-statement and/or areas of improvements for programme delivery.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 6

PRIORITY: MEDIUM

Formalize the workplan quality review process through better documentation to support the rationale and assumptions made during the workplan preparation and planning process.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: June 2020

Three actions will be undertaken with the 2020 workplan: (i) Implementing a quality review template with clear criteria; (ii) providing training to Programme Managers on the use of the template; (iii) formalizing workplan quality reviews through organized sessions.

Further, the Programme Managers responsible for the annual workplan, will take into account, in collaboration with IPs, the recommendations from the quality assurance review team prior to signing the corresponding workplan.

B.2 – IMPLEMENTING PARTNER MANAGEMENT

MAJOR IMPROVEMENT NEEDED

44. National Execution (NEX) expenses amounted to approximately USD 6 million (61 per cent of total programme implementation expenses) in the period under review, corresponding to activities implemented by nine Government IPs, five non-governmental organizations (NGO) and one UN agency, with financial implementation rates of 100 per cent in 2018 and 47 per cent as at 31 March 2019.

45. As per available information, NEX expenses corresponded primarily to Direct Budget Support (USD 1.5 million – 25 per cent of NEX expenses); contract personnel salaries (USD 0.9 million – 15 per cent of NEX expenses); and training and learning costs (USD 0.5 million – 8 per cent of NEX expenses).

46. The HACT⁶ audits performed in 2018 covered 4 of the 15 IPs engaged by the Office, with aggregated expenses of USD 1.6 million (36 per cent of total NEX expenses in 2018). All audits conducted received unqualified audit opinions.

47. Operating Fund Account (OFA) balances, representing funds transferred to IPs for activities not yet implemented, averaged USD 1.1 million quarterly in 2018, and amounted to USD 6,000 and USD 0.6 million as at 31 December 2018 and 31 March 2019, respectively.

48. 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 five IPs engaged by the Office with aggregated programme implementation expenses of USD 4 million (approximately 66 per cent of NEX expenses) in the period under review.

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

Perform more thorough on-site monitoring of activities implemented by Implementing Partners

50. According to the Policy and Procedures for Preparation, Management and Monitoring of Workplans, continuous monitoring is mandatory for all programme activities and should include visits to IP offices and/or to the site(s) of activity implementation.

51. The audit could not find evidence that visits to implementation sites included an assessment of actual financial spending compared to the reported programmatic progress “on the ground”. Further, there was no clear link between workplan activities and the description of the activities reviewed given in the mission/monitoring reports. Finally, during field visits, programme managers did not systematically review and validate the data collection process where the projects were actually implemented.

Exercise closer financial monitoring of Implementing Partners

52. The Policy and Procedures for Preparation, Management and Monitoring of Workplans states that, in order to accurately estimate the resources needed for each activity, all activity amounts must be based on detailed cost estimates of inputs (e.g., breakdown by appropriate cost components such as personnel salaries, local training costs, travel, supplies, etc.).

53. Further, the Cash Transfer Policy establishes mandatory itemized cost estimates to be provided by the IPs, detailing the minimum information by workplan activity and input type for the period for which cash advances are required, in case the workplan budgets do not provide this information. Further, the policy includes additional mandatory review procedures based on the amount of expenses reported and the risk levels assessed for the IPs.

54. The review of the financial monitoring of the five IPs selected for testing revealed two instances where budgets were not documented in sufficient details to allow for an accurate estimate of resources needed for each activity. Similarly, the same IPs did not submit itemized cost estimates for Office review when requesting a cash advance. Further, in two other instances, the cost estimate of inputs provided did not match the activity amounts reflected in the workplan.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>Insufficient monitoring of activities increases the risk of not identifying under-performance and inaccurate reporting. Insufficiently detailed budget information increases the risk of inefficient monitoring of Implementing Partner financial performance.</i>
CATEGORY	<i>Operational</i>

⁶ Harmonized Approach to Cash Transfers.

RECOMMENDATION 7**PRIORITY: HIGH**

Raise awareness of personnel on the need to: (a) prepare quality workplans with sufficient budget details and (b) more closely monitor financial and programmatic implementation of activities performed by Implementing Partners.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2020*

A detailed budgeting tool will be made available to IPs and Programme Managers to guide the latter in developing detailed activity budgets prior to validation and posting in the Global Programming System.

