



## **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**

#### **REMOTE AUDIT AND MONITORING (RAM)**

#### **UNFPA OFFICES IN THE WEST AND CENTRAL AFRICA REGION**

#### **FINAL REPORT**

Nº IA/2020/07

**29 September 2020**

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## EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) performed a remote audit (the audit) of the UNFPA Offices located in the West and Central Africa (WCA) Region (WCAR Offices). The audit covered selected programme and operations management activities, and transactions executed by the WCAR Offices in the period from 01 January to 30 September 2019.

### Background

2. The West and Central Africa Region has enormous potential, yet faces many complex and interconnected health, humanitarian, demographic and economic challenges.<sup>1</sup> Based in Dakar, Senegal, the UNFPA West and Central Africa Regional Office (WCARO) covers 23 countries spanning the four languages predominantly used for UNFPA work: 14 French-speaking countries; 5 English-speaking countries; 3 Portuguese-speaking countries; and one Spanish-speaking country.

3. Expenses incurred in the period under review for the Offices in scope (see below) amounted to USD 71.0 million, corresponding to activities and transactions executed directly by WCAR Offices selected for the review (USD 44.4 million) and by 301 Implementing Partners (USD 26.6 million). Expenses were funded from core resources of USD 30.9 million and non-core resources of USD 40.1 million.<sup>2</sup>

4. The region experienced capacity and human resources challenges during the period in scope, especially in management and supervisory roles, resulting in weaknesses in the operating effectiveness, supervisory and monitoring activities for some Offices. Six of the 16 offices audited did not have operation managers in post and four did not have Deputy Representatives to support the Country Representatives, given the size of the individual office programmes.

5. In addition, as noted in recent audit reports of Offices in the Region, the primary working language used in most Offices is French, with English proficiency levels varying from high (few individuals) to nil. As a result, the performance in some Offices was adversely affected as personnel may not have access to the UNFPA regulatory framework or may incorrectly interpret English-based documents – which is a contributing factor to many of the issues found in the course of this audit.

### Methodology and scope

6. 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 operations and internal control processes in place. The audit included reviewing and analyzing, on a test basis, information that provided the basis for the audit conclusions. The work was conducted out of Headquarters and no field missions to any of the WCAR countries were undertaken.

7. The WCAR UNFPA Offices included in the scope of this audit were those in Benin, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Equatorial Guinea, Gabon, Ghana, Guinea, Mauritania, Republic of Congo, Sao Tome & Principe, Senegal, The Gambia, Togo, and the Regional Office. The UNFPA Offices with audit missions undertaken by OAIS in 2018 or 2019 – Burkina Faso, Cameroon, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, and Sierra Leone – were excluded from the scope to avoid duplications, except Cameroon given the change of office leadership after the OAIS audit. The Capo Verde Joint Office between UNDP, UNFPA and UNICEF was also excluded as some operational processes in common with the three organizations were recently audited by UNDP.

8. The scope of the audit included an assessment of the operating effectiveness of internal controls over workplan management, Implementing Partner management; supply chain management; human resource management; procurement; financial management; travel; and asset management activities and transactions. These were selected using a risk-based approach. Staff payroll expenses, amounting to USD 20.6 million in the period under review, were excluded from the scope of the audit as payroll is managed by another United Nations organization on behalf of UNFPA, which relies on the internal controls implemented by that organization.

<sup>1</sup> Concept Note UNFPA West and Central Regional Office (WCARO) Delivery Agenda

<sup>2</sup> Based on 2018 Atlas expense figures extracted on 23 October 2019

Audit rating

9. 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 entities should be achieved. The issues identified could significantly affect the achievement of the objectives of the audited entities. Prompt management action is required to ensure that identified risks are adequately mitigated.

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

| Audit ratings by key audit area        |  |                                 |
|--|--|---------------------------------|
| <b>Programme management</b>            |  | <b>Major improvement needed</b> |
| <i>Workplan management</i>             |  | <i>Major improvement needed</i> |
| <i>Implementing partner management</i> |  | <i>Major improvement needed</i> |
| <i>Supply chain management</i>         |  | <i>Not effective</i>            |
| <b>Operations management</b>           |  | <b>Some improvement needed</b>  |
| <i>Human resources management</i>      |  | <i>Some improvement needed</i>  |
| <i>Procurement</i>                     |  | <i>Some improvement needed</i>  |
| <i>Financial management</i>            |  | <i>Major improvement needed</i> |
| <i>Travel</i>                          |  | <i>Some improvement needed</i>  |
| <i>Asset management</i>                |  | <i>Some improvement needed</i>  |

Key findings and agreed Management actions

11. The audit identified areas where the WCAR Offices’ practices were fully compliant with established policies and procedures. However, there are a number of areas that require Management attention, related to operational, compliance and reporting matters. Overall, the audit report includes eight high priority and four medium priority agreed Management actions to help the Offices improve programme delivery and operations.

*Operational level*

12. Use of the Global Programming System in programme planning could be improved upon, through timely finalization of workplans, better workplan budgeting at the monitoring account level to provide greater details on the nature of inputs budgeted, and accurate and timely processing of workplan revisions in the system.

13. The processing of Funding Authorization and Certificate of Expense (FACE) forms, which are used by Implementing Partners to request funding and report expenses incurred for programme activities, requires improvement to strengthen the controls over expenses reported by Implementing Partners.

*Compliance level*

14. To minimize the issuance of *ex post-facto* requisitions and purchase orders, WCAR Offices need to timely commit financial resources in Atlas at the time of making local procurement awards.

15. Some improvement in compliance with UNFPA policies and procedures is required in the areas of contract personnel management – e.g. restricting the commencement of work by individual consultants without signed contracts and better documenting certifications of payments and consultant evaluations; procurement – e.g. preparing comprehensive procurement plans that capture as many procurement actions as possibly foreseeable in as much detail as possible; and travel – e.g. timely submitting travel requests, obtaining security clearances before official travel and accurately computing daily subsistence allowances.

16. The WCAR Offices should enhance controls to adhere to the policy on Management of Programme Supplies, particularly for the receiving and inspection controls upon physical receipt of assets and programme supplies, distributions of supplies and the controls over the management of documents.

*Reporting level*

17. To enhance financial reporting and the use of financial information for monitoring, accuracy and timeliness in financial accounting and recording of transactions through training relevant staff, as well as implementing appropriate supervisory controls.

