



United Nations Population Fund

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

OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA COUNTRY OFFICE IN GHANA

FINAL REPORT
N° IA/2022-09

31 December 2022

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2

I. AUDIT BACKGROUND 5

II. AUDIT RESULTS..... 6

A. OFFICE GOVERNANCE..... 6

Good practices identified 6

A.1 – OFFICE MANAGEMENT..... 6

Inadequate results planning..... 6

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING 7

Absence of proper human resources alignment..... 7

Low completion rate of mandatory training courses 7

A.3 – RISK MANAGEMENT..... 8

Inaccurate risks assessment and absence of risk response plans 8

B. PROGRAMME MANAGEMENT 9

Good practices identified 9

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION 9

Inadequate planning and execution of monitoring activities..... 9

B.2 – IMPLEMENTING PARTNER MANAGEMENT 10

Ineffective IP management process 10

B.3 – PROGRAMME SUPPLIES MANAGEMENT 11

Delays in customs clearance of programme supplies and commodities 11

Weaknesses in the warehousing, storage and accounting for UNFPA-donated programme supplies. 12

B.4 – MANAGEMENT OF NON-CORE FUNDING 13

C. OPERATIONS MANAGEMENT..... 13

Good practices identified 13

C.1 – HUMAN RESOURCES MANAGEMENT 13

Lack of compliance with the recruitment policy..... 13

C.2 – PROCUREMENT..... 14

Inadequacies in the procurement process..... 14

C.3 – FINANCIAL MANAGEMENT..... 15

Ex-post facto and erroneous processing of transaction in Atlas 15

C.4 – GENERAL ADMINISTRATION 16

Lack of compliance with travel policy requirements 16

Ineffective asset management controls 16

C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY 17

C.6 – SECURITY..... 17

ANNEX 1 - DEFINITION OF AUDIT TERMS.....18

GLOSSARY20

EXECUTIVE SUMMARY

1. The UNFPA Office of Audit and Investigation Services (OAIS) conducted an audit of the UNFPA Country Office in Ghana (the Office). Audit planning activities commenced on 20 June 2022, and a field mission took place from 11 to 29 July 2022. 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, programme supplies, and non-core funds.
- c) Operations management – Human resources management, procurement, financial management, general administration, information and communication technology, and security.

2. The Office was last audited by OAIS (then named the Division for Oversight Services – DOS) in 2007.¹ All 19 audit recommendations from the OAIS audit were fully implemented and closed.

3. The audit covered the period from 01 January 2021 to 31 March 2022, which corresponds to: (a) the fifth year of the seventh Country Programme 2018–2022, approved by the Executive Board in its first regular session in 2018, with indicative resources of USD 20.4 million. The related expenditures amounted to USD 10.4 million, executed by 19 Implementing Partners (USD 3.5 million or 34 per cent) and by UNFPA (USD 6.9 million or 66 per cent), and were funded from core resources (USD 4.7 million or 45 per cent) and non-core resources (USD 5.7 million or 55 per cent). In addition, the audit covered the supply of reproductive health commodities totalling USD 4.0 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme.

Audit rating²

4. 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/area would 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.

5. 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
<i>Office management</i>		<i>Partially satisfactory with major improvement needed</i>
<i>Organizational structure and staffing</i>		<i>Partially satisfactory with major improvement needed</i>
<i>Risk management</i>		<i>Partially satisfactory with some improvement needed</i>
Programme Management		Partially satisfactory with major improvement needed
<i>Programme planning and implementation</i>		<i>Partially satisfactory with major improvement needed</i>
<i>Implementing Partner Management</i>		<i>Partially satisfactory with major improvement needed</i>
<i>Programme Supplies Management</i>		<i>Partially satisfactory with major improvement needed</i>
<i>Management of non-core funding</i>		<i>Satisfactory</i>
Operations Management		Partially satisfactory with some improvement needed
<i>Human resources management</i>		<i>Partially satisfactory with some improvement needed</i>
<i>Procurement</i>		<i>Partially satisfactory with some improvement needed</i>
<i>Financial management</i>		<i>Partially satisfactory with some improvement needed</i>
<i>General administration</i>		<i>Partially satisfactory with some improvement needed</i>
<i>Information & communication technology</i>		<i>Satisfactory</i>
<i>Security</i>		<i>Satisfactory</i>

¹ Report No: GHA101 issued 15 July 2008 with a ‘Partially Satisfactory’ rating.

