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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT
OF THE UNFPA COUNTRY OFFICE
IN COTE D'IVOIRE

FINAL REPORT
Nº IA/2023-05

20 July 2023

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EXECUTIVE SUMMARY

1. The UNFPA Office of Audit and Investigation Services (OAIS) conducted an audit of the UNFPA Country Office in Cote d'Ivoire (the Office). Audit planning activities commenced on 30 January 2023 and a field mission took place from 27 February to 10 March 2023. Comments and clarifications provided by Management thereafter were reflected in a draft report submitted to Office Management on 16 May 2023. A final Management response was received on 2 June 2023 and is reflected in this report.

2. The audit assessed the adequacy and effectiveness of governance, risk management and controls relating to the following areas:

a) Office governance – Office management, organizational structure and staffing and risk management;

b) Programme management – Programme planning and implementation, and the management of Implementing Partners (IP), programme supplies and non-core funds; and

c) Operations management – Human resources management, procurement, financial management, general administration, information and communication technology, and security management.

3. The Office was last audited by OAIS in 2016[1]. All 13 audit recommendations from the prior OAIS audit were fully implemented and closed.

4. The audit covered Office activities from 1 January to 31 December 2022, which corresponded to the second year of the eighth country programme 2021 – 2025 approved by the Executive Board in its first regular session of 2021 with indicated resources of $100.3 million ($13.7 million of core resources and $86.6 million of non-core resources). Expenditures covered by the audit amounted to $10.0 million, executed by 15 IPs ($2.5 million or 25 per cent) and by UNFPA ($7.5 million or 75 per cent), and were funded from core resources ($4.2 million or 42 per cent) and non-core resources ($5.8 million or 58 per cent). In addition to the total expenditures of $10.0 million, the audit covered the supply of reproductive health commodities valued at $3.0 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme.

Audit rating[2]

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

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

Audit ratings by key audit area		
Office Governance		**Partially satisfactory with major improvement needed**
Office management		*Partially satisfactory with some improvement needed*
Organizational structure and staffing		*Partially satisfactory with major improvement needed*
Risk management		*Unsatisfactory*
Programme Management		**Partially satisfactory with major improvement needed**
Programme planning and implementation		*Partially satisfactory with major improvement needed*
Implementing Partner Management		*Partially satisfactory with major improvement needed*
Programme Supplies Management		*Partially satisfactory with major improvement needed*
Management of non-core funding		*Partially satisfactory with major improvement needed*
Operations Management		**Partially satisfactory with some improvement needed**
Human resources management		*Partially satisfactory with some improvement needed*
Procurement		*Partially satisfactory with major improvement needed*
Financial management		*Satisfactory*
General administration		*Partially satisfactory with some improvement needed*

[1] Report Number IA/2016-5 issued on 9 August 2016 with a 'Partially Satisfactory' rating.

[2] See Annex I for the definitions of audit terms used in the report.

Good practices

7. The audit identified the following good practices implemented by the Office:

a) The Office engaged effectively with other UN organizations in Cote D'Ivoire and played a key role by assuming lead and co-lead roles in various inter-agency coordination clusters and working groups, thus helping to foster and sustain positive partnerships with those organizations.

b) The Office leveraged technology and brought innovative solutions to maximize the impact of its interventions, including by adopting an inclusive approach to its programme activities to maintain girls at school and setting up a hotline and a dedicated platform for Gender-Based Violence (GBV) reporting.

Key findings and recommendations

8. Areas that require management attention include Office governance and programme management. Overall, the audit report includes 11 high priority and six medium priority recommendations, designed to help the Office improve its programme delivery and operations. Of these 17 recommendations, four are of a strategic nature, eight relate to operational matters and five relate to compliance matters.

Strategic level

9. The Office needs to: (a) train relevant personnel and strengthen the existing quality assurance process to ensure the development and preparation of quality results plans; (b) conduct a comprehensive review of its human resources and align its structure, staffing levels and funding to programme delivery and operational requirements; (c) conduct a risk assessment, and develop and implement mitigation measure to address high risks; and (d) revisit the implementation modality of the programme to prioritize national implementation for greater resilience and more sustainable development.

Operational level

10. The Office needs to provide training and strengthen supervisory controls to improve: (a) the alignment of staff Performance Appraisal and Development (PAD) documents to the Office's results plan; (b) management of IPs; (c) the review and financial monitoring of workplans; (d) management of programme supplies; and (e) resource mobilization and management of non-core funds.

Compliance level

11. The Office needs to ensure compliance with UNFPA policies and procedures, mainly those related to recruitment of human resources, procurement transparency and competition, timely submission of travel expense claims, and management of assets.

Management response

12. The UNFPA Côte d'Ivoire Office takes note of the audit findings and recommendations and assures OAIS that since the end of the audit field mission in March 2023, provisions are being put in place to address the issues observed and build staff capacity through specific training so that these observations will not recur in the future.

13. In terms of provisions to be put in place, the office intends to:

a) train staff and strengthen the existing quality assurance process to ensure the development of quality results plans in line with guidelines.
b) Continue the staffing analysis process considering program needs and available resources; this includes an independent assessment of the continued relevance of the decentralized offices.
c) conduct a risk assessment and develop and implement mitigation measures to address potential risks.
d) Continue to build the capacity of implementing partners so that they take full ownership of the national execution modality for greater resilience and more sustainable development.
e) train Implementing Partner managers, staff in charge of management and maintenance of SIS and strengthen supervisor-level controls to align CPMs/PADs with SIS results to improve alignment of staff performance appraisal and development with the SIS.

Acknowledgement

14. The OAIS team would like to thank the Management and personnel of the Country Office, the West and Central Africa Regional Office, and the different Headquarter units for their cooperation and assistance throughout the audit.

Jessie Rose Mabutas CPA, PhD
Director *a.i.*
Office of Audit and Investigation Services

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I. AUDIT BACKGROUND

1. Cote d'Ivoire has a population estimated at 27.7 million. The country ranked 159 out of 191 countries and territories on the Human Development Index (HDI) 2021.[3] In 2017 the maternal mortality ratio was high at 617 deaths per 100,000 live births. In 2022, the contraceptive prevalence rate was at 26 per cent. The unmet need for family planning was at 21 per cent and the prevalence rate of child marriage at 27 per cent[4]. Cote d'Ivoire had a Gender Inequality Index (GII) value of 0.613, ranking it 155 out of 169 countries in 2021[5]. It is classified as a Tier I programme country in the 2022-2025 Strategic Plan,[6] and a priority country for the UNFPA Supplies Partnership programme.