*Agreed Management actions*

18. WCARO Senior Management, as well as all Representatives and Heads of Office in the region, are in agreement with the findings in the report. On receiving the draft audit report, it was shared with all Offices in the region and along with a matrix showing specific findings per Office that contributed to the reported issues. Findings were agreed by the concerned Offices and each indicated which actions they intend to take. The following key follow-up actions were agreed upon and will be implemented throughout the remainder of 2020 and up to mid-2021:

- a) Representatives and Heads of Offices will ensure implementation of the identified shortcomings at their respective offices;
- b) WCARO, together with Office management teams will identify office-specific capacity gaps and conduct focused capacity-building activities through regional webinars, workshops, online or face-to-face trainings, missions, coaching;
- c) WCARO will engage with Headquarters to address systemic issues identified through the audit and contribute to establishing solutions that will address field-specific situations; and
- d) WCARO has engaged an Implementing Partner (IP) to provide close support to improve the use of the Supply Chain Maturity Model and Last Miles Assurance tools to remedy the shortcomings noted in the report.

19. WCARO Senior Management takes this opportunity to thank the OAS team for the remote audit and monitoring exercise and will share comments and suggestions on process improvement for similar engagements in the future.

20. The OAS audit team would like to thank the Management and staff of the Offices in the West and Central Africa Region for their cooperation and assistance throughout the audit.

## I. OBJECTIVES, SCOPE AND METHODOLOGY

1. The objective of the remote audit, conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, was to provide reasonable assurance on the operating effectiveness of internal controls over activities and transactions executed by the WCAR Offices (see complete list in paragraph 9) in the period from 01 January to 30 September 2019, for the following processes:

- Programme management:
  - a) Workplan management;
  - b) IP Management;
  - c) Supply Chain management;
- Operations management:
  - a) Human resources management;
  - b) Procurement;
  - c) Financial management;
  - d) Travel; and
  - e) Asset management.

2. The audit included such tests, as considered necessary in the circumstances, to obtain reasonable assurance with regards to:

- a) The appropriateness of the activities and transactions reviewed in the context of the Offices' programmes;
- b) The operating effectiveness of the internal controls in place over the activities and transactions;
- c) The level of compliance with the rules, regulations, policies and procedures applicable to activities and transactions; and
- d) The accurate recording of activities and transactions.

3. Audit procedures applied as part of the audit included an analytical review of Atlas financial information; a review of workplan information in the Global Programming System (GPS); a review of supporting documents, records and other documentary evidence related to the activities and transactions reviewed; and inquiries to Management on matters arising from the procedures applied. All work was conducted out of Headquarters with no field missions undertaken to any of the WCAR Offices.

4. The WCAR UNFPA Offices included in the scope of this audit were those in Benin, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Equatorial Guinee, Gabon, Ghana, Guinea, Mauritania, Republic of Congo, Sao Tome & Principe, Senegal, The Gambia, Togo, and the Regional Office. The UNFPA Offices with audit missions undertaken by OAIS in 2018 or 2019 – Burkina Faso, Cameroon, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, and Sierra Leone – were excluded from the scope to avoid duplications, except Cameroon given the change of office leadership after the OAIS audit. Further, the Capo Verde joint office between UNDP, UNFPA and UNICEF was excluded as some transactions in common with the other organizations were recently audited by UNDP.

5. Activities and transactions reviewed were selected using a risk-based approach. Staff payroll transactions were excluded from the scope of the audit as they are managed by another United Nations organization on behalf of UNFPA, which relies on the internal controls implemented by that organization.

6. The engagement was conducted by a team of OAIS audit specialists and individual professionally qualified audit consultants, starting on 21 October 2019. Findings resulting from the audit were discussed with Management at an exit meeting held on 22 April 2020. Comments received and clarifications provided throughout the report preparation period were incorporated in a draft report submitted to the West and Central Africa Regional Office (WCARO) on 29 July 2020. Final management actions agreed with WCARO, received on 15 September 2020, are reflected in the report.

## II. BACKGROUND

7. West and Central Africa (WCA) is a diverse and complex region facing the world's most pressing humanitarian and development challenges.<sup>3</sup> According to the UN Population Statistics, the total population of the West and Central Africa Region (WCAR) stands at around 500 million,<sup>4</sup> representing just short of 50 per cent of the total population of sub-Saharan Africa and 7 per cent of the world's population – yet only 1.5 per cent of the world's GDP.<sup>5</sup> WCAR has the world's highest fertility rate, which also translates into the youngest population structure worldwide,<sup>6</sup> with about 60 per cent of the population under the age of 24.<sup>7</sup>

8. Based in Dakar, Senegal, the UNFPA West and Central Africa Regional Office (WCARO) covers 23 countries using four different working languages – 14 Offices use French as their primary working languages (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Republic of Congo, Cote d'Ivoire, Gabon, Guinea, Mali, Mauritania, Niger, Senegal, and Togo); 5 Offices are English-speaking (The Gambia, Ghana, Liberia, Nigeria and Sierra Leone); 3 Offices are Portuguese-speaking (Cabo Verde, Guinea-Bissau and Sao Tome & Principe); and one Office is Spanish-speaking (Equatorial Guinea).

9. The West and Central Africa region has enormous potential, yet faces many complex and interconnected health, humanitarian, demographic and economic challenges. Despite progress in women's health in the region, it is yet to be seen if the region will be able to meet the Sustainable Development Goals on reducing maternal mortality ratio to less than 70 per 100,000 live births.<sup>8</sup>

10. Presently, the regional indicators remain worrisome with a maternal mortality rate of 674 per 100,000 live births, 13 per cent contraceptive prevalence rate across the region, and 24 per cent unmet need for family planning. Access to essential reproductive health services is low. Only 12 per cent of pregnant women who require emergency obstetric care and newborn care services receive them, and only 48 per cent of births are attended by skilled birth attendants. An estimated 13,000 new cases of obstetric fistula occur per year, on top of a backlog of 378,000 existing cases to be repaired. The region carries approximately 18 per cent of the global HIV burden, accounting for 21 per cent of new HIV infections worldwide, with adolescents experiencing an increase in AIDS related deaths.<sup>9</sup>

11. Notwithstanding the challenges, countries in the region made significant progress in increasing the coverage of effective sexual and reproductive health services and rights. The maternal mortality ratio declined by 35 per cent between 2000 (962/100,000 births) and 2017 (674/100,000 births)<sup>10</sup>; the contraceptive prevalence rate by modern methods increased by 67 per cent between 1994 (6 per cent) and 2019 (18 per cent)<sup>11</sup>; and the adolescent birth rate decreased by 11 per cent from 128/1000 girls in 2015<sup>12</sup> to 114/1000 girls in 2018.