A quarterly analysis of the consistency between budget execution and achievement of results will be carried out to assess the execution by and performance of the IPs. Recommendations will be made as a result of this analysis and will be followed up accordingly by Programme Officers.

B.3 – SUPPLY-CHAIN MANAGEMENT**SOME IMPROVEMENT NEEDED**

55. During the period under review, the Office supplied reproductive health commodities and other inventory items at a total cost of approximately USD 5.5 million, with funding provided mainly by the UNFPA Supplies programme, for which Burkina Faso is one of the 46 priority countries, and by other donors. The inventory supplied consisted of contraceptives (USD 4.5 million), pharmaceuticals (USD 0.5 million), emergency reproductive health kits (USD 0.3 million), and medical equipment/products (USD 0.08 million) procured mainly by the Procurement Services Branch (PSB), based in Copenhagen, Denmark, on behalf of the Office, and locally-procured dignity kits (approximately USD 0.14 million). Inventory transportation and handling services costs accounted for approximately USD 0.11 million.

56. UNFPA-procured reproductive health commodities are stored and distributed from two central warehouses located in Ouagadougou and from eight regional warehouses located in 8 out of the country's 13 regions. During the period under review, two NGO IPs also received and stored reproductive health commodities in their warehouses located in Ouagadougou.

57. Audit work performed included a review of the needs assessment and forecasting arrangements in place, as well as testing, for a sample of inventory items supplied during the period under review at a cost of approximately USD 4.7 million (85 per cent of the value of inventory supplied), of the processes and controls in place in the areas of: (a) requisitioning; (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; and (f) monitoring.

58. Additionally, audit work performed included site visits to three warehouses, one of which managed by a NGO. Two of these warehouses were located in Ouagadougou (Centre Region), while the third one was located in Tenkodogo (Centre-East Region). The audit tests conducted were to: (a) verify the receipt of commodities procured by UNFPA; (b) assess the warehouse controls in place and the reliability of the inventory records maintained; (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 visited. The audit also included a review of the results of a 2018 UNFPA Supplies survey report.⁷

59. Based on the work performed in this area, the audit noted one matter that requires Management attention as detailed below.

Strengthen supply chain management monitoring up to the 'last mile'

60. The Policies and Procedures on Management of Programme Supplies states that Management should ensure the effective management of all programme supplies to achieve programme results, from quantification to distribution down to the service delivery points' "last mile".

⁷ Reproductive health commodities and services facility survey.

61. Although monitoring activities were conducted along the supply chain, the Office and its IPs undertook very limited “last mile” monitoring of reproductive health commodities to service delivery points during the period under review. The Office attributed this to the delayed finalization of a memorandum of understanding with IPs, the objective of which was to include the requirement to monitor supplies to the “last mile”, as stipulated by policy. The memorandum has been in draft format since August 2018 and had yet to be agreed upon and implemented at the time of the audit field mission. The Office explained that the delay was mainly caused by administrative challenges faced by IPs and that the matter was followed up.

ROOT CAUSE	<i>Guidance: inadequate supervision at the Office level.</i>
IMPACT	<i>Issues affecting supplies at the “last mile” level might remain undetected and therefore negatively impacting programme delivery.</i>
CATEGORY	<i>Compliance</i>

RECOMMENDATION 8

PRIORITY: HIGH

Improve the inventory management process by (a) promptly finalizing the memorandum of understanding to allow for monitoring supplies to the ‘last mile’; and (b) ensuring more effective supply chain monitoring to the last mile.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN

DUE DATE: *June 2020*

The memorandum of understanding was finalized in 2019 and was due for signature the first quarter of 2020. The agreement will allow the Office to monitor supplies to the last miles. Preventive actions are being considered in 2020, such as automatic warning signals, which will be embedded in the weekly data collection sheets. Further, the Office will continue to support capacity building in the supply chain through training and supervision.

Continue following up on delayed purchased orders

62. Purchase Orders relating to 4 of the 10 purchase orders tested were raised between two and six months after requisitioning dates. This resulted in supplies arriving between three and five months after their expected delivery date.

63. The review of available documents presented by the Office and discussions with PSB revealed that the situation was attributable to production delays of the requisitioned products, a factor attributable to suppliers and beyond the Office’s and PSB’s control.

64. Based on the documentation provided, no recommendation is made on the matter, other than on-going follow-up of the matter.

