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OFFICE OF AUDIT AND INVESTIGATION SERVICES

SYNTHESIS AUDIT
OF THE WORKPLAN MANAGEMENT PROCESS

FINAL REPORT

Nº IA/2021-02

24 June 2021

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EXECUTIVE SUMMARY

1.   The Office of Audit and Investigation Services (OAIS) performed a synthesis audit of the UNFPA workplan management process activities undertaken by Country and Regional Offices (Field Offices) in the period from 01 January 2018 to 30 September 2019. Workplan management activities pertaining to other periods were covered by the audit, as appropriate.

Background

2.   Workplans are the main tool for planning, budgeting and monitoring of activities that contribute to programme output(s) as outlined in the relevant Country Programme Documents, the global or regional interventions or other planning instruments driven by UNFPA's strategic plan. Workplans are the basis for requisitioning, committing and disbursing funds for planned programme activities and for their monitoring and reporting.

3.   Workplans are generated and maintained using the Global Programming System module in Atlas.[1] The Global Programming System (GPS) was launched in November 2014 to enhance workplan management in UNFPA. It supports the preparation, budgeting, approval, maintenance and system set-up of the workplans used by Headquarters units and Field Offices to plan and manage programme implementation activities.

4.   In 2019, expenses incurred in relation to country programmes, global and regional interventions, and other programme activities amounted to USD 933.8 million.[2] UNFPA programme activities were executed with an overall approved budget of USD 1,008 million, by 148 UNFPA Offices and 1,614 Implementing Partners, through 7,992 workplans in GPS, of which 2,413 workplans (30 per cent of the number of 2019 workplans) were implemented by UNFPA Offices with a total approved budget of USD 523.0 million (52 per cent of the 2019 programmatic approved budget), and 5,579 workplans (70 per cent of the number of 2019 workplans) were implemented by Implementing Partners with a total approved budget of USD 485.0 million (48 per cent of the 2019 programmatic approved budget).[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 governance, risk management and internal control processes in place over the in-scope areas and activities. The audit included reviewing and analyzing, on a test basis, information that provided the basis for the audit conclusions.

6.   The scope of the audit included the review of workplan management process activities as pertains to the workplan process governance, workplan preparation and planning, workplan review and approval, workplan implementation and monitoring, and workplan reporting, with a focus on compliance with applicable policies and procedures. The audit reviewed data generated from GPS, the GPS data hub maintained by the Policy and Strategy Division, and periodic management reports issued by the Division for Management Services. The audit did not include an in-depth review of GPS from an IT-system perspective.

7.   This audit relied on specific procedures and analyses (described in each area included in the report) which were embedded in the 8 Country Offices where OAIS conducted audit field missions as well as the 65 Field Offices that were subject to remote audit modality exercises during the period in-scope.

8.   In addition, the audit included, as part of the regular OAIS recommendation follow-up process, an in-depth review of four recommendations issued in the audit report on the Global Programming System

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[1] The only exceptions managed outside of the system are "enhanced workplans", as described in the Policies and Procedures Manual.

[2] Source: DP/FPA/2020/4 Part I (Add.I) UNFPA Statistical and Financial review, 2019 – Report of the Executive Director.

[3] Source: Cognos Workplan Reports.

issued in March 2016,[4] with a view to their possible closure in light of recent developments in workplan management.

Audit rating

9.   The overall audit rating[5] is "***Some Improvement Needed***" – which means that 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. Issues 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.

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

Audit ratings by key audit area		
Workplan Process Governance		Some improvement needed
Workplan Preparation and Planning		Some improvement needed
Workplan Review and Approval		Some improvement needed
Workplan Implementation and Monitoring		Some improvement needed
Workplan Reporting		Effective

Key findings and agreed Management actions

11.   The audit identified some good practices in workplan management process, as well as areas that require Management attention, some of a strategic nature, and others related to operational, compliance and reporting matters. Overall, the audit report includes five high priority and four medium priority agreed Management actions to help the Offices improve their programme delivery and operations. Of the nine agreed Management actions, three are of strategic nature; two refer to operational matters, two to compliance and another two to reporting matters.

12.   All four outstanding recommendations from the March 2016 audit report on the Global Programming System were closed following this audit.

Good practices

13.   The practices adopted by the Offices were in line with established policies and procedures.

14.   From a workplan process governance perspective, UNFPA issued a revised policy and procedures for workplan management in 2018.[6] Issuance of the revised policy and procedures represented an important milestone in providing an appropriate framework for a more effective management of workplans following the implementation of the Global Programming System in July 2018, which, in itself, was a key step in improving workplan management at UNFPA.