2. As set out in the 2023 OAIS Annual Workplan, an audit of the UNFPA Country Office in Cote d'Ivoire (the Office) was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, which require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and internal control processes in place. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and controls relating to the following areas:

   a) Office governance – Office management, organizational structure and staffing, and risk management;
   b) Programme management – Programme planning and implementation, and the management of Implementing Partners, programme supplies, and non-core funds; and
   c) Operations management – Human resources management, procurement, financial management, general administration, information and communication technology and security management.

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

   a) Effectiveness and efficiency of Office operations;
   b) Conformity of expenses with the purposes for which funds were appropriated;
   c) Safeguarding of assets entrusted to the Office;
   d) Level of compliance with applicable regulations, rules, policies, and procedures; and
   e) Reliability of the Office's financial and operational reporting.

4. The Office was last audited by OAIS in 2016[7]. All 13 audit recommendations from the prior OAIS audit were fully implemented and closed. The Office was not recently audited by the United Nations Board of Auditors.

5. The audit covered Office activities from 1 January to 31 December 2022, which corresponded to the second year of the eighth Country Programme 2021 – 2025 approved by the Executive Board in its first regular session of 2021 with indicated resources of $100.3 million ($13.7 million of core resources and $86.6 million of non-core resources). Expenses covered by the audit amounted to $10.0 million, executed by 15 Implementing Partners ($2.5 million or 25 per cent) and by UNFPA ($7.5 million or 75 per cent), and were funded from core resources ($4.2 million or 42 per cent) and non-core resources ($5.8 million or 58 per cent). In addition to the total expenditures of $10.0 million, the audit covered the supply of reproductive health commodities valued at $3.0 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme.

6. Approximately 63 per cent of the expenditures incurred during the period under review corresponded to the Strategic Plan output 'quality of care and services', and 18 per cent to the 'adolescents and youth' output. The remaining four Strategic Plan outputs accounted for 17 per cent of expenditures. Costs related to organizational effectiveness and efficiency, not allocated to any of the above Strategic Plan outputs, accounted for the remaining two per cent of expenditures[8].

7. The engagement was conducted by a team led by an OAIS Audit Specialist supported by individual consultants and under the supervision of the Unit Chief of the Internal Audit Branch responsible for the Western and Central Africa region. The audit started on 30 January 2023. A field mission took place from 27 February to 10 March 2023. Preliminary findings and recommendations resulting from the audit were discussed with Office Management at an exit meeting held on 10 March 2023. Comments and clarifications provided by Management thereafter were

[3] Source: https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf

[4] Source: https://www.unfpa.org/data/world-population/CI

[5] Source: https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf

[6] Tier I comprises programme countries that have not met any of the three transformative results.

[7] Report Number IA/2016-5 issued on 9 August 2016 with a 'Partially Satisfactory' rating.

[8] Source: Cognos budget utilization by SP output report

reflected in a draft report submitted to Office Management on 16 May 2023. A final Management response was received on 2 June 2023 and is reflected in this report.

II. AUDIT RESULTS

8. The audit results, including good practices identified and matters that require Management attention, are presented below, by audit area.

A. OFFICE GOVERNANCE	PARTIALLY SATISFACTORY WITH MAJOR IMPROVEMENT NEEDED

Good practice identified

9. The Office engaged effectively with other UN organizations in Cote D'Ivoire and played a key role by assuming lead and co-lead roles in various inter-agency coordination clusters and working groups, thus helping to foster and sustain positive partnerships with other organizations.

A.1 – OFFICE MANAGEMENT	Partially Satisfactory with Some Improvement Needed

Inadequate results planning

10. In September 2019, the Office signed a co-financing agreement (CFA) with a major donor for approximately $7.0 million, with corresponding expenditures of $6.8 million (or 20 per cent of total programme expenditures) during the period 2020-2022. The agreement included a results framework with two outcomes, five outputs and 19 milestones. No outputs, output indicators or milestones relevant to the signed co-financing agreement were included in 2020, 2021 or 2022 results plans in the Strategic Information System (SIS). However, results achieved from programme activities funded from this CFA were reported in the narrative section of SIS results reports for all three years.

11. Similarly, in June 2020, the Office signed a CFA with another donor for $8.0 million, out of which $3.4 million (or 10 per cent of total programme expenditures) were spent from 2020 to 2022. The agreement included a results framework with one outcome, two outputs and 12 other key activities and corresponding targets. However, only one output indicator, corresponding to one of the 12 key activities, was included in the 2020, 2021 or 2022 results plans in SIS. Further, the 2022 SIS results plan included the following output indicator: "Number of women with obstetric fistula treated" with a defined target of 400. As per the 2022 report submitted to the donor, the 2022 target for this indicator was 700.

12. Inadequate results planning in SIS stems from a lack of proper training and supervision of the Office personnel involved in results planning in SIS.

ROOT CAUSE	*Resources: Inadequate training (lack of understanding of corporate processes for planning in SIS by those involved in preparing and reviewing results plans, and monitoring their implementation).* *Guidance: Inadequate supervision at the Office level (ineffective review and monitoring of results plans reflected in SIS).*
IMPACT	*Inadequate setting of output indictors may impair the Office Management's ability to effectively monitor the progress made towards the achievement of programme results and a more timely decision making when necessary.*
CATEGORY	*Strategic.*

RECOMMENDATION 1	***PRIORITY: HIGH***

Train personnel and strengthen existing quality assurance processes to ensure the development of quality results plans in the Strategic Information System, with relevant output indicators and milestones. Supervisors need to institute a periodic review and verification of information being inputted in SIS.

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

MANAGEMENT ACTION PLAN: DUE DATE: *March 2024*

The Office agrees with this recommendation and will implement the following actions with the support of WCARO and HQ:

a) Organize training sessions for programme and operation staff, on the SIS planning, monitoring and reporting including how to collect the required evidence and documentation.
b) Select for each project the key outputs, indicators that could be included in the result plan in the SIS; and formulate the milestones according to the selected indicators.
c) Strengthen the mechanism for the quality review of the planning, monitoring and reporting results in SIS.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

Partially Satisfactory with Major Improvement Needed

Lack of review and alignment of the Office's organizational structure and funding

13. OAIS' review of the Office's organizational structure and staffing identified several issues that could pose significant risks to its sustainability and its capacity to achieve expected results.