B.4 – MANAGEMENT OF NON-CORE FUNDING

SOME IMPROVEMENT NEEDED

65. Programme implementation expenses funded from non-core resources amounted to USD 7 million (73 per cent of total programme expenses) in the period under review. Of this amount, USD 1.8 million corresponded to funding from one donor to enhance demand for and availability of modern contraceptive methods and to promote capacities of adolescents and young people on informed decision making; and USD 2.6 million, from another donor, to enhance sexual and reproductive health and rights for young people and promote capacities of adolescents and young people on informed decision-making. The remaining contributions (approximately USD 2.6 million) were provided primarily by UNFPA Supplies, to enhance reproductive health commodity security, and by the Maternal Health Thematic Trust Fund.

66. 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 cost recovery policy.

67. Based on the audit work performed, the audit noted the following matters that require Management attention.

Continue to strengthen the Office's resource mobilization efforts

68. The Office reported that, by end of 2018, it had achieved approximately 89 per cent of its resource mobilization targets for the Country Programme cycle 2018–2020. The Office signed off various agreements, including with the World Bank for approximately USD 8.0 million to provide assistance for the conduct of the population and housing census. However, with the increasing humanitarian situation, funds necessary for responding to the crisis have been lagging. As at December 2019, funding needs amounted to approximately USD 1.9 million while USD 1.1 million were received.⁸

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

RECOMMENDATION 9

PRIORITY: HIGH

With the support of the West and Central Africa Regional Office, continue to strengthen humanitarian resource mobilization capacity.

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: *June 2020*

The Office is building a partnership with NGOs and is taking the opportunity of the cluster approach⁹ to mobilize more humanitarian resources.

Enhance effective communication with donors

69. The Office adopted a strategy for the partnership and resource mobilization plans for 2017 and 2018, aimed at maintaining a positive contact with donors through courtesy visits, the design of attractive materials and, at least, a field mission with each donor.

70. Although scheduled visits and field missions were carried out and innovative materials developed, one out of the two main donors visited during the field mission reported that communication from the Office could be clearer on: (a) the actions taken by UNFPA for selecting and monitoring IPs; and (b) the systems in place for measuring and evaluating programme performance (both by the Office and UNFPA in general).

ROOT CAUSE	<i>Resources: Inadequate training.</i>
IMPACT	<i>Failure to convey the business model of UNFPA could lead donors to underestimate the value added by the organization impacting the resource mobilization efforts of the Entity.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 10

PRIORITY: MEDIUM

Improve communication with donors through raising awareness of relevant staff and better describing the UNFPA internal control system in place to measure performance and ensure accountability.

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

MANAGEMENT ACTION PLAN: DUE DATE: *June 2020*

The Office will strengthen its communication plan to ensure that the issue is addressed. In addition, an item relating to the programme management mechanism will be systematically included in the advocacy notes for meetings with partners.

⁸ Source: UNFPA Humanitarian Office <https://www.unfpa.org/data/emergencies/burkina-faso-humanitarian-emergency>

⁹ Funding and coordination mechanism for humanitarian responses at country level

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

71. The following good practices in the area of operations management were identified, some of which could be considered for replication by other Country Offices:

- a) As part of the UN Reform, the Office is fulfilling, for the first time, the role of Secretariat of the Peace Building Fund, thereby providing operational support to the Resident Coordinator Office. The role of the Secretariat has evolved to a more complex role than initially planned, due to the humanitarian crisis. Nevertheless, the Office's performance has been consistent, including to stakeholders' satisfaction.

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

72. The Office incurred staff payroll costs amounting to USD 2.0 million during the period under review. In addition, the Office made use of contract personnel and engaged 7 individuals under service contracts, as well as another 17 under individual consultant contracts, for management activities and programme delivery and support, incurring related costs in the amount of USD 1.1 million. At the time of the audit fieldwork, the payroll for both staff members and service contract holders was managed by the United Nations Development Programme (UNDP).

73. 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) testing of a sample of four individual consultancies awarded by the Office at a cost of (rounded) USD 23,000 (42 per cent of total individual consultant costs incurred in the period under review), and three contract services awarded at a cost of (rounded) USD 10,000 (26 per cent of total service contracts costs incurred in the period under review) 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 testing of seven payments of staff benefits and entitlements amounting to approximately USD 20,000 (39 per cent of staff benefits and entitlements costs during the period under review).