15.   From a workplan preparation and planning perspective, Country Offices generally prepared Country Programme Documents that included planned outcomes and outputs that were clearly linked to those in the UNFPA Strategic Plan and, in most cases, the United Nations Sustainable Development Goals, the United Nations Sustainable Development Cooperation Framework (or previously the United Nations Development Assistance Framework) – providing the Offices with a framework to develop workplans that were aligned to both UNFPA programmatic priorities and national priorities. The Policy and Strategy Division, in collaboration with the Division for Management Services, prepared and shared detailed budget templates

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[4] Internal Audit of the UNFPA Global Programming System, Report No. IA/2016-02, 11 March 2016.

[5] See complete set of definitions in Annex 1

[6] Policy and Procedures for Preparation, Management and Monitoring of Workplans, 2 August 2018.

with Field Offices, to be used in workplan preparation and costing that led to enhanced effectiveness and efficiency of the workplan management process in GPS. Field Offices actively participated in the roll-out of comprehensive trainings on effective use of GPS, including the provision of support to Implementing Partners – resulting in significant improvement in the system's use for workplan management.

16.   Finally, in the implementation and monitoring of workplans, the Policy and Strategy Division, together with the Division for Management Services, conducted regular GPS and workplan compliance reviews, which provided Field Offices and Headquarters units with periodic information on areas that required management attention.

Strategic level

17.   Field Offices need to provide continuous training to personnel involved in workplan management and establish processes to ensure that workplans and Funding Authorization and Certificate of Expenditure forms are reviewed and approved, in accordance with the requirements of applicable policy.

18.   There is a continuous need to align workplan output indicators in GPS to those in the Country Programme Documents and the Strategic Information System (SIS) results plan, for consistency and linkage of planned programme activities.

19.   Finally, Field Offices need to strengthen their workplan monitoring frameworks to include monitoring tools and mechanisms such as: (a) introducing comprehensive monitoring plans; (b) standardized monitoring visit report documentation; and (c) central information repositories to capture all monitoring findings, recommendations, and action plans for easy follow-up.

Operational level

20.   Field Offices need to timely finalize workplans with Implementing Partners to allow sufficient time for uploading approved workplans into GPS and for their implementation, as required by the applicable policy.

21.   To enhance the use of budgetary controls in GPS for effective monitoring, Field Offices should document workplan budgets in sufficient detail by setting up budgets at the 'monitoring account' level – which would significantly improve monitoring by providing greater details on the nature of inputs budgeted.

22.   Finally, Field Offices should closely monitor Implementing Partners' compliance with reporting requirements, particularly timely submission of workplan progress reports and Funding Authorization and Certificate of Expenditure forms to ensure the timeliness of fund disbursements, implementation of programme activities, and their subsequent monitoring.

Compliance level

23.   Field Offices should implement supervisory controls to ensure rigorous review of workplans, in accordance with the requirements of applicable policy.

Reporting level

24.   Field Offices need to strengthen supervisory controls to ensure systematic documentation, completeness and accuracy of reported progress towards the achievement of planned results.

<u>*Management response*</u>

25.   The Policy and Strategy Division released a one-hour workplan management certification course in the first quarter of 2021, which should assist in workplan training. The course will assist in addressing several of the findings as it is targeted to all personnel who play a role in workplan management, including the role of the head of unit regarding quality assurance and overall accountability.

26.   In August 2018, a detailed budget template was introduced as part of the workplan policy revision. Since that time, as the template is used more frequently, there has been a continuous increase in the level of detail budgeting. Implementing Partners budget at the level of the "nature of transaction", which translates into the monitoring account to be entered into the commitment control.

27.   PSD agrees that there is a continuous need to align results at the workplan level to those in the SIS results plans, it will continue reviewing quality of results plans using its quality assurance review criteria that checks whether such alignment exists. In addition, the new Enterprise Resource Planning system will create a link between the programme results and the workplan.

28.   The OAIS team would like to thank the Management and personnel of the Policy and Strategy Division, the Division for Management Services, as well as the Field Offices covered by the audit for their cooperation and assistance throughout the audit.

I.   OBJECTIVES, SCOPE AND METHODOLOGY

1.   The audit covered workplan management process activities conducted in the period from 01 January 2018 to 30 September 2019. Workplan management 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 workplan management process activities.