Unsustainable funding structure

14. The Office registered a disproportionate allocation of post costs to available funding sources (i.e., regular resources and other resources). For instance, 57 per cent of post costs were funded from regular resources that represented only 31 per cent of total resources.

15. This imbalance between funding sources and the resources mix, indicates: (a) high degrees of cross-subsidization between regular resources and other resources; and (b) an unsustainable funding structure along with limited resources for programme activities, which may also risk the ability to fund posts in the event of reduced ceilings. The latter sustainability risk is further aggravated due to insufficient non-core resources being mobilized by the Office since the beginning of the programme cycle (see non-core funding management section B-4 below for more details).

Absence of a review of the Office's organizational structure

16. In 2013, the Executive Director approved the Office's request to establish three decentralized offices. The request was supported by a business case and cost analysis rationalizing the use of decentralized offices to implement the country programme.

17. Since then, the Office started two country programmes in 2017 and 2021, respectively. However, no formal reviews were conducted to assess the continued relevance, number and locations of the decentralized offices.

18. The audit notes that in 2018 the Office conducted an assessment to realign its human resources to its programme delivery and operational requirements. However, this assessment did not include in its scope the review of the Office's organizational structure, including the need for decentralized offices.

High vacancy rate

19. The Office experienced a high vacancy rate, including at the leadership level. At the time of the audit field mission (March 2023), out of 42 approved positions, nine were vacant, five at the professional level and four at the general service level. Vacant positions included that of the Deputy Representative which had remained vacant over seven months at the time of the audit field mission. Similarly, the Representative position was vacant from April 2020 to May 2022 (over two years).[9] Delays in filling vacancies were also noted for other positions, as recruitment processes habitually exceeded the recommended four-month timeframe.

20. This situation has negatively impacted the Office's performance.

[9] During this period, the Deputy Representative acted as Representative.

ROOT CAUSE	*Guidance: Inadequate guidance at the Country Office, Regional Office and Headquarters levels.*
IMPACT	*The organizational structure and staffing of the Office may not be sustainable and/or aligned with its programme delivery and operational needs.* *The high vacancy rate has adversely affected the performance of the Office.*
CATEGORY	*Strategic.*

RECOMMENDATION 2 — ***PRIORITY: HIGH***

Conduct a comprehensive review of the Office's organizational structure and staffing, including its funding structure and the continued relevance and need for the decentralized offices. Align the structure and staffing to the Office's new programme delivery and operational requirements, and expedite the recruitment process for vacant positions.

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

MANAGEMENT ACTION PLAN: — DUE DATE: *April 2024*

The Office agrees with these recommendations and will work closely with the Regional Office and the Human Resources Business Partner to address this issue.

The Office has already anticipated to address the issues related to unsustainable funding structure and the high vacancy rates by deleting nine positions and freezing one which were created and or became vacant. These positions were funded from regular resources. As far as the evaluation of decentralized offices are concerned, a consultant has been hired to conduct a review. Final report of this evaluation will be available by the end of June 2023. Any findings will be shared with the Regional Office for further guidance.

Misalignment of staff Performance Appraisal and Development with the Office results plan

21. The review of the Office's results plan and staff Performance Appraisal and Development (PAD)[10] process for a sample of five staff members indicated instances of misalignment of staff PADs with the Office's plan. For example, in 15 instances, Office plan's output indicators were not reflected in the PADs of corresponding team leaders.

ROOT CAUSE	*Resources: Inadequate training (staff not trained on how to develop quality PADs).* *Guidance: Inadequate supervision at the Office level (inadequate quality review of PADs to ensure alignment with results plans in SIS).*
IMPACT	*Misalignment between the Office's results plan and staff PADs may diminish the synergies of teams working towards common goals, and therefore the Office's ability to achieve its objectives.*
CATEGORY	*Operational.*

RECOMMENDATION 3 — ***PRIORITY: MEDIUM***

Raise the awareness of staff members and their respective supervisors of the need to align PAD/CPM documents with the Office's results plan and monitor adherence to the required alignment.

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

MANAGEMENT ACTION PLAN: — DUE DATE: *October 2023*

The Office has established a task force with a prime responsibility to ensure the staff CPM planned outputs and activities/Goals are in line with the SIS/Office management plan.

[10] Starting 2023, the PAD system was replaced by the Career and Performance Management (CPM) system.

A set of key performance indicators taking into account programme and operational excellence was developed and is under review to ensure the indicators are aligned with SIS results plan and to facilitate evaluation of the CPM at the end of the year.

Staff will be oriented to developed quality CPM in the next 2 months and adjustments to CPM will be operated where needed during the mi-year assessment.

Low completion rates of mandatory training courses by Office personnel

22. UNFPA has identified 15 mandatory training courses to be completed by all personnel within the first three months of their appointment or as an annual requirement. At the time of the audit field mission only 12 of the Office's 53 personnel had completed these mandatory courses.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (lack of monitoring of completion of mandatory training courses).*
IMPACT	*Personnel capability may not be sufficiently developed, affecting the quality and results of programme delivery and operations.*
CATEGORY	*Compliance.*

RECOMMENDATION 4 — ***PRIORITY: MEDIUM***

Strengthen the training management process through better monitoring of training activities to ensure timely completion of mandatory training courses by all Office personnel.

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

MANAGEMENT ACTION PLAN: — DUE DATE: *February 2024*

The Office agrees with this recommendation and will monitor to ensure that all staff complete all mandatory training courses.

A.3 – RISK MANAGEMENT — **Unsatisfactory**

Mandatory risk assessment not conducted

23. As part of the 2020 Enterprise Risk Management (ERM) cycle, the Office was identified as one of a selected group of 30 business units for which it was mandatory to undertake a risk assessment in the myRisk application of SIS. The 2020 ERM cycle was subsequently extended to 2021, and those business units which had undertaken the ERM assessment in 2020 were not required to undertake another ERM assessment in 2021 unless there had been a substantive heightening of their risk profile compared to 2020.

24. The Office did not undertake and document in SIS myRisk application a risk assessment and a risk response plan in 2020 or 2021. Therefore, there have been no structured risk management activities undertaken by the Office. SIS records indicate that the last risk assessment undertaken by the Office was in 2016.

25. The Office's management attributed the lack of a risk assessment to the challenges imposed by the COVID-19 pandemic and explained that they completed the annual control self-assessment instead.

26. It should be noted that, unlike the risk management process, the control self-assessment does not involve the identification and assessment of risks or the development and implementation of risk responses to mitigate identified risks.