12. Expenses incurred in the period under review for the Offices in scope amounted to USD 71.0 million, corresponding to activities and transactions executed directly by the 15 selected WCAR Offices and the Regional Office (USD 44.4 million; 63 per cent of total – 'UNFPA execution') and by 301 Implementing Partners (IP) (USD 26.6 million; 37 per cent of total). The main individual expense categories are presented in Table 1 below.

<sup>3</sup> UNICEF West and Central Africa Regional Office, Regional Office Annual Report 2017

<sup>4</sup> Why addressing child marriage and adolescent pregnancy is essential to achieving the demographic dividend in West and Central Africa

<sup>5</sup> Concept Note - UNFPA West and Central Regional Office (WCARO) Delivery Agenda

<sup>6</sup> Concept Note - UNFPA West and Central Regional Office (WCARO) Delivery Agenda

<sup>7</sup> Demographic Dividend in West and Central Africa, 2018 Progress Report – Summary

<sup>8</sup> Concept Note - UNFPA West and Central Regional Office (WCARO) Delivery Agenda

<sup>9</sup> WCARO Regional Interventions Action Plan, 2018-2021

<sup>10</sup> Trends in maternal mortality: 2000 to 2017, Estimates by WHO, UNICEF, UNFPA, World Bank Group and the United Nations Population Division, published 2019, page 39

<sup>11</sup> State of the world population 2019

<sup>12</sup> State of the world population 2015

Table 1 - Key expense categories<sup>13</sup> for the offices and period in scope

| Activities implemented by               | Value in USD million | Percentage of total | Percentage within each category |
|---|----------------------|---------------------|---------------------------------|
| <b>WCAR Offices</b>                     | <b>44.4</b>          | <b>63%</b>          | <b>100%</b>                     |
| Staff payroll                           | 20.6                 | 29%                 | 46%                             |
| Contract personnel costs                | 4.1                  | 6%                  | 9%                              |
| Procurement of other goods and services | 9.9                  | 14%                 | 22%                             |
| Procurement of programme supplies       | 3.6                  | 5%                  | 8%                              |
| Travel                                  | 6.0                  | 9%                  | 14%                             |
| All other expenses (aggregated)         | 0.2                  | 0%                  | 1%                              |
| <b>IP expenses</b>                      | <b>26.6</b>          | <b>37%</b>          | <b>100%</b>                     |
| Consultancies and salaries              | 7.3                  | 10%                 | 27%                             |
| Training                                | 12.3                 | 17%                 | 46%                             |
| Procurement                             | 6.3                  | 9%                  | 24%                             |
| All other expenses (aggregated)         | 0.7                  | 1%                  | 3%                              |
| <b>TOTAL</b>                            | <b>71.0</b>          | <b>100%</b>         | <b>--</b>                       |

13. Expenses were funded from core resources of USD 30.9 million and non-core resources of USD 40.1 million.<sup>14</sup> Approximately USD 56.8 million (80 per cent) corresponded to programme expenses, with 45 per cent allocated to the Reproductive Health component (USD 32.3 million); 13 per cent to the Gender component (USD 9.0 million); 7 per cent to the Population and Development component (USD 5.1 million); and 15 per cent to the Adolescents component (USD 10.4 million). 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 20 per cent of expenses.<sup>15</sup>

14. The region experienced capacity and human resources challenges during the period in scope, especially in management and supervisory roles, resulting in weaknesses in the operating effectiveness, supervisory and monitoring activities for some Offices. Six of the 16 offices audited did not have operation managers in post and four did not have Deputy Representatives to support the Country Representatives, given the size of the individual office programmes.

15. In addition, as noted in recent audit reports of Offices in the Region, the primary working language used in most Offices is French, with English proficiency levels varying from high (few individuals) to nil. As a result, the performance in some Offices was adversely affected as personnel may not have access to the UNFPA regulatory framework or may incorrectly interpret English-based documents – which is a contributing factor to many of the issues found in the course of this audit.

<sup>13</sup> Based on 2018 Atlas expense figures.

<sup>14</sup> Based on 2018 Atlas expense figures

<sup>15</sup> Based on 2018 Atlas expense figures

### III. DETAILED FINDINGS

#### A. PROGRAMME MANAGEMENT

**MAJOR IMPROVEMENT NEEDED**

##### A.1 – WORKPLAN MANAGEMENT

**MAJOR IMPROVEMENT NEEDED**

16. During the period under review, WCAR Offices implemented programme activities that were managed through 318 workplans,<sup>16</sup> inclusive of 17 UNFPA workplans, amounting to USD 204.3 million. A large portion of the expenses incurred in relation to UNFPA-implemented activities corresponded to personnel costs and the procurement of programme supplies and other goods and services.

17. Audit procedures performed focused on the analysis of 239 workplans maintained in and generated from the Global Programming System (GPS), with aggregate total expenses of USD 67.1 million during the period under review (95 per cent of programme implementation expenses). The review was limited to specific procedures and analyses of GPS data during the audit period and was based only on information available as at 30 September 2019. The procedures included follow-up inquiries of WCAR Offices' focal points on identified potential exceptions or inconsistencies in data generated from GPS, especially with regard to workplan management.

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

*Strengthen the use of GPS for more effective programme planning*

*Late finalization of workplans in GPS*

19. There were significant delays in finalizing the 2019 workplans in GPS. Sixty-nine (29 per cent of the sample) workplans were signed after 31 March 2019; including 14 (6 per cent of the sample) which were finalized between May and September 2019. The delayed finalization of the workplans contributed to instances of low financial implementation rates for the period ending 30 September 2019, with 43 IPs registering rates between 1 and 49 per cent.

20. Management of the WCAR Offices attributed the delays in finalizing the workplans to (a) late receipt of co-financing funds; (b) a need to register new IPs during the course of the year – which proved to be time-consuming; (c) the commencement of new country programme cycles, some of which involved more humanitarian interventions – presenting a shift in focus from previous mainly development-oriented programmes, and thereby creating a steep learning curve; and (d) insufficient human resources which hampered adequate supervision.

*Workplan budgeting*

21. Thirty-three IP workplans reviewed revealed differences between budget amounts in the workplans and commitment control<sup>17</sup> budgeted amounts in Atlas, for an absolute total value of USD 21.1 million – which could lead to potential overspending.

22. The differences were mainly caused by workplan budget revisions that were not accurately and timely processed by the relevant programme managers in GPS. Some differences also corresponded to workplan budget revisions that were not properly supported by appropriate documents. For example, 11 workplans in GPS had more than five revisions each, which were not supported by the requisite documents such as signed letters with the concerned IPs.