3.   The audit included such tests, as considered appropriate, to obtain reasonable assurance with regard to:

   a)   The effectiveness and efficiency of workplan management activities;
   b)   The conformity of expenses with the purposes for which funds were appropriated;
   c)   The safeguarding of assets entrusted to the business units and allocated through workplans; and
   d)   The level of compliance with applicable legislative mandates, rules, regulations, policies and procedures; and
   e)   The reliability of the business units financial and operational reporting.

4.   The scope of the audit included the review of workplan management process activities as pertains to the workplan process governance, workplan preparation and planning, workplan review and approval, workplan implementation and monitoring, and workplan reporting, with a focus on compliance with applicable policies and procedures. The audit reviewed data generated from the Global Programming System (GPS), the GPS data hub maintained by the Policy and Strategy Division (PSD), and periodic management reports issued by the Division for Management Services. The audit did not include an in-depth review of GPS from an IT-system perspective.

5.   This audit relied on specific procedures and analyses (described in each section of the report) which were embedded in the eight Country Offices where OAIS conducted audit field missions, as well as the 65 Field Offices that were subject to remote audit modality (RAM) exercises during the period in-scope.

6.   In addition, the audit included, as part of the recommendations follow-up process, an in-depth review of four recommendations issued in the audit report of the Global Programming System in March 2016,[7] with a view to their possible closure in light of recent developments in workplan management.

7.   The engagement was conducted by a team of OAIS audit specialists in two analytical phases. The first phase, conducted between March and October 2019, involved the completion of workplan management-specific procedures embedded in the audit field missions to eight Country Offices and the RAM of 65 Field Offices. In this regard, a total of 1,522 workplans were covered – 54 per cent in relation to the eight Country Offices visited and 46 per cent for the 65 Field Offices covered by RAM.

8.   The second phase, conducted between April and July 2020, involved the analytical review of data obtained in phase one and from other sources such as GPS, TeamCentral,[8] the GPS data hub, Division for Management Services (DMS) management reports, and GPS and workplan policy compliance reviews conducted by PSD. The reporting phase was hindered by factors beyond OAIS control, and a draft report was submitted to Management on 30 December 2020. The final Management response was received on 18 June 2021.

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[7] Internal Audit of the UNFPA Global Programming System, Report No. IA/2016-02, 11 March 2016.

[8] UNFPA recommendations follow-up repository.

II.   BACKGROUND

9.   Workplans are the main tool for planning, budgeting and monitoring of activities that contribute to programme output(s) as outlined in the relevant Country Programme Documents, the global or regional interventions or other planning instruments driven by UNFPA's strategic plan. Workplans are the basis for requisitioning, committing and disbursing funds for planned programme activities and for their monitoring and reporting.

10.   As part of an ongoing effort to streamline its core business processes and ensure compliance with IPSAS,[9] UNFPA issued a number of policies, procedures, and guidance notes to guide workplan management activities during the period under review. Examples include: (a) Policy and Procedures for Preparation, Management and Monitoring of Workplans; (b) Policy and Procedures for Management of Cash Transfers to Implementing Partners; (c) internal guidance note on implementing programme activities on behalf of another department; and (d) internal guidance note on programme cycles, project ID and activity ID creation and closure.

11.   Workplans are generated and maintained using the GPS module in Atlas.[10] GPS was launched in November 2014 to enhance workplan management in UNFPA. It supports the preparation, budgeting, approval, maintenance, and system set-up of the workplans used by Field Offices and Headquarters units to plan and manage programme implementation activities.

12.   In 2019, expenses incurred in relation to country programmes, global and regional interventions, and other programme activities amounted to USD 933.8 million.[11] UNFPA programme activities were executed with an overall approved budget of USD 1,008 million, by 148 UNFPA Offices and 1,614 Implementing Partners (IP) through 7,992 workplans in GPS, of which 2,413 workplans (30 per cent of the number of 2019 workplans) were implemented by UNFPA Offices with a total approved budget of USD 523.0 million (52 per cent of the 2019 programmatic approved budget), and 5,579 workplans (70 per cent of the number of 2019 workplans) were implemented by IPs with a total approved budget of USD 485.0 million (48 per cent of the 2019 programmatic approved budget).[12]

13.   Workplan management at UNFPA is overseen by PSD.

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[9] International Public Sector Accounting Standards.

[10] The only exceptions managed outside of the system are "enhanced workplans", as described in the Policies and Procedures Manual.

[11] Source: DP/FPA/2020/4 Part I (Add.I) UNFPA Statistical and Financial review, 2019 – Report of the Executive Director.

[12] Source: Cognos Workplan Reports.