ROOT CAUSE	*Resources: Inadequate training (lack of understanding of the corporate ERM process).* *Guidance: Inadequate supervision at the Office, Regional and Headquarters levels.*
IMPACT	*The Office's ability to timely identify risks and develop and implement appropriate mitigating measures is inexistent and limiting the Country office ability to manage risks.*
CATEGORY	*Strategic.*

RECOMMENDATION 5 ***PRIORITY: HIGH***

With support from the ERM Coordinator at the Headquarters: (a) provide training to staff members on the new ERM policy; (b) perform a risk assessment; and (c) develop and implement appropriate action plans to mitigate identified risks.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative with support from the ERM Coordinator.*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2024*

The Office with support of the ERM Coordinator and the Regional Office will undertake the following actions to address this recommendation:

a) Organize a training session for the staff on the risk management.
b) Request ERM Secretariat to include the Office in the ERM calendar for 2023 and perform objective risk assessment and risk response.
c) Develop and implement action plans to mitigate risks outside the risk appetite.

B. PROGRAMME MANAGEMENT — PARTIALLY SATISFACTORY WITH MAJOR IMPROVEMENT NEEDED

Good practice identified

27. The Office has leveraged technology and brought innovative solutions to maximize the impact of its interventions, including by adopting an inclusive approach to its programme activities to maintain girls at school and by setting up a hotline and a dedicated platform for GBV reporting.

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION — Partially Satisfactory with Major Improvement Needed

Excessive direct implementation of programme activities

28. According to the Country Programme Document (CPD) 2021-2025, the programme was supposed to increase its reliance on IPs with proven track records of reaching hard-to-reach populations and the capacity to rapidly scale-up and expand their reach. The programme was also supposed to strengthen the national supply-chain management capacity, i.e., forecasting, procurement, warehousing and distribution, up to the last mile.

29. In 2022, over 70 per cent of programme activities were directly implemented by the Office. Programme activities implemented by IPs represented less than 30 per cent, including 12 per cent by government partners and 17 per cent by non-governmental organizations (NGOs). In 2021, nearly two thirds of programme expenditures were incurred by UNFPA, with the remaining third being implemented by government partners (15 per cent) and NGOs (20 per cent).

30. The Office did not sign workplans with the strategic government partners identified in the CPD, such as the Ministry of Family and the Ministry of Education. In the case of another government partner, the 2022 workplan was signed late (6 September 2022), limiting the extent of IP implementation of programme activities. As a result, no expenses were incurred by this IP in 2022.

31. In addition to being a source of potential inefficiencies, this situation does not help in building national capacity or in promoting national ownership and leadership of programmes and development results. Therefore, it does not help to advance or achieve sustainable development that is nationally implemented and owned.

ROOT CAUSE	*Guidelines: Inadequate planning (programme activities were planned to be directly implemented by the Office instead by IPs).*
IMPACT	*Excessive direct implementation of programme activities does not help to build national capacity, promote national ownership and leadership of programmes and development results, and, therefore, does not advance sustainable development.* *Excessive direct implementation could also be a source of inefficiencies.*
CATEGORY	*Strategic*

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

Prioritize national implementation of programme activities to improve efficiency, build national capacity, promote national ownership and leadership of programmes and development results, and advance sustainable development.

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

MANAGEMENT ACTION PLAN: — DUE DATE: *April 2024*

The Office agrees with this recommendation. The 2023 work planning process has started to address this issue. The Office has put in place special measures to prioritize national execution, including strengthening staff and IPs capacities in national execution (NEX), project management and IPs management. The Office management is planning to meet with the IPs' management to reinforce accountability and their understanding of national execution.

The Office management will ensure the 2024 work planning process fully address this issue, starting with an orientation note to be elaborated by August 2023. Staff and IPs capacity will be reinforced to comply with implementation of this recommendation.

Inadequate workplan management process

32. The review of the workplan management process in the Global Programming System (GPS) revealed several issues indicative of a need for more rigorous quality reviews:

a) Three workplan snapshots in GPS had pending actions for extended periods, ranging from 75 to 305 days. All noted issues by the audit were subsequently addressed and appropriately acted upon by the Office.
b) Detailed cost estimates of workplan inputs were not available for any of the reviewed workplans. The Office management explained that these cost estimates were available at the time of developing the workplans but were only uploaded to GPS in support of the submission of the corresponding Funding Authorization and Certification of Expenditure (FACE) forms.
c) Three instances where the amount of the uploaded signed workplan was different from the workplan snapshot in GPS.
d) One instance where the signed version of the revised workplan was not uploaded to GPS.
e) Output indicator baselines and targets were missing in a UNFPA-implemented workplan.
f) Sub-contractors used by an IP to implement workplan activities were not clearly identified in the signed workplan.

33. It should be noted that most of these issues could have been identified and addressed by the Office in a timely way by reviewing available reports in the UNFPA reporting tool (Cognos).

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (lack of proper quality review and monitoring of the implementation of workplans in GPS).*
IMPACT	*Lack of proper planning and monitoring of programme activities may diminish the effectiveness of programme implementation, thereby adversely impacting the achievement of expected results and exposing the Organization to the risk of expenditures exceeding authorized funding.*
CATEGORY	*Operational.*

RECOMMENDATION 7	***PRIORITY: MEDIUM***

Implement a supervisory control, including periodic review of Cognos reports, to ensure that quality and well-documented workplans are prepared and monitored consistently and that the GPS post-approval process is timely and properly completed by the responsible staff.

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

MANAGEMENT ACTION PLAN: — DUE DATE: *January 2023*

The Office has recently trained staff and IPs on workplan management and related activities. This training will be conducted annually.

A memorandum defining the roles and responsibilities of staff members in managing workplans, funds, IPs and outputs was issued, and alternates were nominated to ensure responsibilities in these areas are managed in line with prevailing policies and guidelines. Additional training will be provided to managers to reinforce their capacities in the management of workplans and hold them personally responsible for compliance.

B.2 – IMPLEMENTING PARTNER MANAGEMENT	**Partially Satisfactory with Major Improvement Needed**

Ineffective IP management processes

34. The review of the IP management processes indicated several exceptions reflective of inadequate training and supervision of the staff entrusted to perform assigned functions.