23. Further, programme activities amounting to USD 46.5 million relating to 59 workplans were budgeted in GPS at the aggregate account level of “General Operation Expenses” – instead of the corresponding sub-account levels by expense type (i.e. the “monitoring” account level) – which could significantly improve monitoring by providing greater details on the nature of inputs budgeted.

<sup>16</sup> Source: Global Programming System (GPS) data extracted in April 2019

<sup>17</sup> Atlas module where all financial transactions are subjected to budgetary controls

|            |   |
|------------|---|
| ROOT CAUSE | <i>Guidance: Inadequate supervision at Office level.<br/>Resources: Insufficient human resources.</i>   |
| IMPACT     | <i>Implementation of programme activities may be delayed due to late finalization of workplans and the effectiveness of budgetary controls may be diminished.</i> |
| CATEGORY   | <i>Operational.</i>   |

**AGREED MANAGEMENT ACTION NO. 1**

**PRIORITY: HIGH**

*WCARO takes note of this recommendation and will continue strengthening capacities of staffs and partners so that work plans can be finalized early at the beginning of the year to facilitate effective project implementation and programme delivery. A memo will be prepared and guidance issued by the Regional Office for early finalization of workplans. Further, GPS users’ capacities will be reinforced through refresher training on GPS for all roles and profiles. A SOP on GPS roles and responsibilities taking into consideration segregation of duties will be circulated to all COs so that they can adapt it to their context and internal capacities.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

DUE DATE: April 2021

*Heads of WCAR Offices.*

**A.2 – IMPLEMENTING PARTNER MANAGEMENT**

**MAJOR IMPROVEMENT NEEDED**

24. During the period under review, IPs engaged by the WCAR Offices for implementation of programme activities incurred expenses amounting to USD 26.6 million. Per the available general ledger information, expenses incurred by IPs corresponded primarily to consultancies and salaries, training costs, and procurement (see details in Table 1 above).

25. Audit work performed in this area included an analytical review of IP expenses in the period under review, as well as detailed testing of a sample of 46 Funding Authorization and Certificate of Expenditure (FACE) forms amounting to USD 6.2 million (23 per cent of IP expenses) as regards: (a) the existence of appropriate agreements and signed workplans with the concerned IPs; (b) controls implemented for the review, authorization and processing of the FACE forms; (c) reconciliation, for a sample of activities, of expenses reported in the FACE forms to itemized cost estimates, transaction details, and copies of supporting documents obtained from the concerned IPs; (d) submission of Workplan Progress Reports by the IPs; and (e) controls implemented over the Operating Fund Account, used to record and control funds advanced to the IPs.

26. Based on the work performed, the following two matters require Management attention.

*Strengthen controls over expenses reported by Implementing Partners*

27. Two IPs in one country, both operating on a cash advance modality, did not provide documents that support expenses of USD 0.3 million reported in the FACE forms. Further, in one of the two instances, the Office did not obtain from the IP the progress report that had been requested, which would link expenses and objectives targeted in the workplan. In another instance, an IP did not submit the ‘Detail Transaction’ listing – which provides the detail of the amount included in the FACE form.

28. In addition, spot-checks conducted by the concerned Country Office in 2018 and 2019 for this and two other IPs reported systematic issues of non-availability of documents. The Management of the concerned WCAR Offices attributed the issue to human resources capacity gaps (see also paragraph 14).

29. The absence of documents hampers the Offices to have adequate stewardship, visibility and control over the IPs and the funds provided.

|            |   |
|------------|---|
| ROOT CAUSE | <i>Guidance: Inadequate supervision at Office level.<br/>Resources: Insufficient human resources.</i>                                 |
| IMPACT     | <i>Non-submission of supporting documents hampers the Office’s ability to ensure that funds advanced to IPs are used as intended.</i> |
| CATEGORY   | <i>Operations.</i>  |

**AGREED MANAGEMENT ACTION No. 2**

**PRIORITY: HIGH**

*A more rigorous approach on spot-checks will be adopted, especially on the correct use of spot-check annexes supported by adequate documentation, for an effective control and visibility over the IPs and the funds provided.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

DUE DATE:

July 2021

*Heads of WCAR Offices.*

Use FACE form checklist to reinforce FACE form reviews

30. Of the 46 FACE form transactions reviewed, four exceptions (9 per cent of the sample) were identified as detailed below.

31. In two instances amounting to USD 0.2 million, the FACE review checklist was not completed or was provided for review. The purpose of the checklist is to help staff practice due diligence, in particular detecting possibly excessive, unauthorized or ineligible expenses, and thereby better manage risk.

32. In two instances, in the aggregate amount of US 0.3 million, FACE forms were submitted 55 and 168 days after the expected reporting dates.

33. While not all being significant or pervasive in nature, the exceptions are reflective of gaps in the effectiveness of FACE form review and approval and, overall, over IP management.

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

*Resources: Insufficient human resources.*

IMPACT

*Errors and other issues may not be identified and remediated in a timely and effective manner.*

*There is increased risk of financial loss and reputational risk to UNFPA.*

CATEGORY

*Compliance.*

**AGREED MANAGEMENT ACTION No. 3**

**PRIORITY: MEDIUM**

*WCARO will ensure Offices systematically follow workflows as designed in GPS and FACE Forms checklists to ensure that all steps of the IP documents' review have been completed.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

DUE DATE:

July 2021

*Heads of WCAR Offices.*

**A.3 – SUPPLY-CHAIN MANAGEMENT**

**NOT EFFECTIVE**

34. During the period under review, WCAR Offices supplied programme supplies worth USD 3.6 million, consisting primarily of contraceptives, dignity and medical kits for humanitarian response activities. The supplies were procured by the UNFPA Procurement Services Branch, based in Copenhagen, Denmark (USD 2.4 million), and locally by the WCAR Offices (USD 1.2 million).

35. Audit work in this area included an analytical review of programme supplies transactions in the period under review, as well as tests of detail on a sample of 42 transactions amounting to USD 1.6 million (44 per cent of the programme supplies), as regards: (a) linkage to annual workplans or other appropriate evidence of the transactions' business purpose; and (b) compliance with the applicable policies and procedures, and operating effectiveness of controls in the areas of: (i) requisitioning; (ii) customs clearance, receiving and inspection; (iii) handover of the programme supplies to IPs; and (iv) transaction recording. For locally procured programme supplies, audit work included a review of the related procurement processes (refer to section B.2 of the report for details on the work performed).