74. Based on the audit work performed, the audit has noted no matters requiring Management attention.

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

75. During the period under review, the Office locally procured goods and services at a cost of USD 1.2 million. The most significant categories of goods and services procured corresponded to: (a) printing services, publications and stationery supplies (USD 0.4 million); (b) information technology consultancy services (USD 0.35 million); and (c) connectivity charges (USD 0.12 million).

76. Audit work performed in this area included the review of a sample of 21 local purchase transactions (17 procurement ones and 4 training and learning ones) totalling USD 0.6 million (approximately 50 per cent of total local procurement) for linkage to the corresponding workplans; compliance with the UNFPA procurement principles,¹⁰ 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. Audit work also included the review of the procurement planning process.

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

Enhance fairness, competition and transparency in the procurement process

78. In one instance, totalling approximately USD 42,000, the time allowed to prospective suppliers for submitting bids under a request for quotations procedure, was one week – instead of the two weeks as established by policy. There was no valid explanation justifying this shorter period.

¹⁰ Best value-for-money; fairness, integrity and transparency; open and effective competition; and protection of the interest of UNFPA

79. In three instances, purchase orders amounting to approximately USD 33,000 were issued after the related invoice had been received at the Office. No explanation was provided by the Office.

80. The above issues 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.</i> <i>Guidance: Lack of 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 11 **PRIORITY: HIGH**

Raise the awareness of relevant staff on the need to: (a) allow potential suppliers the time established in the policy to submit quotations, thus enhancing competitiveness; and (b) commit and authorize expenses before they are incurred.

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

MANAGEMENT ACTION PLAN: DUE DATE: *June 2020*

The Office Management will ensure that the inadequate training identified as root cause is fully addressed. In particular, all staff involved in various aspects of procurement will receive training to improve procurement compliance with policies and procedures.

Further actions to be taken include: (a) ensuring that Purchase Orders are issued in advance, before delivery of goods and services and not after processing of payments; and (b) use of Fast Track Procedures which allows more flexible arrangement for countries in humanitarian context.

C.3 – FINANCIAL MANAGEMENT **SOME IMPROVEMENT NEEDED**

81. 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.

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

Clarify the policy on direct budget support

83. In coordination with several donors, the Office provides direct budget support to the Government of Burkina Faso under the form of a sector-wide approach (SWAP), comprising of an earmarked contribution to the national health sector. The UNFPA yearly allocation to the basket fund is approximately USD 1.5 million, which is then transferred to a Government IP.

84. At present, UNFPA does not have a policy on the management of direct budget support and sector-wide approach despite being involved in at least six SWAP countries. The accounting for the funds transferred using this modality follows de facto the HACT framework; yet, the clearing of advances is not subject to assurance activities similar to HACT ones (i.e. spot-checks or IP audit). Hence, it is not possible to determine whether funds in this modality are used for their intended purpose.

ROOT CAUSE	<i>Guidelines: Lack of corporate policies or procedures.</i>
IMPACT	<i>The absence of a policy hampers the UNFPA ability to ensure proper oversight and accounting of funds transferred for direct budget support.</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 12

PRIORITY: HIGH

Issue a policy governing the UNFPA involvement in direct budget support and related types of projects to ensure appropriate oversight and good stewardship of funds, as well as mitigation of risks.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:
Director, Division for Management Services

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2020

PSD and DMS will work jointly to develop a policy on the management of direct budget support and sector-wide approach, providing the relevant programmatic, accounting, oversight and risk mitigation guidelines.

Improve transaction coding to grant account

85. Several transactions were incorrectly posted in the grant account. The account balance as at 31 March 2019, totalling USD 80,344, pertained to payments to vendors which do not qualify as grantees based on the UNFPA Policy and Procedures for Using Grants as a Funding Modality. A similar issue was noted for transactions recorded in 2017, totalling USD 381,934, also erroneously recorded as grants.

86. OAI noted that the errors were due to a combination to language barriers, inadequate training and inadequate review by the second line of defense.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>The incorrect transaction coding Increases the risk of inaccurate financial reporting.</i>
CATEGORY	<i>Reporting.</i>

RECOMMENDATION 13

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 will raise awareness of staff at all levels on the appropriate and correct use of the chart of account by sharing regularly the account dictionary and systematically liaising with the Regional Office and Headquarters for the appropriate account to be used in case of doubt.