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

Good practices identified

6. The audit identified the following good practices of the Office, which have enhanced governance, strengthened internal controls, and improved risk management:
- a) The Office engaged effectively with other United Nations (UN) organizations in-country, including active participation in a United Nations Country Team Procurement Working Group established to facilitate the sharing of data and information on suppliers and cross-reliance on UN system organizations' Long-Term Agreements (LTA);
 - b) The Office undertook a number of initiatives to improve performance and control, including the holding of regular management, programme, operational and staff meetings;
 - c) The Office engaged in innovative programming in core competency areas based on country context and in close collaboration with sister agencies, such as the year-long learning and skills-building Youth Leaders (YoLe) fellowship programme that identifies and attracts young, innovative change-makers to positively impact their communities by taking up various academic, entrepreneurial and professional ventures;
 - d) The Office registered high completion rates for the Performance Appraisal and Development (PAD) process;
 - e) Workplans were signed with implementing partners in a timely manner allowing timely implementation of programme activities; and
 - f) The Office proactively undertook resource mobilization efforts and effectively engaged with donors enabling mobilization of resources that exceeded set targets.

Key recommendations

7. The audit identified several areas that require Management attention. Overall, the audit report includes eight high priority and five medium priority recommendations designed to help the Office improve its programme delivery and operations. Of these 13 recommendations, three are of a strategic nature; five relate to operational matters; four are matters of compliance; and one of reporting nature.

Strategic level

8. At the strategic level, there is a need to improve the use of planning and reporting tools in the planning, monitoring and reporting of programme activities. Also, with support from the Division for Human Resources and the West and Central Africa Regional Office, the Office needs to initiate a human resource alignment exercise and explore options for attracting qualified candidates. Lastly, with support from the West and Central Africa Regional Office and relevant Headquarters units, the Office needs to ensure appropriate risk assessment and the development, implementation, and regular monitoring of risk response action plans to mitigate "high" and "critical" rated risks.

Operational level

In the area of programme management, the Office needs to: (a) enhance both programme and financial monitoring; (b) improve partner and workplan management; and (c) engage with relevant partners to improve the processes for clearance, receipt, transfer, storage, and distribution of programme supplies to final beneficiaries.

Compliance level

9. The Office needs to ensure compliance with policies and procedures, mainly those related to staff recruitment and procurement transparency and competition, as well as the recording of associated financial transactions. There is also a need to promote timely submission of travel requests.

Reporting level

10. The Office needs to ensure the accurate and timely recording of financial transactions.

Management response

11. The management agrees with the findings and recommendations as they are focused on ways to improve performance of the Office. The Office will develop audit action plan to address these findings and will include some of the actions and recommendations in its 2023 workplans as well as in individual staff performance appraisal and development. The Office will monitor progress of implementation of the actions throughout 2023 and take full stock of implementation status of the audit recommendations in the first quarter of 2024 and thereafter make any needed corrective actions.

Acknowledgement

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


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


I. AUDIT BACKGROUND

1. Ghana has a population of approximately 30.8 million and an annual population growth rate of 2.1 per cent.³ The country ranked 133 out of 191 countries and territories on the Human Development Index (HDI) 2021.⁴ The maternal mortality rate was high at 308 deaths per 100,000 live births in 2017. The contraceptive prevalence rate is low at 27 per cent, and the unmet need for family planning for women aged 15-49 in 2022 is high at 19 per cent. The country has high prevalence rates of child marriage (19 per cent are married by age 18).⁵ Ghana has a Gender Inequality Index (GII) value of 0.529, ranking it 130 out of 169 countries in the 2021 index. Ghana is in the red quadrant, as per the UNFPA Strategic Plan 2018-2021. It is classified as a tier I programme country in the 2022-2025 Strategic Plan, and a priority country for the UNFPA Supplies programme.