36. Regarding the ‘last mile assurance’ of the Supply Chain Management process (from the Office to service delivery points), selected WCAR Offices had undergone a management review commissioned jointly by the Technical Division and the Division for Management Services (DMS), in accordance with the requirements of the Policy on Management of Programme Supplies. The review was conducted by an independent audit firm, and covered the period from 01 January 2017 to 30 June 2018. It focused on downstream supply-chain activities, including the review of the adequacy of key supply chain management activities and controls in place at the Office, at the IPs (and their contractees) and at service delivery points to ensure that reproductive health commodities are safeguarded and timely distributed to the intended beneficiary facilities in accordance with the requirements of the IP agreements, workplans and other relevant programme documents. These reviews revealed major issues in the region, hence a need for continuous attention.

37. Based on the work performed, two matters need Management attention.

Enhance Programme Supplies management

38. In 14 instances from four different Offices, documents related to either custom clearance, receiving and inspection reports; and/or Programme Supplies distribution (USD 1.1 million) were incomplete or not available (USD 0.1 million). One of the concerned Office reported that it did not prepare the required documents due to inadequate understanding of the policy on Management of Programme Supplies. In addition to the capacity issue, Management of the WCAR Offices also attributed the weaknesses to insufficient human resources which included prolonged vacancies (over a year) in key posts for some Offices (see also paragraph 14).

39. The absence or completeness of documents hampers the ability to control and ensure adequate safeguard of Programme Supplies in these Offices.

40. The above issues were also captured in the ‘Inventory Management Performance Report’ of December 2019, prepared by DMS as part of the second line of defence monitoring mechanism. Follow-up and remedial actions were requested from the concerned Offices. However, at the time of writing this report, the information on their implementation was not available.

|            |   |
|------------|---|
|            | <i>Resources: Inadequate training.</i>  |
| ROOT CAUSE | <i>Resources: Insufficient human resources.<br/>Guidance: inadequate supervision at Office level.</i> |
| IMPACT     | <i>Increase risk of programme supplies loss due to lack or incomplete recordkeeping.</i>              |
| CATEGORY   | <i>Compliance.</i>  |

**AGREED MANAGEMENT ACTION No. 4** **PRIORITY: HIGH**

*WCARO will reinforce the proper implementation of the Management of Programme Supplies Policy and will request the Headquarters-based Finance Branch, Commodity Security Branch and Procurement Services Branch to develop and conduct a holistic and concerted training covering the Programme Supplies policy, including ‘Last Mile Assurance’ for key focal points in the region.*

*In January 2020, WCARO decided to adopt a new approach consisting in providing countries with close support to improve their use of the Supply Chain Maturity Model and Last Miles Assurance tools. Thus, since July 2020, WCARO engaged an Implementing Partner to provide this kind of support to countries. To ensure full understanding by the IP of its mission, two orientation webinars have been organized for them in collaboration with DMS.*

*WCARO, through the Reproductive Health Commodity Security Advisor, will ensure that CO Focal Points use effectively the various tools designed for the management of programme supplies.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: DUE DATE: August 2021  
*Heads of the concerned WCAR Offices.*

Strengthen Supply Chain Management planning to improve on timely delivery

41. The processes to identify needed programme supplies and to schedule their timely acquisition and distribution to meet programme delivery objectives need to be more effective.

42. For instance, there was no needs assessment or other document to support the need for one programme supplies item amounting to USD 0.1 million. Moreover, the item was recorded neither in the Office workplan nor in its procurement plan. Further, for five other programme supplies transactions amounting to USD 0.2 million, it took between 5 and 19 months from order to in-country reception – resulting in late delivery to beneficiaries.

43. The delays were caused by poor planning activities including: short lead times from requisition to receipt of the supplies; late finalization of the procurement processes; and inadequate arrangements for shipping to island countries.

44. In addition, 2 out of the 46 programme supplies transactions reviewed, in the aggregate amount of USD 0.7 million, did not have any evidence of distribution planning having been undertaken, resulting in difficulties with establishing the need and the basis for the distribution of this supplies.

|            |   |
|------------|---|
| ROOT CAUSE | <i>Guidelines: Inadequate planning.<br/>Guidance: inadequate supervision at Office level.</i> |
| IMPACT     | <i>Delays in providing programme supplies in a timely manner to beneficiaries.</i>            |
| CATEGORY   | <i>Compliance.</i>  |

**AGREED MANAGEMENT ACTION NO. 5**

**PRIORITY: HIGH**

*WCARO, through the Reproductive Health Commodity Security Adviser and the programme supplies Focal Point, will do the follow-up so that all COs undertake programme supplies needs assessment early enough and include them in the workplans for better consideration and follow-up through the procurement plans.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

DUE DATE: April 2021

*Heads of the concerned WCAR Offices.*

**B. OPERATIONS MANAGEMENT**

**SOME IMPROVEMENT NEEDED**

**B.1 – HUMAN RESOURCES MANAGEMENT**

**SOME IMPROVEMENT NEEDED**

45. During the period under review, WCAR Offices incurred staff payroll expenses amounting to USD 20.6 million (not in the scope of this audit). In addition, the Offices made use of contract personnel and engaged 147 individuals<sup>18</sup> under service contracts, at a cost of USD 1.3 million, and 347 individual consultants, at a cost of USD 2.8 million, for operational and programme delivery activities.

46. Audit tests performed included an analytical review of contract personnel transactions in the period under review, as well as detailed tests of a sample of 87 transactions involving 56 contracts awarded by the Offices at a cost of USD 0.8 million (20 per cent of the contract personnel costs), as regards: (a) linkage to annual workplans or other appropriate evidence of the business purpose of the transactions; (b) use of appropriate personnel contracting modalities; and (c) compliance with the applicable policies and procedures and operating effectiveness of controls in the areas of: (i) recruitment; (ii) contract award and management; (iii) performance assessment; (iv) transaction recording; and (v) payments. Audit procedures applied also included testing of 17 payments of staff benefits and entitlements amounting to USD 0.2 million.