C.4 – GENERAL ADMINISTRATION

SOME IMPROVEMENT NEEDED

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

88. Procurement of assets in the period under review amounted to USD 0.51 million. As at 31 March 2019, the Office held 83 in-service fixed asset items with a net book value of USD 0.12 million. The largest fixed asset categories included vehicles and information technology equipment. Audit work in this area included the review of four assets procured during the period under review, amounting to USD 0.06 million, for appropriateness of business purpose and compliance with the asset management policies and procedures.

89. Travel expenses incurred by the Office during the period under review amounted to USD 0.68 million. Audit work performed in the area of travel included a walk-through of the travel process and testing of a sample of 32 travel-related transactions amounting to approximately USD 0.29 million (43 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 allowance.

90. Based on the work performed, the audit noted the following matters that require Management attention.

Timely submit certifications and request for disposal of assets

91. Several assets (e.g. computers, chairs, and printers) located in several rooms at the Office were no longer functioning. According to the Policy and Procedures for Fixed Asset Management, the head of unit is responsible for submitting requests for approval of asset disposal to the Contracts, Assets, and Procurement Committee or the locally established Property Survey Board.

92. No evidence of such requests was provided. The issues were caused by as combination of lack of understanding of the policy and inadequate supervision.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Lack of supervision at Office level.</i>
IMPACT	<i>Late completion of asset certifications may diminish the accuracy of financial reporting. Non-compliance with the disposal of asset process may increase the risk of their mismanagement and/or loss.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 14

PRIORITY: MEDIUM

Raise the awareness of staff members and improve compliance by timely disposing non-functional assets in accordance with the Policy and Procedures for Fixed Asset Management.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative STATUS: Agree

MANAGEMENT ACTION PLAN: DUE DATE: June 2020

The Office will ensure that disposal of equipment is done regularly and in compliance with the policy.

Apply more consistently the travel policy

93. The policy for Duty Travel requires itineraries to be confirmed as early as possible and airline tickets purchased 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.

94. The policy was not adhered to in 6 out 16 cases reviewed, with travel requests and claims submitted after the established timeline. The Office explained that most trips may correspond to IP personnel that did not submit the list of participants sufficiently in advance.

95. Further, no evidence was provided that the staff members reviewed had been cleared by the local security focal point or UNDSS prior to travel.

ROOT CAUSE	<i>Resources: inadequate planning. Guidance: Lack of supervision at Office level. Late procurement of tickets may prevent the Office from obtaining the lowest fares available.</i>
IMPACT	<i>Lack of timely submission of travel expense claim form does not help promote accountability and allow timely recovery of potential excess advanced travel entitlements. Non-compliance with security clearance process increase staff and UNFPA's exposure to security risks.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 15

PRIORITY: MEDIUM

Raise staff awareness to better plan travel, submit travel requests and travel expense claim forms on time, as well as request for security clearance prior to undertake travels; monitor compliance thereof.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: June 2020

The Office will raise awareness of staff and partners on the Duty Travel requirements (submission of travel requests and travel expense claim forms) and will ensure that security clearance is systematically obtained prior to any travel.

C.5 – SECURITY

EFFECTIVE

96. 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; (c) inquiries about the active engagement of UNFPA Office Management, including its participation in the Security Management Team; (d) testing of Management and staff familiarity with their security management responsibilities and applicable security management guidelines; (e) a review of the timeliness of security advisories to all staff and contract personnel; (f) a review of the Office security, contingency, and building and medical evacuation plans; (g) a review of the timeliness of security incident reporting to UNDSS; and (h) the existence of a dedicated security desk and hotlines.

97. Based on the work performed, no issues were noted other than the lack of evidence of security clearance previously identified in Section C-4 related to travel.

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 2016,¹¹ 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.

¹¹ 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
Atlas	UNFPA's Enterprise Resource Planning system
DMS	Division for Management Services
ERM	Enterprise Risk Management
FACE	Funding Authorization and Certificate of Expenditure
HACT	Harmonized Approach to Cash Transfer
HR	Human Resources
IP	Implementing Partner
MOSS	United Nations Minimum Operating Security Standards
NGO	Non-Governmental Organization
NEX	National Execution
OAIS	Office of Audit and Investigation Services
OFA	Operating Fund Account
PAD	Performance Appraisal and Development
PSB	Procurement Services Branch
PSD	Policy and Strategy Division
SIS	Strategic Information System
SWAP	Sector-Wide Approach
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNDSS	United Nations Department for Safety and Security
USD	United States Dollars
WCARO	West and Central Africa Regional Office