III. DETAILED FINDINGS

A. WORKPLAN PROCESS GOVERNANCE	SOME IMPROVEMENT NEEDED

Good practices identified

14. The following good practices in the area of workplan process governance were identified, in line with established policies and procedures:

- Following the launch of GPS in November 2014 and its full implementation across UNFPA in July 2018, the issuance of the revised Policy and Procedures for Preparation, Management and Monitoring of Workplans in August 2018 represented an important milestone in providing a framework for more effective management of workplans; and
- The launch and implementation of GPS constituted a key step towards improving workplan management at UNFPA, as the system provides the necessary capabilities for: (a) reliable preparation, approval and maintenance of workplans, as well as their set-up in Atlas; (b) analytical reporting through tagging (i.e., labelling) of programme activities; (c) detailed tracking of IP cash transfers; (d) reduced transactional workloads through automatic uploading of transactions into Atlas; and (e) improved accuracy in account coding as the system allows the automatic generation of vouchers in Atlas.

15. Audit work performed in this area included: (a) a review of guidelines and document templates included in all applicable policies, procedures, and guidance notes; (b) observation of activities performed by designated workplan focal point persons and other personnel involved in workplan management activities at Field Offices and making inquiries thereof; (c) conducting walk-through procedures on the controls in GPS; (d) a review of learning materials used in training workplan by focal point persons and other personnel involved in workplan management activities; and (e) interviews with donor representatives about on programme activities implemented by Field Offices.

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

Provide training to personnel involved in the workplan management process

17. The review of 2019 result plans in the "*myResults*" module of the Strategic Information System (SIS)[13] indicated that, for three out of the eight Country Offices visited, several Country Programme output indicators, although included in the system at the programme planning phase, did not have any results reported against them – indicating that they were not monitored.

18. Further, the mapping of the 2019 results plan in SIS to the GPS workplans revealed that 2019 workplan output indicators and targets in GPS were not always consistent with the 2019 results plan in SIS – *(additional details included in section B below)*.

19. The above issues were, for the most part, attributed to inadequate training and lack of awareness of the applicable policies and procedures by personnel involved in workplan management.

ROOT CAUSE	*Resources: inadequate training.* *Guidance: inadequate supervision at the Field Office level.*
IMPACT	*There is increased risk of inaccurate reporting that may diminish Management's ability to objectively measure achievements and take informed decisions.*
CATEGORY	*Strategic.*

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[13] UNFPA's internal governance risk and control system.

AGREED MANAGEMENT ACTION NO. 1	PRIORITY: HIGH

PSD released a course on Workplan Management in the first quarter of 2021 and will require all personnel who play a role in workplan management to complete the course. PSD will keep track of the number of personnel who take the course. PSD will also send a message to the Regional Offices to request them to supervise reporting.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, PSD*   DUE DATE: *August 2021*

Strengthen the workplan monitoring framework

20.   A review of workplan monitoring activities indicated that four out of the eight Country Offices visited did not have appropriate monitoring mechanisms and tools to enable an effective monitoring of programme activities. These include (but are not limited to) monitoring calendars and plans, standardized monitoring visit report documentation, and central information repositories to document and prioritize monitoring findings, recommendations, and action plans for easy follow-up.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
IMPACT	*Programme management issues may not be timely identified and remediated, potentially adversely affecting the achievement of programme results or the use of funding for its intended purpose, as well as expose UNFPA to reputational risk.*
CATEGORY	*Strategic.*

AGREED MANAGEMENT ACTION NO. 2	PRIORITY: HIGH

PSD will hold a webinar on the importance of workplan monitoring and provide guidance on how to conduct and document continuous monitoring activities. The webinar will also include guidance on how to prioritize findings and follow up on monitoring findings.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, PSD*   DUE DATE: *November 2021*

B. WORKPLAN PREPARATION AND PLANNING	SOME IMPROVEMENT NEEDED

Good practices identified

21.   The following good practices in workplan management were in line with established policies and procedures:

- Country Offices generally prepared Country Programme Document outcomes and outputs that were clearly linked to those in the UNFPA Strategic Plan, the United Nations Sustainable Development Goals (UNSDG), the United Nations Sustainable Development Cooperation Framework (UNSDCF) or the previous United Nations Development Assistance Framework (UNDAF) – providing the Offices with a framework to develop workplans that were aligned to both the UNFPA programmatic priorities strategic plan and national priorities;

- PSD shared detailed budget templates with Field Offices to be used in workplan preparation and costing – which led to enhanced effectiveness and efficiency of the workplan management process in GPS; and

- Field Offices actively participated in the roll-out of comprehensive training sessions, conducted by DMS and PSD between November 2014 and August 2018, on the effective use of GPS, including the provision of support to IPs – resulting in significant improvement in the system's use for workplan management.