2. As set out in the 2022 OAIS Annual Workplan, an audit of UNFPA's Ghana Country 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) Governance – Office management, organizational structure and staffing, and risk management.
- b) Programme activities – programme planning and implementation, and the management of implementing partners, programme supplies, and non-core funds.
- c) Operations – Human resources management, procurement, financial management, general administration, information and communication technology, and security.

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

- a) The effectiveness and efficiency of Office operations;
- b) The conformity of expenses with the purposes for which funds were appropriated;
- c) The safeguarding of assets entrusted to the Office;
- d) The level of compliance with applicable regulations, rules, policies and procedures; and
- e) The reliability of the Office's financial and operational reporting.

4. The Office was last audited in 2007 with a "Partially Satisfactory" report rating (Report No: GHA101 issued 15 July 2008). All recommendations pertaining to the 2007 audit have been closed.

5. The audit covered the period from 01 January 2021 to 31 March 2022, which corresponds to: (a) the fifth year of the seventh Country Programme 2018–2022, approved by the Executive Board in its first regular session in 2018, with indicative resources of USD 20.4 million. Expenses covered by the audit amounted to USD 10.4 million, executed by 19 Implementing Partners (USD 3.5 million or 34 per cent) and by UNFPA (USD 6.9 million or 66 per cent) and were funded from core resources (USD 4.7 million or 45 per cent) and non-core resources (USD 5.7 million or 55 per cent). In addition, the audit covered the supply of reproductive health commodities totalling USD 4.0 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme. Approximately 37 per cent of the expenses incurred in the period under review corresponded to the Sexual and Reproductive Health component. The Gender component accounted for 19 per cent of the expenses incurred, the Adolescent and youth component accounted for 25 per cent, and the Population dynamics component accounted for seven percent. Costs funded from the institutional budget and programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 12 per cent of expenses.

6. The engagement was led by an OAIS audit specialist and supported by a team of audit specialists of OAIS staff and consultants under the direct supervision by the Chief, Unit 2 of the Internal Audit Branch. The audit started on 20 June 2022. A field mission took place from 11 to 29 July 2022. Preliminary findings and recommendations resulting from the audit were discussed with the Office Management at an exit meeting held on 29 July 2022. Comments and clarifications provided by Management thereafter were reflected in a draft report submitted to the Office Management on 07 November 2022, and a final Management response was received on 09 December 2022 and is reflected in this report.

³ Source: Ghana 2021 Population and Housing Census – General Report, Volume 3A

⁴ Source: https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf

⁵ Source: <https://www.unfpa.org/data/world-population/GH>

II. AUDIT RESULTS

7. The results of the audit, including good practices identified and matters requiring Management attention, are presented below, by audit area:

A. OFFICE GOVERNANCE

**PARTIALLY SATISFACTORY WITH
MAJOR IMPROVEMENT NEEDED**

Good practices identified

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

- a) The Office engaged effectively with other United Nations (UN) organizations in-country, including taking the lead role for the joint programme on empowering adolescent girls through improved access to comprehensive sexuality education and rights-based quality sexual reproductive health services;
- b) The Office undertook a number of initiatives to improve performance and control, including the holding of regular management, programme, operational and staff meetings; and
- c) The Office registered high completion rates for all three phases of the Performance Appraisal and Development (PAD) process.

A.1 – OFFICE MANAGEMENT

**Partially Satisfactory with
Major Improvement Needed**

Inadequate results planning

9. In the seventh country programme, the Office included one output indicator “couple years of protection (CYP) for sexually active adolescents and youth 15-24 years” with a baseline of 49,019 and programme cycle target of 67,769. The reported actual results for the output indicator in 2018 and 2021 were 141,998 and 2,283,554, respectively.

10. The Office Management explained the disparities between the plan and reported actual results as being due to the adoption of an alternative CYP model to report on achieved results. However, this change of model was not consistently reflected in the annual results plans’ baselines and targets in the myResults module of the Strategic Information System (SIS), and consequently did not allow for objective measurement of the progress made towards achieving goals and objectives.

11. Furthermore, the Office inconsistently stated indicator values in SIS myResults reports. For instance, baselines, targets and actual results were stated on a cumulative basis in some years and a non-cumulative basis in others, thereby making it difficult to track progress against the output during a programme cycle.