35. *Use of a non-competitive process to select NGO IPs* – The Office did not use competition in the selection of NGO IPs. Competition is UNFPA's preferred and strongly recommended method for selecting IPs because it recognizes the need for transparency and innovative strategies and interventions, and enables the selection of the most appropriate IP that can best implement programmes and could meet the requirements and expectations of UNFPA from its partners. Further, the Office did not use the 'non-competitive partnership' template, as required by UNFPA policy[11], to document and justify why selecting these particular partners was in the best interest of UNFPA, and to confirm that the partners had sufficient institutional, technical and managerial capacity to deliver the proposed interventions.

36. *A private sector entity engaged as IP* –The UNFPA Policy and Procedures[12]provide that a private sector entity cannot be selected as an IP. In 2020 and 2021, however, the Office signed IP agreements and workplans with a private sector entity to implement programme activities.

37. *IPs not registered in the United Nations Partner Portal* – UNFPA's policies and procedures require that all partners be registered in the United Nations Partner Portal (UNPP) prior to the commencement of a partnership. The audit's review of UNPP records indicated that none of the 15 government and NGO IPs engaged in 2022 had been registered in the UNPP. Consequently, IP agreements and their amendments were not uploaded to UNPP. The Policy and Strategy Division at Headquarters (PSD) conducted several organization-wide webinars and issued a guidance note on the use of UNPP. In addition, videos and guides on how to use UNPP are available in the UNPP resource library. The Office did not avail of these learning mechanisms and opportunities.

38. *IP agreements not dated* – 11 IP agreements and one amendment to an IP agreement signed by the Office with 11 different IPs were not dated to indicate when they entered into force.

39. *Delayed transfer of funds to IPs* – the review of a sample of three 2022 workplans and corresponding first fund transfers revealed delays in the transfer of funds to IPs, averaging 44 days from the date of signature of the workplan. As a result, the Office had significant amounts of uncleared Operating Fund Account (OFA)[13] balances throughout 2022.

[11] UNFPA Policy and Procedures for Selection, Registration and Assessment of Implementing Partners.

[12] Ibid.

[13] Funds advanced by UNFPA to IPs before they start the implementation of activities agreed in the workplans and incur any related obligations and expenses.

ROOT CAUSE	*Resources: Inadequate training (lack of familiarity with UNFPA Policy and Procedures for Selection, Registration and Assessment of Implementing Partners).* *Guidance: Inadequate supervision at the Office level (ineffective implementation of IP management review process).*
IMPACT	*Missed opportunity to foster transparency and bring innovation to the programme.* *Lack of proper registration of implementing partners may diminish the effectiveness of UNPP as a management tool and increase the risk that IP agreements and other relevant partner information can be misplaced or lost and no provision for adequate audit trail of how the Office manages and oversees the work of its implementing partners.* *Implementation of programme activities may be delayed due to the late transfer of funds, thereby adversely impacting the timely achievement of results.*
CATEGORY	*Operational.*

RECOMMENDATION 8	***PRIORITY: HIGH***

Strengthen the IP management process by: (a) using competition for selecting NGO IPs; (b) using available resources to train them on the use of the UNPP to register and manage IPs; and (c) implementing supervisory controls to ensure compliance with these requirements and that funds are transferred in a timely way to IPs.

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

MANAGEMENT ACTION PLAN: DUE DATE: *March 2024*

The Office agrees with this recommendation. A specific action plan will be developed to ensure its proper implementation, including engagement with IP's management, training of staff and IPs, tools and dispositions will be put in place to ensure the selection and the registration of IPs.

The IP managers, the HACT task force and staff involved in the management of cash transfers will be trained and their capacity strengthened to be able to produce results in line with relevant procedures, processes and guidance.

Ineffective review and financial monitoring of workplans

Ineligible expenses included in workplans and not detected

40. A review of supporting documents for a sample of expenditures incurred by IPs revealed several instances of ineligible expenses being included in workplans agreed by the Office and reported by IPs that went undetected by the existing workplan review and during IP financial monitoring processes. The most critical of these exceptions included:

a) Salary supplements for personnel of a government IP totalling approximately $60,000. This practice is contrary to UNFPA policy, which provides that salary supplements for personnel of government IPs are not allowed to be included in a workplan unless a need for salary supplements has been established and recorded in writing by the United Nations Country Team (UNCT).

b) Expenses totalling approximately $9,000 that were not attributed to a specific workplan activity undertaken by an NGO IP. These expenses should have been covered by the support costs.

41. The issues identified above stem from a lack of training of relevant staff and could have been addressed had the Office availed of the use of existing checklists to review workplans and FACE forms.

Ineffective spot checks

42. High priority findings were detected in 14 spot checks conducted by Office personnel in 2022. However, actions to address the observations and recommendations for nine of the 14 spot checks were still pending in the UNFPA Implementing Partner Assurance System (IPAS) by March 2023, at the time of the audit field mission.

43. A detailed review of spot checks conducted in 2022 indicated that one did not have sufficient coverage – The spot check's tested samples did not reach the minimum of 30 per cent of transactions from the FACE form and 20 per cent of the IP's annual expenses.

ROOT CAUSE	*Resources: Inadequate training (lack of familiarity with UNFPA Guidance Note on IP eligible direct programme and support costs).* *Guidance: Inadequate supervision at the Office level (ineffective financial monitoring and FACE form review processes).*
IMPACT	*Funds are not always used for their intended purposes and may result to financial losses.*
CATEGORY	*Operational.*

RECOMMENDATION 9 — ***PRIORITY: HIGH***

Strengthen the review and financial monitoring of workplans by: (a) providing Office personnel, including supervisors with training on: (1) UNFPA eligible direct programme and support costs; (2) review of workplans and FACE forms, using the policy recommended workplan and FACE form review checklists; and (3) IP assurance guidelines, including spot checks; and (b) periodically reviewing IPAS records to ensure that spot checks have sufficient coverage, and that follow-up activities are implemented and reported in a timely way.

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

MANAGEMENT ACTION PLAN: — DUE DATE: *March 2024*

The Office agrees with this recommendation and endorses the findings noted above. Particular attention is already paid and action implemented to tackle the cases of ineffective spot checks and ineligible expenses by (a) providing required training to all programme officers and operations staff involved in the management of FACE forms and related documents; and (b) strengthening the review and financial monitoring of work plans on regular basis.

A comprehensive memorandum is being finalized to address the management of FACE forms and OFAs using the policy recommended workplan and FACE form review checklists. Staff will be trained on the proper use of these tools.