22.   Audit work performed in this area included: (a) a review of workplans related to Country Programme outputs selected for testing; (b) an assessment of the process followed to prepare and cost workplans, including the use of GPS in the process; and (c) a review of workplan finalization timings with the IPs. Audit work also included a review of the alignment of programme activities implemented by Field Offices through workplans to those foreseen in the outcomes and outputs of Country Programme Documents, the UNFPA Strategic Plan and the UNSDGs.

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

Improve linkages between output indicators in annual plans (SIS) and workplans (GPS)

24.   The review of 2018 and 2019 workplans in GPS revealed 54 plans (7 per cent of all workplans reviewed) where output indicators were inconsistent with those in the corresponding Country Programme Documents and SIS result plans. In particular, a number of SIS output indicators were not reflected in any GPS workplan – limiting the Field Offices' ability to monitor and report on progress made towards the achievement of planned results.

25.   In five of the eight Country Offices visited, there were several instances where workplan baselines and targets were either not defined in sufficient detail or were not supported. In these instances, there was no evidence that the workplans were quality-assured during their preparation.

26.   A 2019 PSD review[14] indicated that 5 per cent of workplans did not describe programme activities in a detailed manner and 7 per cent of workplans had output indicators, baselines and targets that were not specific, measurable, achievable, relevant and time bound.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
	Accountability for and the ability to track expected results is diminished.
IMPACT	*Outputs, targets, and resource allocations may not be aligned to Country Programme priorities.*
CATEGORY	*Strategic.*

AGREED MANAGEMENT ACTION NO. 3	PRIORITY: HIGH

The 2020 workplan review indicated an upward trend in the linkages between activities and outputs and higher quality indicators, baselines and targets. The workplan course has a section on indicators, baselines, and targets to help build capacity to link with higher results. Workplans in the new ERP system will derive from programme documents, thus ensuring the link between programme and workplan indicators.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, PSD*   DUE DATE: *January 2022*

Timely finalize workplans and enhance use of the Global Programming System

27.   In five of the eight Country Offices visited and most of the 65 Field Offices audited remotely, the 2018 and 2019 annual programme cycles started early. However, in the five Country Offices and many of the 65 Field Offices, IP-implemented workplans reviewed in GPS were completed and signed late, ranging from March to August of the respective years – effectively reducing programme implementation timelines. Of the 1,522 workplans reviewed, 69 per cent were completed and signed on or before the official deadline while 31 per cent were completed and signed late. The late finalization of workplans resulted, in most cases, in multiple revisions of workplan budgets and activities and consequently, contributed to low achievement of milestones and results.

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[14] GPS and Workplan Policy Compliance Review covering 1,835 workplans across UNFPA Field Offices.

28.   The Field Offices attributed the delays in workplan finalization mainly to: (a) late receipt of co-financing funds; (b) protracted consultative processes with some key stakeholders involved in the annual planning process, especially Government ministries and international non-governmental organizations; and (c) the commencement of new country programme cycles. Some of these country programmes reflected increased humanitarian interventions, representing a shift in focus from predominantly development-oriented programmes and thereby creating a steep learning curve.

29.   Further, several instances were noted in 2018 and 2019 where workplans were not uploaded into GPS, as required by applicable policy. Field Offices attributed this to limited skills on the part of their personnel in the use of GPS. The finding is corroborated by the 2019 PSD review, which established that: (a) 13 per cent of the signed versions of workplans were not uploaded into GPS; and (b) 6 per cent of those uploaded were not generated from GPS, as required by applicable policy.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
	Guidelines: inadequate planning.
	Other: factors beyond the control of UNFPA.
IMPACT	*Delayed implementation of programme activities may hinder the achievement of the Offices' goals.*
CATEGORY	*Operational.*

AGREED MANAGEMENT ACTION NO. 4	PRIORITY: MEDIUM

The Workplan Policy does not require workplans to be signed in the beginning of the year. Rather, the policy only requires workplans to be signed before the Implementing Partner can spend any funds. Therefore, the issue is not that the workplans are being signed during a range from March to August, rather this issue is when the process of signing the workplan takes a long time and delays implementation. PSD raised this issue at its webinar held in 2020, will continue to monitor the situation and will send a communication to offices targeting acceleration of the signing of workplans. This issue will also be explored during the ERP transformation project through building dashboards and alerts to offices that are experiencing delays.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, PSD*   DUE DATE: *October 2021*

Strengthen the workplan budgeting process in GPS

30.   Of the 827 IP workplans reviewed in seven of the eight Country Offices visited, 220 plans (27 per cent) did not include budgets documented in a sufficient detail to allow for accurate estimation of the resources needed for each planned activity. Similarly, of the 695 IP workplans reviewed in the 65 Field Offices audited remotely, 146 plans (21 per cent) were also insufficiently documented.