ROOT CAUSE	<i>Resources: Inadequate training (insufficient understanding of corporate processes for planning and reporting in SIS)</i>
IMPACT	<i>Inadequate plans may adversely impact the timely implementation of activities and diminish Management’s ability to objectively measure achievements and take informed decisions.</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 1

PRIORITY: HIGH

Improve programme staff capabilities through training in the use of relevant tools to plan, measure and report performance and results.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2023*

The Office will provide training to all its staff in results planning, monitoring and reporting. It will develop annualized results matrix for the eighth Country Programme. The matrix will be used to ensure consistent use of baselines and targets for output level indicators and for milestones that contribute to the indicators. Planning, monitoring and reporting in SIS will be based on a consistent discrete or cumulative data based on indicator panel definition for that indicator using it throughout the eighth Country Programme.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

**Partially Satisfactory with
Major Improvement Needed**

Absence of proper human resources alignment

12. As per the UNFPA 2014-2017 Strategic Plan, Ghana was one of the “Orange” quadrant countries for which UNFPA deployed selected modes of engagement, excluding service delivery, that are tailored to meet the specific needs and priorities of those countries. Based on the reassessment of the country context, the Strategic Plan 2018-2021 re-classified the country as being in the “Red” quadrant, thus extending the deployed mode of engagements to include service delivery. Simultaneously, the Office started the implementation of a new country programme cycle (i.e., the seventh Country Programme 2018-2022).

13. The shift (or enlargement) of the mode of engagement from the sixth to the seventh country programme did not, however, trigger an organizational re-structuring to ensure the continuous alignment of the Office’s structure and staffing to programme delivery and operational requirements.

14. The absence of a proper structural alignment has resulted in the inadequate distribution of workload, inappropriate use of personnel contracting modalities, and over reliance on contract personnel engaged on a short-term basis. For instance, over the audit period, 63 different contract personnel were engaged for an average period of 5 months, with some, including the manager of the Office’s flagship youth leadership programme, performing core functions that should be carried out by UNFPA staff, thus compromising the continuity of UNFPA’s operations.

ROOT CAUSE	<i>Guidelines: Inadequate planning (absence of human resources re-alignment).</i>
IMPACT	<i>Inadequate structure and staffing may adversely affect the achievement of intended results.</i>
CATEGORY	<i>Strategic</i>

RECOMMENDATION 2

PRIORITY: HIGH

Leveraging on the development of the new country programme, liaise with the Division for Human Resources and the West and Central Africa Regional Office (WCARO) to undertake a human resource alignment exercise.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

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

MANAGEMENT ACTION PLAN:

DUE DATE: *September 2023*

The Office will seize the opportunity of the new Country Programme to undertake a comprehensive realignment exercise and restructure the Office human resources to meet the need of the new Country Programme 2023-2027. This will also include review of levels, number and contracting modalities, and development of a division of labour to share workload. The Office will consult with and seek support of WCARO and DHR to undertake the realignment/restructuring exercise.

Low completion rate of mandatory training courses

15. The Office did not centrally track and monitor the completion of mandatory training activities by staff and personnel. Even though the supervisor dashboard in the Learning Management System (Taleo) enables supervisors to review the training progress of direct reports, this functionality has not been effectively used.

16. In addition, only seven (out of 17) staff Performance Appraisal and Development (PADs) documents for the 2021 and 2022 calendar years included a goal for the completion of all mandatory learning courses. Further, a sample of six (out of 31) personnel files reviewed revealed an average mandatory training completion rate of 25% (approximately 4 out of 15 training courses for each staff).

ROOT CAUSE	<i>Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>Capacity gaps may adversely affect timely and effective programme delivery and operational activities.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 3

PRIORITY: MEDIUM

Require Office staff to promptly complete outstanding mandatory courses and establish a monitoring process to ensure their timely completion.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2023*

Tracking completion of mandatory courses will be included as a standing agenda item in the Office Senior Management Team meetings. In addition, one week in January 2023 will be dedicated to the completion of all mandatory courses by staff who have not completed the training by December 2022. This will also be included and monitored through their PADs.