B.3 – PROGRAMME SUPPLIES MANAGEMENT — **Partially Satisfactory with Major Improvement Needed**

Lack of proper monitoring of the tripartite agreement related to reproductive health supplies

44. In April 2015, UNFPA, a public entity of the Ministry of Health and Hygiene in Côte d'Ivoire, and a private non-profit entity of the same Ministry, signed an agreement to collaborate in the context of "quantification, planning, supply, storage and distribution of reproductive health commodities". The execution of the agreement was intended to help the country secure the supply of health facilities having reproductive health (RH) commodities by using the proceeds generated from the sale of the RH commodities donated by UNFPA. According to the agreement, the private non-profit entity, as the entity charged with managing the donated RH commodities, was supposed to:

a) open a special bank account to be used to deposit proceeds from the sale of RH products;

b) submit to UNFPA and the public entity monthly financial and progress reports; and

c) submit to UNFPA and the public entity annual financial and progress reports.

45. Due to a lack of proper monitoring of the implementation of the agreement by the Office, none of the clauses of the agreement related to financial management and the traceability of cost recovery operations have been implemented by the private entity. An audit of the implementation of the agreement by an audit firm commissioned by the Office in 2020 concluded that the products sold by the private entity generated a total amount of approximately $1.8 million. Out of this amount, only $0.9 million was transferred to the Ivorian Treasury account, with the remaining $0.9 million still being held by the private entity.

46. Following several exchanges of letters, emails, and discussions, in 2021 the three parties reached an agreement that the amount of $1.8 million would be transferred to UNFPA as a government contribution to its own Country Programmes to be used to fund capacity building activities and the procurement of RH products. However, at the time of the audit field mission, the co-financing agreement (CFA) had not been signed by the parties and therefore, none of the funds have been transferred to UNFPA. In addition, in 2021 and 2022, the Office donated

additional RH commodities to the public entity that were managed by the not-for-profit private entity valued at approximately $5.0 million.

47. The Office has taken steps to escalate the matter to relevant government authorities to find amicable solutions for the continuity of the partnership between UNFPA, the Ministry of Health and the private entity.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (lack of proper monitoring of the implementation of the tripartite agreement).*
IMPACT	*Lack of proper monitoring of the implementation of the agreement and use of UNFPA-donated supplies and related proceeds may adversely impact the achievement of programme objectives and cause serious financial and reputational risks.*
CATEGORY	*Operational*

RECOMMENDATION 10 ***PRIORITY: HIGH***

Working with relevant government stakeholders, continue the efforts to recover the proceeds from the sale of donated supplies.

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

MANAGEMENT ACTION PLAN: DUE DATE: *March 2024*

The Office has undertaken close discussions with officials involved in the management of the proceeds from the sale of UNFPA-donated supplies. The amount to be recovered has been jointly defined. Close follow-up will be exercised to ensure the amount is transferred to the UNFPA Bank Account. A new agreement with clear roles and responsibilities will be established to avoid issues encountered in the administration of the previous tripartite agreement.

Inadequate programme supplies management

48. The review of the Office's management of programme supplies identified significant weaknesses. The most notable pertained to the absence of an authorization to hold inventory, warehouses capacity gaps to adequately safeguard and manage programme supplies, a high level of stockouts and inadequate follow-up on the results of a spot check.

49. *Absence of an authorization to hold inventory* – The Office holds inventory at a UNFPA-managed warehouse. The Office provided documentation that an authorization to hold inventory was submitted by the Representative in January 2018. However, there is no evidence that the Office received the required authorization from the regional RHCS Advisor.

50. *Inadequate IP warehouse storage conditions and inventory accounting and controls* – The audit visited a central warehouse, one first level decentralized warehouse, three district level decentralized warehouses and three service delivery point (SDP) warehouses used to store UNFPA-donated supplies. It was noted there were inadequate capacities to adequately safeguard and manage UNFPA-donated programme supplies in all three district-level decentralized warehouses and in all three SDP warehouses visited. In particular, gaps were identified regarding: (a) storage and facility conditions (e.g., insufficient area used to store products, an absence of maintained and regularly monitored temperature and humidity logs, inadequate lighting, inadequate insect and pest control mechanisms and improper storage and packaging where the products are stored on the floor); and (b) inventory accounting and controls, including absence of proper physical counts of inventory, absence of monitoring of inventory levels and stock-outs not being properly escalated and addressed.

51. *Stock-out of RH supplies* – Stock-outs were noted in all three district-level decentralized warehouses and all three SDPs visited during varying periods. Stock shortages lasted between three and 410 days, and included Oxytocin which is one of the essential medicines for RH, which was in stock-out in all district-level decentralized warehouses and SDPs visited. All stock-outed products were available at the central warehouse throughout period reviewed. Lack of financial resources was the reason mostly invoked to explain the stock out.

52. It should be noted that most of these issues were also raised by a 2021 spot-check commissioned by the Office as part of the last mile assurance process. However, no follow-up actions were taken at the time of the audit to address the reported issues.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level.*
IMPACT	*The risk of programme supplies losses due to inadequate storage conditions and controls and inaccurate/incomplete recordkeeping is increased.*
CATEGORY	*Operational.*

RECOMMENDATION 11 ***PRIORITY: HIGH***

Improve the inventory management process by: (a) obtaining the required authorization from the Regional Reproductive Health Commodity Security Advisor to hold inventory; (b) in collaboration with relevant stakeholders, improving the storage and facilities conditions in warehouses used to store UNFPA-donated supplies, and helping to build capacity in inventory accounting and controls; and (c) timely addressing of issues raised from spot checks.

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

MANAGEMENT ACTION PLAN: DUE DATE: *June 2024*

The Office will evaluate the need and added value to maintain a warehouse in addition to the space and services offered by IPs and act accordingly. The unit in charge of supplies will liaise with the responsible IPs managing UNFPA-donated supplies to build their capacity in inventory accounting and controls, and prepare a proposal to mobilize additional resources, or requests approval to reallocate some supplies funding to reinforce the capacity and conditions of storage of the warehouses.

B.4 – MANAGEMENT OF NON-CORE FUNDING

Partially Satisfactory with Major Improvement Needed

Insufficient mobilization of non-core resources

53. Since the beginning of the programme cycle 2021-2025, and at the time of the audit field mission (March 2023), the Office mobilized non-core resources totaling $2.7 million ($0.3 million in 2021 and $2.4 million in 2022)[14]. This amount represents only three per cent of the $86.6 million estimated non-core resources budgeted in the 2021-2025 programme cycle to implement the country programme.

54. In addition, to fund its activities in 2021 and 2022, the Office used non-core resources that were mobilized during the previous programme cycle 2017-2020 (approximately $8.0 million). However, the majority of these non-core funding sources had already expired at the time of the audit field mission (March 2023) or are due to expire shortly and will no longer be available for programming.