31.   Further, differences were noted between workplan budget amounts in GPS and in the Atlas 'Commitment Control Budgets'[15] which were mainly due to revisions made in Atlas 'Commitment Control Budgets' that were not reflected in GPS workplan budgets and workplan budget revisions that were not properly supported (e.g., by signed letters with the concerned IPs). This could lead to potential overspending.

32.   Management-led reviews are consistent with OAIS findings.

- The 2019 PSD review indicated that: (a) 63 per cent of workplans did not have detailed supporting budget templates uploaded into GPS; (b) 26 per cent of the available detailed supporting workplan budget templates did not match the budget amounts indicated in the workplans; and (c) 14 per cent of workplan revisions in GPS were not appropriately supported; and

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[15] Atlas module where all financial transactions are subject to budgetary controls.

- The October 2019 Finance Branch review of 1,623 eFACE forms related to cash advances to IPs identified: (a) 193 eFACE forms (16 per cent) that did not have itemized cost estimates uploaded into GPS; and (b) 148 eFACE forms (12 per cent) that did not match the itemized cost estimates uploaded into GPS.

33.   Itemized cost estimates are essential to ensuring that cash advance requests by IPs are made in line with approved workplans and budgets, as well as to provide bases for subsequent validation of the eligibility of reported expenses. The need to use itemized cost estimates will remain relevant until the new budgeting templates included in applicable policy,[6] whose use is currently not mandated, are put to full use across the Organization.

34.   Of the 827 IP workplans reviewed in relation to the eight Country Offices visited, 301 plans (36 per cent) 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 would significantly improve monitoring by providing greater details on the nature of inputs budgeted.

35.   Further, the budgeting assumptions used in arriving at the budgetary line items were not documented in most cases.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
IMPACT	*The use of budgetary controls for effective financial monitoring and the achievement of planned results is diminished.*
CATEGORY	*Operational.*

AGREED MANAGEMENT ACTION NO. 5	PRIORITY: MEDIUM

PSD will send a reminder to regional offices to utilize the GPS data hub report which indicates when there is an imbalance in the workplan and commitment control amounts. PSD will continue to encourage Offices to use the detailed budget costing tool. The 2020 workplan review indicated that there was an upward trend (up from 33 to 55 per cent of workplans with detailed budget breakdown). If similar trends hold, PSD expects to see a larger increase in 2021.

In relation to itemized cost estimates, DMS will continue monitoring via financial management performance reporting and will attempt to integrate and automate the requirement in the new ERP, to the extent possible.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:
Directors, PSD and DMS

DUE DATE: *July 2021*

C. WORKPLAN REVIEW AND APPROVAL   SOME IMPROVEMENT NEEDED

36.   Audit work performed in this area focused on analyses of workplans maintained in and generated from GPS, including: (a) an assessment of workplan review and approval processes at Field Offices; and (b) a review of the application of delegated authority for workplan and eFACE form signatories at the Field Offices and IPs, in accordance with applicable policy. The review was limited to specific procedures and analyses of GPS data during the period under review and based on information available as at 30 September 2019.

37.   Based on the work performed in this area, one matter requires Management attention.

Strengthen supervisory controls for proper review and approval of workplans and FACE forms

38.   Seven out of the eight Country Offices visited did not have an established process to ensure that workplans and FACE forms with total budget amounts in excess of the policy-specified threshold of USD 250,000 were reviewed by the most senior Operations staff member and approved by the Head of the Office, as required by applicable policy.

39.   Of the 827 workplans reviewed in relation to the eight Country Offices visited, 94 plans (11 per cent) had budgets exceeding the policy-specified threshold of USD 250,000 with their operational review having been performed in GPS by Administrative and Finance Associates, whose profiles did not match the one envisaged in applicable policy. Consequently, the level of review was limited to checking for basic accounting and budgeting accuracy, with no evidence of substantive review.

40.   Further, in 49 instances (6 per cent of workplans reviewed), unauthorized IP personnel signed workplans and FACE forms; and in 93 cases (11 per cent), the support costs included in workplan budgets were inconsistent with the agreed rates.