47. Based on the work performed, the following matter requires Management attention.

<sup>18</sup> Based on Cognos figures

Strengthen supervision of the application of rules and procedures for managing contract personnel

48. The review of the 87 contract personnel transactions identified 28 exceptions (32 per cent) where rules and procedures should have been applied more rigorously:

- (a) In 11 instances, individual consultants were engaged without providing the requisite certifications for health insurance, health statements or, for those traveling, without completing the prescribed security courses;
- (b) In three instances, the individual consultants' rates were set at higher levels than the corresponding professional grade salary, resulting in overpayments of USD 10,115;
- (c) In six instances amounting to USD 0.1 million, individual consultants commenced work without valid contracts – the contracts were approved and signed retrospectively; and
- (d) In nine instances, consultants were not evaluated before final pay-outs following the completion of assignments.

|            |   |
|------------|---|
| ROOT CAUSE | <i>Guidance: inadequate supervision at Office level.</i>  |
| IMPACT     | <i>Non-compliance with policies and procedures may diminish competitiveness in the selection of personnel, result in inconsistencies in the treatment of contract personnel, limit performance evaluations, and create legal liability.</i> |
| CATEGORY   | <i>Compliance.</i>  |

**AGREED MANAGEMENT ACTION NO.6** **PRIORITY: HIGH**

*With the support of the Human Resource Strategic Partner, WCARO will organize specific training on consultant portfolio management, from the definition of Terms of Reference to the certification of payments. Particular attention will be paid to the conditions of recruitment and the setting of rates to be paid.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: DUE DATE: May 2021  
*Heads of the concerned WCAR Offices.*

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

49. During the period under review, the WCAR Offices locally procured goods (other than programme supplies) and services, at a cost of approximately USD 7.1 million. The most significant categories of goods and services procured were event services for facility and information technology services (USD 4.2 million); and office and communication supplies (USD 2.9 million).

50. Audit work in this area included an analytical review of procurement transactions, as well as detailed tests of a sample of 128 local purchases made at a cost of USD 1.9 million (27 per cent of locally-managed procurement transactions), as regards: (a) linkage to annual work plans or other appropriate evidence of the business purpose of the transactions; (b) compliance with UNFPA procurement principles<sup>19</sup> and applicable policies and procedures; and (c) operating effectiveness of controls in the areas of: (i) procurement planning; (ii) requisitioning; (iii) solicitation and bidding; (iv) bid assessment; (v) vendor selection; (vi) contract award; and (vii) accounts payable and payments.

51. Based on the work performed in this area, the following two matters need Management attention.

Improve the application of the policy on regular procurement

52. Ten procurement transactions from four countries, amounting in total to USD 0.2 million, were not undertaken in compliance with the Policy and Procedures for regular procurement. The solicitation periods for all 10 transactions were opened for two to five days – instead of the required 14 days. In two instances, there was no evidence that a competitive vendor selection process had been undertaken.

<sup>19</sup> Best value-for-money; fairness, integrity and transparency; open and effective competition; and protection of the interest of UNFPA.

53. Further, two offices had either not finalized their procurement plans or did not regularly update the plans, resulting in two training transactions and one consultancy contract, at an aggregate amount of USD 0.1 million, being excluded from the plans.

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

IMPACT *The effectiveness and efficiency of the procurement process, as well as its transparency and fairness, may be diminished.*

CATEGORY *Compliance.*

**AGREED MANAGEMENT ACTION No. 7**

**PRIORITY: HIGH**

*A training on the new UNFPA Procurement Procedures has recently been organized for all countries in the region and action plans have been developed covering all the identified findings. WCARO, with the support of the Procurement Services Branch, will strengthen the implementation of these action plans.*

*WCARO will also develop a procurement training plan for the region and negotiate with UNDP for the planning of Chartered Institute of Procurement and Supply (CIPS2)- Level 4 courses in French.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: DUE DATE: June 2021  
*Heads of the concerned WCAR Offices.*

Ensure appropriate approvals are obtained for regular procurement

54. A contract awarded to one vendor, corresponding to two transactions tested and amounting in aggregate to approximately USD 76,000, was not approved by the Local Contracts Review Committee (LCRC) as required by policy which mandates contracts above USD 50,000 to be approved by the said committee.

55. The lack of review by the LCRC limits the Organization’s ability to ensure an adequate level of fairness, transparency, integrity, economy and effectiveness in the procurement process.

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

IMPACT *The effectiveness and efficiency of the procurement process, as well as its transparency and fairness, may be diminished.*

CATEGORY *Compliance.*

**AGREED MANAGEMENT ACTION No. 8**

**PRIORITY: HIGH**

*WCARO will share again all documents related to the UNDP LCRC online platform, organize a training for its use as per conditions set by the new Procurement Procedures.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: DUE DATE: April 2021  
*Heads of the concerned WCAR Offices.*

**B.3 – FINANCIAL MANAGEMENT**

**MAJOR IMPROVEMENT NEEDED**

56. During the period under review, the WCAR Offices processed approximately 16,300 financial transactions, including around 13,000 Accounts Payable Vouchers – used for payments – and roughly 900 Accounts Payable Journal Vouchers – used primarily to process adjustments and record expenses reported by IPs. The remaining transactions corresponded to payroll and other automated transactions, mainly of an accounting nature (e.g., accruals, asset and programme supplies capitalization, exchange gains and losses, etc.), which were not tested, as these were assessed to present low risk.

57. Work performed in this area for all transactions tested in the course of this audit included: (a) the authorization and proper processing of the related financial transactions; (b) the coding of transactions to the correct project, activity, general ledger account, IP and fund codes; and (c) the operating effectiveness of the accounts payable and payments process controls.

58. From the work performed, the following matters require Management attention.

Commit funds in Atlas before completing transactions

59. Requisitions and purchase orders for 36 transactions (6 per cent of total transactions reviewed) – 24 individual consultant payment transactions (USD 0.4 million); 9 travel transactions (USD 0.1 million); 2 procurement transactions (USD 0.03 million); one asset transaction (USD 0.04 million) – were issued and approved on an “*ex post-facto*” basis, either after notifying suppliers of the contract award or after receiving the goods and services procured.