ROOT CAUSE	*Resources: insufficient resources (skills) to carry out an activity or function (insufficient resource mobilization skills and efforts).*
IMPACT	*Limited non-core resources at a time of diminished core funding, may impair financial sustainability and diminish the ability to achieve programme results.*
CATEGORY	*Operational.*

RECOMMENDATION 12 ***PRIORITY: HIGH***

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

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

[14] Source: SIS results reports for 2021 and 2022.

MANAGEMENT ACTION PLAN: DUE DATE: *Month year*

The Office has developed a resources mobilization plan and is exploring opportunities locally and internationally to mobilize resources.

Besides, In order to strengthen the resource mobilization and partnership capacity and skills of the country offices in the region, the Regional Office plans to organize several capacity-building sessions (webinars, workshops, etc) in the next months, in collaboration with HQ and Liaison Offices (e.g., Brussels, Seoul, etc).

Best practices, guidance notes and standard operating procedures will be prepared and shared with country offices in the region, as well as technical support will be provided for the development of strategic proposals, including regional ones, in collaboration with technical units at the regional and HQ level.

The Regional Office will also explore and map out all available partnership opportunities at the global and regional levels to also expand and diversify the donor base of the region.

Inadequate governance of non-core funded projects

55. In September 2019, the Office signed a CFA with a major donor for the implementation of a project for approximately $7.0 million. This CFA was supposed to expire in September 2021 and was extended to June 2022. According to the CFA, a national steering committee was to be established to oversee the implementation of the project. The review indicated, however, that the committee was not composed as indicated in the CFA (two ministries were not represented) and did not meet each semester, as required. Representatives of the donor met by the audit team during the field mission expressed dissatisfaction with the Office's communications and reporting concerning the project.

56. Similarly, in June 2020, the Office signed a CFA with another donor in the amount of $8.0 million for the implementation of a project for the prevention and treatment of obstetric fistula. This CFA was supposed to expire in December 2023. However, at the time of the audit field mission (i.e., nine months before the CFA expiry date), significant project activities were still to be implemented, with corresponding unutilized funding of over $1.0 million. The Office submitted to the donor a request for a no-cost extension. Representatives of the donor met by the auditors during the field mission explained that this request will be rejected. In particular, the donor was not satisfied with the progress made in the implementation of the project, the level and quality of communications received about the progress of project implementation, the challenges faced and the actions taken to address them. As an example, the donor's representatives indicated that steering committee meetings were not convened regularly by the Office.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (non-compliance with the requirements of the agreements to establish and regularly convene steering committees).* *Other: Factors beyond the control of UNFPA (delayed implementation of activities due to the COVID-19 pandemic).*
IMPACT	*Failure to meet donors' expectations may result in reputational risk due to diminished trust on the Office's ability to mobilize/receive and manage resources, and adversely impact programme delivery and future resource mobilization initiatives.*
CATEGORY	*Operational.*

RECOMMENDATION 13 ***PRIORITY: HIGH***

Expedite the implementation of the fistula project, and effectively engage with donors to identify and manage their expectations as well as periodically informing them of the challenges faced in project implementation.

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

MANAGEMENT ACTION PLAN: DUE DATE: *Month year*

The Office requested a no-cost extension and took steps to expedite implementation of the fistula project activities. A draft acceleration plan is available. The Office will improve its relations with the donor identified by the audit so that their representatives are involved in the project activities to maintain a good relationship with this important donor.

C. OPERATIONS MANAGEMENT	PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED

C.1 – HUMAN RESOURCES MANAGEMENT	Partially Satisfactory with Some Improvement Needed

Human resources recruitment process needs to be more transparent

57. The Office did not comply with the defined criteria for the selection of a shortlist of candidates invited to take a written test for a local position. For instance, instead of inviting the 10 candidates with the highest scores, the Office excluded the candidate with the tenth highest score and replaced him with the candidate with the eleventh highest score. The Office management explained that the candidate that was added to the list was the highest scoring female candidate and was added to the shortlist by the Office in order to increase gender diversity and balance. In the opinion of OAIS, the latter objective could have been achieved in a more transparent manner by more carefully defining the evaluation criteria to reflect the Office's preferences. The candidate that was added to the shortlist was ultimately not selected for the position.

58. Further, the report of the Compliance Review Board (CRB)[15] indicated that only seven candidates from the shortlist were tested and received written test scores. Upon audit inquiry on the reasons why the remaining three candidates were not tested and scored, the Office explained and provided supporting documentation showing that they did not attend the written test. However, this information was not reflected in the evaluation report.

ROOT CAUSE	*Guidelines: Inadequate planning (additional considerations relating to gender diversity and balance introduced after the start of the recruitment process).* *Guidance: Inadequate supervision at the Office level (incomplete information in the evaluation report).*
IMPACT	*A perceived lack of transparency and fairness in the recruitment process may increase UNFPA's exposure to reputational risk due to a loss of trust in the recruitment processes.*
CATEGORY	*Compliance.*

RECOMMENDATION 14	***PRIORITY: MEDIUM***

Raise the awareness of relevant staff and implement controls to ensure the inclusion of all considerations in the criteria applicable to the recruitment process. As needed, consult with the Regional Human Resources Business Partner. Properly document processes, deliberations and decisions taken by the recruiting officers in evaluation reports submitted to the Compliance Review Board.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*		STATUS:	*Agree*
MANAGEMENT ACTION PLAN:		DUE DATE:	*March 2024*

The Office takes note of this recommendation and will liaise with the Regional Office to conduct an inhouse training of staff in the Human Resources Unit and those staff involved in the recruitment process.

C.2 – PROCUREMENT	Partially Satisfactory with Major Improvement Needed

Non-compliance with UNFPA procurement policies and procedures

59. The following instances of non-compliance with procurement policies and procedures were noted during the audit:

[15] The CRB constitutes a review body established on behalf of the Executive Director under Staff Rule 4.15. It submits recommendations to the UNFPA field duty station manager in respect of initial appointments of one year or more concerning: (a) appointments in the national officer category; and (b) appointments in the general service category.

a) *Continued use of a long-term agreement beyond its expiry date* – To increase the efficiency of the procurement process, the Office contracted with a service provider using a long-term agreement (LTA) established by another United Nations system organization. However, the Office continued to use the LTA beyond its term of validity. Over 100 purchase orders valued at approximately $0.5 million were issued to the service provider after the LTA's expiry date. The LTA with the service provider has since been renewed by the other United Nations system organization.

b) *Lack of competition* – The Office locally procured contraceptives costing approximately $61,000 using a direct contracting modality, unduly waiving competition. Further, the proposed award was not submitted to the Local Contract Review Committee (LCRC) for review as required by the procurement policies and procedures.