41.   The above findings were consistent with management-led reviews:

- The October 2019 Finance Branch review[16] of 1,623 eFACE forms that covered all Field Offices identified 89 cash advances to Implementing Partners over the threshold of USD 250,000 (5 per cent of forms reviewed) with only four of the forms bearing evidence of approval by the respective Heads of Unit in GPS. Further, four Country Offices recorded a total of five payment transactions in the aggregate amount of USD 1.5 million that had no evidence of approval by the respective Heads of Office.

- The 2019 PSD review indicated that 54 per cent of cash advances over the USD 250,000 threshold had no evidence of approval by the respective Heads of Unit before being uploaded in GPS; 18 per cent of workplans were signed by unauthorized personnel, and 50 per cent of direct payments individually exceeding the USD 100,000 policy-specified threshold bore no evidence of approval by the respective Heads of Unit.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
IMPACT	*There is increased risk that the Field Offices may contract for excessive, unauthorized or ineligible expenses, further leading to the risk of not achieving the organization's expected results.*
CATEGORY	*Compliance.*

AGREED MANAGEMENT ACTION NO. 6	PRIORITY: HIGH

To address some of the points raised in this report, PSD and DMS held a joint webinar in the fourth quarter of 2020 to remind UNFPA programme and operations staff on key elements and requirements on workplan design, detailed budget costing, as well as important considerations during the review of Implementing Partner expense reviews. In relation to the eFACE approval by Heads of Unit, DMS launched an online workflow based on the AODocs® document management platform at the end of 2019 that allows an easy submission and approval of FACE forms requiring Head of Unit approval. PSD and DMS will continue to monitor these issues to ensure the business units have sufficient capacity and guidance and to also ensure that the new ERP system automates key controls to the extent possible.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION:
Directors, PSD and DMS

DUE DATE: *December 2021*

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[16] Financial Management Performance Report January - October 2019.

D. WORKPLAN IMPLEMENTATION AND MONITORING	SOME IMPROVEMENT NEEDED

Good practice identified

42.   The following good practice in the area of implementation and monitoring of the workplan was identified, in line with established policies and procedures, reflecting strengthened second line of defense activities:

- PSD together with the DMS Finance Branch conducts regular GPS and workplan compliance reviews, which provide Country, Regional and Headquarters offices with a snapshot of areas that require management attention.

43.   Audit procedures performed in this area focused on analyses of workplans maintained in and generated from GPS including: (a) an assessment of the process followed to review workplan progress reports and FACE forms submitted by IPs; (b) a review of monitoring reports and other evidence of programme implementation, along with site visits to where programme activities were implemented; and (c) a review of the level of achievement of Country Programme cycle outputs for selected programmatic components. The review was limited to specific procedures and analyses of GPS data for the period under review and based on information available as of 30 September 2019.

44.   Based on the work performed in this area, the following matter requires Management attention.

Enhance monitoring of workplan activities implemented by Implementing Partners

45.   In five of the eight Country Offices visited, there was no evidence that monitoring visits undertaken by the Country Offices to programme implementation sites included the review of IP expenses in relation to reported programme activities in GPS and that, during the visits, programme managers systematically reviewed and validated data collection processes at the sites to support the reported results. The situation was exacerbated by the lack of appropriate monitoring mechanisms and tools discussed in paragraph 20. The 2019 PSD review indicated that 32 per cent of reported workplan output indicators values were incoherent with progress reported for the related activities.

46.   Further, the 2019 PSD review revealed that 14 per cent of workplan progress reports included narratives of progress made in programme implementation activities that were inconsistent with the nature of the activities and that 29 per cent of workplans agreed with IPs did not include up-to-date detailed costs available to support effective monitoring.

47.   Country Office audit reports issued by OAIS in the period under review, most of which were consulted in the conduct of this audit – highlight significant issues with regard to IP programmatic and financial monitoring that could be alleviated through enhanced monitoring of workplan activities, both in terms of scope and frequency.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
IMPACT	*The accuracy and reliability of reported programme results may be negatively impacted.*
CATEGORY	*Reporting.*

AGREED MANAGEMENT ACTION NO. 7	PRIORITY: HIGH

The workplan certification course includes a section on workplan monitoring. PSD will require all personnel responsible for workplan monitoring to take the course and will send a reminder to Regional Offices on the importance of supervision and oversight of their offices.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, PSD*   DUE DATE: *October 2021*

E. WORKPLAN REPORTING	EFFECTIVE

48. Audit work performed in this area primarily focused on the processes followed to review workplan progress reports and FACE forms submitted by IPs.