60. Processing of requisitions and purchase orders on an “*ex post-facto*” basis could significantly diminish the effectiveness of UNFPA’s commitment controls – creating the risk that resources are no longer available to pay for goods and services procured if the required funds are committed for other purposes before these transactions are processed.

|            |   |
|------------|---|
| ROOT CAUSE | <i>Guidance: inadequate supervision at Office level.<br/>Resources: Insufficient human resources.</i>   |
| IMPACT     | <i>Buying goods and services without committing the necessary funds in Atlas reduces the effectiveness of budgetary management controls, exposing the Offices to the risk of not having sufficient resources to settle obligations.</i> |
| CATEGORY   | <i>Compliance.</i>  |

|                                      |                       |
|--------------------------------------|-----------------------|
| <b>AGREED MANAGEMENT ACTION No.9</b> | <b>PRIORITY: HIGH</b> |
|--------------------------------------|-----------------------|

*WCARO will develop and share additional tools to strengthen existing processes and ensure that purchase orders and requisitions are prepared before services are rendered and that purchase orders are effectively used as a means of contracting.*

|   |                  |            |
|---|------------------|------------|
| <u>MANAGERS RESPONSIBLE FOR IMPLEMENTATION:</u> | <u>DUE DATE:</u> | April 2021 |
| <i>Heads of the concerned WCAR Offices.</i>     |                  |            |

Improve financial transaction coding and processing

61. Out of 393 recording of expenses tested, 37 (9 per cent of transactions tested) were inaccurate, in the aggregate amount of USD 0.8 million. They were charged to incorrect general ledger accounts, specifically in relation to individual consultants, grants, travel, assets and procurement voucher transactions, and IP accounts payable voucher transactions. Further, as part of the 2018 and 2019 financial statements preparation process, the Finance Branch of the Division for Management Services processed reclassification adjustments of transactions incorrectly recorded by WCAR Offices in the amount of USD 0.8 million and USD 0.5 million respectively , corresponding primarily to the recording of donations received in two WCAR Offices.

62. In addition, the payment for 16 transactions in the aggregate amount of USD 0.1 million were not timely made and without justification. Fourteen DSA transactions were paid to staff after the travel had been done; one payment for an individual consultant was done 135 days after the contract end-date, with no explanation provided for the delay; and one asset transaction was paid five weeks after the payment checklist had been approved. Further, the travel policy – which requires submission of travel expense report within two weeks after the official mission – was not complied with. Fifteen travel expense reports amounting to approximately USD 10,000 were submitted between 20 and 114 days after the travel had been completed.

63. The issues discussed above could be a consequence of a combination of factors, including: (a) lack of awareness and insufficient knowledge of UNFPA accounting policies, some of which may be related to language barriers; (b) lack of understanding of risks and controls related to financial and budget management; and (c) insufficient management supervision and oversight by approving managers for ensuring that transactions are coded in Atlas to the correct account.

64. Making policies and procedures as well as key guidance documents available in the UNFPA working languages, including French, has been raised in other OAI reports and will not be repeated here.

|            |   |
|------------|---|
|            | <i>Guidance: inadequate supervision at Office level.</i>  |
| ROOT CAUSE | <i>Resources: Insufficient human resources.</i><br><i>Resources: Inadequate training.</i>   |
| IMPACT     | <i>Accounting data inaccuracies limit Management’s ability to use the information for monitoring and could distort the presentation of UNFPA financial information.</i> |
| CATEGORY   | <i>Reporting.</i>   |

**AGREED MANAGEMENT ACTION No.10**

**PRIORITY: MEDIUM**

*WCARO will organize with the Headquarters- based Finance Branch a Regional Operations Training, the agenda of which has already been validated. An entire session of this training will be dedicated to financial management and, specifically, to the correct use of accounts and the management of commitments.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:

DUE DATE: June 2021

*Heads of the concerned WCAR Offices*

**B.4 – TRAVEL**

**SOME IMPROVEMENT NEEDED**

65. Travel expenses incurred by WCAR Offices during the period under review amounted to USD 6.0 million. A significant portion thereof corresponded to Daily Subsistence Allowance (DSA) payments for training workshops, meetings, and consultancies.

66. Audit work performed in this area included an analytical review of travel transactions in the period under review, as well as detailed testing of a sample of 199 travel transactions amounting to USD 1.5 million (25 per cent of total travel expenses), as regards: (a) linkage to workplans or other appropriate evidence of the business purpose of the transactions; and (b) operating effectiveness of controls in the areas of: (i) procurement of travel services; (ii) security clearance; (iii) authorization, computation and payment of DSA; and (iv) submission and approval of travel expense reports.

67. From the work performed, the following matter requires Management attention.

*Enhance controls over the travel management process*

68. The travel policy – which requires the submission of travel requests at least 21 days before travel date for business class and 14 days for economy class – was inconsistently followed. The review of a sample of 107 travel requests identified 29 instances (27 per cent of transactions tested) where requests were submitted between 1 and 15 days prior to travel dates. While the testing did not reveal any significant price differentials when comparing the prices paid to current prices (absent contemporaneous quotes), there is a potential risk that Offices may not be able to obtain the lowest fares available.

69. Other exceptions noted included: (a) 11 instances of official travel having been undertaken without the necessary security clearances or travel authorizations; (b) two inaccurate DSA calculations, resulting in the overpayment of a total of USD 2,734 to two individual consultants; (c) three air tickets procured with an LTA that expired in 2015; and (d) one instance where the approved template was not used for travel authorization – resulting in loss of data required for informed decision making.

70. The ability to process travels transactions was further undermined with requisition and purchase orders approved on an “*ex post-facto*” basis, after the travel date, untimely processing and submission of travel reports, as reported in paragraphs 58 and 61 respectively. These exceptions were communicated to the concerned WCAR Offices for remedial action during the audit fieldwork.

ROOT CAUSE *Guidance: inadequate supervision at Office level.*  
*Late procurement of tickets may prevent the Offices from obtaining the lowest fares available.*

IMPACT *Travel without the necessary security clearances and authorization increases safety and security risks for Office personnel and legal liability risk for UNFPA.*

CATEGORY *Operational*

**AGREED MANAGEMENT ACTION No.11**

**PRIORITY: MEDIUM**

*WCARO takes note of the observation and will request all units to prepare and approve quarterly travel plans so as to comply with established policies and procedures. Further, additional tools will be developed to ensure that purchase orders and requisitions are prepared and approved ahead of missions.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: DUE DATE: July 2021  
*Heads of the concerned WCAR Offices*

**B.5 – ASSET MANAGEMENT**

**SOME IMPROVEMENT NEEDED**

71. During the period under review, the WCAR Offices procured fixed assets for their own use and that of IPs, at a cost of USD 2.8 million. The most significant fixed asset categories procured were motor vehicles and computer equipment.

72. Audit work in this area included the review of a sample of 18 assets, including vehicles, procured for use either by the WCAR Offices or IPs, at a cost of USD 1.4 million (50 per cent of the value of fixed assets procured), for appropriateness of business purpose and compliance with the asset management policies and procedures, including the procurement of vehicles.