60. These issues stemmed from a lack of proper training and supervision of the staff member entrusted to perform the assigned procurement functions.

ROOT CAUSE	*Guidelines: Inadequate training (lack of familiarity with procurement policy requirements).* *Guidance: Inadequate supervision at the Office level (absence of adequate oversight on the procurement process by the relevant supervisors and committees resulting in ineffective compliance review process).*
IMPACT	*Deviation from prescribed procurement policies and procedures may diminish the ability to achieve the best value for money and increase the Office's exposure to financial and reputational risks.*
CATEGORY	*Compliance.*

RECOMMENDATION 15 — ***PRIORITY: HIGH***

Submit a post-facto case to the Contract Review Committee at headquarters on the use of expired LTA and enhance compliance with procurement policies and procedures by: (a) raising the awareness of relevant staff concerning the need to follow the terms, including the term of validity, of Long-Term Agreements entered into by the other United Nations system organization, and promote competition in the procurement process; and (b) implement supervisory compliance controls.

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

MANAGEMENT ACTION PLAN: — DUE DATE: *March 2024*

The Office takes note of this recommendation and will liaise with relevant UNFPA/UNDP entities known for their expertise in terms of procurement training to organize a special procurement training for UNFPA staff. Special attention will also be paid to procurement issue raised by the audit team and previously discussed during the Office's internal meeting to raise awareness and sensitize staff on the procurement principles.

A post-facto case will be submitted to the contract review committee at headquarters to regularize the use of the expired LTA.

C.3 – FINANCIAL MANAGEMENT — **Satisfactory**

61. Based on the work performed in this area, the audit did not identify any reportable matters.

C.4 – GENERAL ADMINISTRATION — **Partially Satisfactory with Some Improvement Needed**

Noncompliance with travel policy and procedures

62. The audit reviewed a sample of travel-related transactions and noted the following matters that are indicative of deviations from UNFPA travel policy and procedures.

63. *Late and non-submission of travel claims* – The audit noted three instances where travel expense claims were submitted by travelers with delays ranging from five to 22 days after the due dates, contrary to applicable policy requirements, which allow a maximum period of two weeks following travel. Further, one travel expense claim pertaining to travel completed in April 2022 was not submitted as at the time of the audit field mission (March 2023). Travel expense claims provide evidence that the travel actually occurred and are also used to account for any travel advances provided to travellers.

64. *Incorrect amount of Daily Subsistence Allowance (DSA) advanced to individual consultants* – Two individual consultants received advance payments of $4,045 for DSA calculated on a 100 per cent basis rather than the 80 per cent rate prescribed in the travel policy.

65. *The most economical route of travel not selected* – In one instance, the most economical route of travel was not selected, resulting in an additional expense of approximately $1,000. No justification was provided by the Office to explain the choice of the more expensive route.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (ineffective compliance review process).*
IMPACT	*Lack of timely submission of travel expense claim forms hinders accountability and prevents the timely recovery of excessive travel advances.*
CATEGORY	*Compliance.*

RECOMMENDATION 16 ***PRIORITY: MEDIUM***

Raise staff awareness and institute supervisory controls regarding compliance with UNFPA travel policy requirements, including those related to submission of travel requests and claims in a timely manner and monitor compliance with these requirements.

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

MANAGEMENT ACTION PLAN: DUE DATE: *January 2024*

The Office agrees with this recommendation and confirms dispositions have already been taken to establish and adhere to the travel plan to allow staff to anticipate their official travels in conformity with UNFPA travel policy.

Travel authorizations are approved at the Representative level to ensure supervisory controls and confirm the necessity to undertake such travel in the interest of the Office.

Ineffective asset management controls

66. The audit revealed several compliance issues in the management of assets.

67. *Physical count* – As per policy requirements, an annual physical count of all fixed assets must be conducted by UNFPA staff/personnel, ensuring that there is a segregation of duties (i.e., physical count performed by someone other than the fixed assets custodian). The physical count must be conducted in the last quarter and finalized before year-end. At the time of the audit field mission in 2023, the Office had not conducted the 2022 physical count.

68. *Asset tagging* – assets were not systematically tagged according to the fixed asset policy[16]. For instance, five assets were not tagged and six were incorrectly tagged.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (ineffective compliance review process).*
IMPACT	*Inadequate controls over assets may prevent their safeguarding, as well as their timely identification and accurate recording.*
CATEGORY	*Compliance.*

[16] UNFP Policy and Procedures for Fixed Asset Management.

RECOMMENDATION 17	***PRIORITY: MEDIUM***

Raise the awareness of staff members to promote compliance with the UNFPA asset management policy, including: (a) timely physical count of fixed assets and reconciliation with records; and (b) tagging of assets according to the tagging convention.

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

MANAGEMENT ACTION PLAN: DUE DATE: *January 2024*

The Office agrees with this recommendation and will (a) reinforce the capacity of the staff assigned to the management of assets, and (b) ensure physical counts, tagging and controls are done on a regular basis.

ANNEX 1 - DEFINITION OF AUDIT TERMS

A. AUDIT RATINGS

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

Satisfactory	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.
Partially satisfactory with 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.
Partially satisfactory with 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.
Unsatisfactory	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

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

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.

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
CFA	Co-Financing Agreement
CO	Country Office
CPD	Country Programme Document
CPM	Career and Performance Management
CRB	Compliance Review Board
DSA	Daily Subsistence Allowance
ERM	Enterprise Risk Management
FACE	Funding Authorization and Certificate of Expenditure
GBV	Gender-Based Violence
GII	Gender Inequality Index
GPS	Global Programming System
HDI	Human Development Index
HR	Human Resources
IP	Implementing Partner
IPAS	Implementing Partner Assurance System
LCRC	Local Contract Review Committee
LTA	Long-Term Agreement
NGO	Non-Governmental Organization
OAIS	Office of Audit and Investigation Services
OFA	Operating Fund Account
PAD	Performance Appraisal and Development
PSD	Policy and Strategy Division
RH	Reproductive Health
SDP	Service Delivery Point
SIS	Strategic Information System
UN	United Nations
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNPP	United Nations Partner Portal