49. Based on the work performed in this area, the audit noted two areas for Management attention.

Improve programmatic reporting by Implementing Partners

50. In four of the eight Country Offices visited, several workplan activities were reported against incorrect output indicators and, consequently, were incorrectly reported in SIS. Visits to IPs also revealed several inaccuracies and inconsistencies in workplan progress reports prepared and submitted by the IPs and, more importantly, lack of supporting documents for reported programme results.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
IMPACT	*There is increased risk of inaccurate programmatic reporting by UNFPA.*
CATEGORY	*Reporting.*

AGREED MANAGEMENT ACTION NO. 8	PRIORITY: MEDIUM

The new ERP will address the inconsistencies between work plans and the programme output results. PSD will hold sessions with Regional Offices to implement the quality assurance of the planning process, which is generally the main cause of the audit observation.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Director, PSD*   DUE DATE: *October 2022*

Improve compliance by IPs with reporting requirements

51. In seven of the eight Country Offices visited, there were several instances of late submission of workplan progress reports and FACE forms by IPs, beyond the timelines specified in applicable policy.

52. Similarly, the 2019 PSD review noted that 54 per cent of workplan progress reports were submitted late by IPs.

ROOT CAUSE	*Guidance: inadequate supervision at the Field Office level.*
IMPACT	*Delays in reporting by IPs may negatively affect the timeliness of fund disbursements, implementation of activities, and monitoring activities.*
CATEGORY	*Compliance.*

AGREED MANAGEMENT ACTION NO. 9	PRIORITY: MEDIUM

PSD introduced a control in GPS to prevent fund advances without an approved workplan progress report in the system. The control will improve the timelines of submissions. The 2020 workplan review showed an improvement of 17 per cent more workplans submitted on time. Lastly, the GPS data hub has a section which alerts managers when there is pending action on a workplan progress report. PSD will send a message to all Regional Offices to periodically review the report and reach out to offices, as needed. The revised Policies and Procedures for Management of Cash Transfers to Implementing Partners and Management of Workplans released in the first quarter of 2021, introduced a number of flexibilities in relation to the reporting schedules and deadlines to reduce delays in cash transfers to IPs and expedite programme implementation. PSD and DMS will continue to monitor the disbursement delays.

MANAGERS RESPONSIBLE FOR IMPLEMENTATION: *Directors PSD and DMS*   DUE DATE: *October 2021*

F.   REVIEW OF PENDING RECOMMENDATIONS OF THE 2016 AUDIT OF GPS

53.   The audit included, as part of the recommendations follow-up process, an in-depth review of the following four recommendations issued in the audit report of GPS issued in March 2016,[17] with a view to their possible closure in light of recent developments in workplan management:

- Implementation of mandatory sign-off of workplans by appropriate Management team members for compliance with Internal Control Framework requirements;

- The need to generate GPS workplans in a non-editable format and enhance the system to incorporate functionality requirements to customize workplan formats and structures before their generation in the system;

- The need to modify GPS processing workflows to prevent the submission of workplan activity budget transactions to Atlas 'Commitment Control Budgets' without Head of Unit approval; and

- The need to modify GPS processing workflows to limit workplan approvals to Heads of Unit and other appropriate management positions in the concerned business units, based on specified workplan materiality thresholds and to limit workplan edits and approvals only to personnel of the business units to whom workplans correspond or other appropriately designated individuals.

54.   Based on the work performed in this area, all four recommendations were closed by OAIS.

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[17] Internal Audit of the UNFPA Global Programming System, Report No. IA/2016-02, 11 March 2016.

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,[18] are explained below:

▪ **Effective**	🟩	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. The issue(s) and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area's objectives.
▪ **Some improvement needed**	🟨	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. 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.
▪ **Major improvement needed**	🟧	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.
▪ **Not effective**	🟥	The assessed governance arrangements, risk management practices and controls were not adequately established or functioning to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could seriously compromise the achievement of the audited entity or area's objectives. Urgent management action is required to ensure that the identified risks are adequately mitigated.

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.

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[18] 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
eFACE	Electronic version of the FACE form
FACE	Funding Authorization and Certificate of Expenditure
GPS	Global Programming System
ID	Identification
IP	Implementing Partner
IPSAS	International Public Sector Accounting Standards
OAIS	Office of Audit and Investigation Services
PSD	Policy and Strategy Division
RAM	Remote Audit Modality
SIS	Strategic Information System
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNFPA	United Nations Population Fund
UNSDCF	United Nations Sustainable Development Cooperation Framework
UNSDG	United Nations Sustainable Development Goals
USD	United States Dollars