73. Based on the work performed in this area, the following matter needs Management attention.

*Enhance assets receiving and inspection controls*

74. The UNFPA Procurement policies and procedures prescribe that goods (assets) are to be physically received by business units and have to be timely received in Atlas. Two of the 18 assets transactions from two different Offices reviewed, in the aggregate amount of USD 0.1 million, did not have any evidence of the related assets having undergone the requisite receiving and inspection processes that should lead to the recording of receiving and inspection reports upon physical receipt by the concerned WCAR Office.

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

IMPACT *Lack of physical receipt and inspection process may not allow timely identification and correction of potential errors.*

CATEGORY *Compliance.*

**AGREED MANAGEMENT ACTION No.12**

**PRIORITY: MEDIUM**

*WCARO takes note of this finding and will encourage COs to establish mechanism allowing them to ensure assets are inspected where required, and are received and recorded on a timely manner.*

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: DUE DATE: May 2021  
*Heads of the concerned WCAR Offices.*

## ANNEX I - 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>20</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>20</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 obligation

## ANNEX II – AUDIT COVERAGE AND FINDINGS

*By transaction type*

| Type of Transaction         | Population    |               | Sample Tested |               | Issues Noted  |              |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
|                             | # of Vouchers | 000 USD       | # of Vouchers | 000 USD       | # of Vouchers | 000 USD      |
| Personnel                   | 1,322         | 24,745        | 104           | 1,707         | 36            | 824          |
| IP Management               | 927           | 26,552        | 46            | 6,181         | 2             | 230          |
| Programme Supplies          | 749           | 3,614         | 49            | 1,964         | 9             | 375          |
| Procurement                 | 3,649         | 7,142         | 128           | 1,877         | 6             | 30           |
| Travel                      | 6,006         | 5,986         | 199           | 1,475         | 57            | 337          |
| Fixed assets                | 213           | 2,769         | 23            | 1,606         | 5             | 159          |
| Other                       | 9             | 180           | 6             | 176           | 1             | 50           |
| <b>Total</b>                | <b>12,875</b> | <b>70,988</b> | <b>555</b>    | <b>14,986</b> | <b>116</b>    | <b>2,005</b> |
| <i>Percentage of sample</i> | --            | --            | <b>100%</b>   | <b>100%</b>   | <b>21%</b>    | <b>13%</b>   |

*By business unit*

| Business Unit                | Population                 |               | Sample tested |               | Issues noted  |              |
|------------------------------|----------------------------|---------------|---------------|---------------|---------------|--------------|
|                              | # of Vouchers              | 000 USD       | # of Vouchers | 000 USD       | # of Vouchers | 000 USD      |
| Benin                        | 615                        | 4,673         | 31            | 999           | 6             | 163          |
| Cameroon                     | 1,225                      | 10,566        | 29            | 2,593         | 4             | 130          |
| Central African Republic     | 861                        | 3,341         | 30            | 813           | 9             | 351          |
| Chad                         | 769                        | 5,671         | 48            | 1,458         | 8             | 178          |
| Congo                        | 908                        | 2,247         | 31            | 327           | 5             | 58           |
| Cote d'Ivoire                | 1,666                      | 5,878         | 151           | 1,027         | 35            | 92           |
| Equatorial Guinea            | 568                        | 1,576         | 17            | 507           | 4             | 197          |
| Gabon                        | 238                        | 864           | 20            | 96            | -             | -            |
| Gambia                       | 284                        | 2,186         | 19            | 868           | 4             | 52           |
| Ghana                        | 855                        | 6,340         | 33            | 1,006         | 4             | 153          |
| Guinea                       | 935                        | 5,327         | 39            | 1,676         | 7             | 105          |
| Mauritania                   | 357                        | 1,693         | 23            | 293           | 10            | 137          |
| Regional Office / WCA Region | 1,604                      | 8,467         | 15            | 681           | 5             | 86           |
| Sao Tome & Principe          | 181                        | 573           | 13            | 177           | 4             | 43           |
| Senegal                      | 666                        | 8,734         | 37            | 2,003         | 8             | 216          |
| Togo                         | 535                        | 2,852         | 19            | 462           | 3             | 44           |
| <b>Total</b>                 | <b>12,267<sup>21</sup></b> | <b>70,988</b> | <b>555</b>    | <b>14,986</b> | <b>116</b>    | <b>2,005</b> |

<sup>21</sup> The total number of vouchers do not add up in the above tables (by transaction type and by business unit) because some vouchers may impact multiple countries and/or areas.

**Exceptions in GPS workplans**

| Type of Transaction   | Volume         |                    | Value   |                    |
|---|----------------|--------------------|---------|--------------------|
|   | # of Workplans | Per cent (rounded) | 000 USD | Per cent (rounded) |
| Population Total  | 318            |                    | 204,305 |                    |
| Sample tested <sup>22</sup>   | 239            | 100%               | 141,830 | 100%               |
| Issues noted in test  | 90             | 38%                | 87,933  | 62%                |
| <i>of which workplans with</i>  |                |                    |         |                    |
| Budgets at the aggregate account level  | 59             | 25%                | 77,161  | 54%                |
| Budgeted amounts different in GPS from those in the Atlas Commitment Control module | 33             | 14%                | 53,994  | 38%                |
| Multiple unsupported revisions  | 11             | 5%                 | 2,654   | 2%                 |
| Budget support cost above agreed level  | --             | --                 | --      | --                 |
| Not approved as at 31 March 2018  | 14             | 6%                 | 8,709   | 6%                 |

<sup>22</sup> Some vouchers were tested for or had more than one type of issue.

## GLOSSARY

| Acronym        | Description   |
|----------------|---|
| <b>Atlas</b>   | UNFPA’s Enterprise Resource Planning system               |
| <b>CIPS</b>    | Chartered Institute of Procurement and Supply             |
| <b>DMS</b>     | Division for Management Services                          |
| <b>DSA</b>     | Daily Subsistence Allowance                               |
| <b>FACE</b>    | Funding Authorization and Certificate of Expenditure      |
| <b>GPS</b>     | Global Programming System                                 |
| <b>IP</b>      | Implementing Partner                                      |
| <b>LCRC</b>    | Local Contract Review Committee                           |
| <b>OAIS</b>    | Office of Audit and Investigation Services                |
| <b>UNFPA</b>   | United Nations Population Fund                            |
| <b>UNDP</b>    | United Nations Development Programme                      |
| <b>UN-RIAS</b> | United Nations Representatives of Internal Audit Services |
| <b>USD</b>     | United States Dollars                                     |
| <b>WCA</b>     | West and Central Africa                                   |
| <b>WCAR</b>    | West and Central Africa Region                            |
| <b>WCARO</b>   | West and Central Africa Regional Office                   |