A.3 – RISK MANAGEMENT

**Partially Satisfactory with
Some Improvement Needed**

Inaccurate risks assessment and absence of risk response plans

17. Based on its risk profile, the Office was among 21 business units required by the UNFPA Chief Risk Officer to complete the Enterprise Risk Management (ERM) assessment in 2021. The audit reviewed the risk assessment undertaken by the Office and noted that assigned risk levels were not always realistic considering the environment in which programme delivery and operational activities take place. For instance, despite the sensitivity towards and misinformation about UNFPA's mandate in the country, the “risk of negative public perception of UNFPA” was assessed as “low”.

18. Further, the Office finalized the risk assessment for the 2021 ERM cycle on 23 July 2021 and it was validated by the Regional Office on 09 August 2021. The assessment indicated that the risk of non-delivery of programme results due to COVID-19 was assessed ‘high’, warranting the development of formal mitigation measures. However, at the time of the audit fieldwork (July 2022), the Office had not yet developed a risk response plan in SIS myRisks to mitigate the high risk identified. Therefore, there have been no structured risk response activities undertaken by the Office to mitigate this risk.

ROOT CAUSE *Guidance: Inadequate supervision at the Headquarters and Office levels.*

IMPACT *The ability to timely develop and implement appropriate mitigating measures to address identified risks is limited.*

CATEGORY *Strategic.*

RECOMMENDATION 4

PRIORITY: HIGH

With support from the ERM Coordinator and leveraging on the next cycle of the Enterprise Risk Management process, perform a more rigorous risk assessment, assigning risk ratings commensurate with the materiality and complexity of the assessed areas, and develop and implement appropriate action plans to mitigate identified high and critical risks.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Representative, with support from the Director, WCARO and the ERM Coordinator

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *November 2023*

With Support from the ERM Coordinator, following new ERM policy and the headquarters guidance, the Office will undertake a more rigorous risk assessment and follow-up activities.

B. PROGRAMME MANAGEMENT

PARTIALLY SATISFACTORY WITH MAJOR IMPROVEMENT NEEDED

Good practices identified

19. The audit identified the following good practices in the area of programme management:
- a) Workplans were signed with implementing partners in a timely manner allowing timely implementation of programme activities;
 - b) Innovative programming in core competency areas based on country context and in close collaboration with sister agencies; and
 - c) The Office proactively undertook resource mobilization efforts and effectively engaged with donors enabling mobilization of resources that exceeded set targets.

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION

Partially Satisfactory with Major Improvement Needed

Inadequate planning and execution of monitoring activities

20. In 2021, the Office did not prepare and implement a structured monitoring and evaluation (M&E) plan for its programme activities. In 2022, a plan was developed listing programme monitoring activities to be performed during the second half of the year. However, the plan lacked important details such as the locations and dates of planned monitoring visits, the IPs to be visited, and the activities and results to be monitored.

21. Consequently, the Office provided limited evidence of consistent monitoring and tracking of programme activities during the period under review. Programme monitoring activities were limited to uncoordinated field monitoring visits and support missions undertaken, either directly by the Office staff or jointly with other UN organizations, and/or IPs.

22. The audit notes that this issue is partially due to the lack of human resources realignment as part of the development of the new country programme (see paragraph 14 for more details).

ROOT CAUSE	<i>Guidelines: Inadequate management structure (inadequate organizational structure). Guidance: Inadequate supervision at the Office Level.</i>
IMPACT	<i>Issues affecting programme implementation may not be timely identified and remediated, impacting the ability to achieve intended results.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 5

PRIORITY: HIGH

Prepare and implement a comprehensive monitoring framework that encompasses and tracks all output indicators and develop appropriate tools to effectively plan monitoring activities and identify, log, and track monitoring findings.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *September 2023*

The Office has drafted a Monitoring and Evaluation Plan and related tools for the eighth Country Programme. In addition, the realignment and restructuring of the Office human resources for the eighth Country Programme will resolve most of current challenge on human resources for monitoring and evaluation. Tracking the implementation of the Monitoring and Evaluation Plan will be included as a priority item on the regular programme meetings of the Office.

B.2 – IMPLEMENTING PARTNER MANAGEMENT

**Partially Satisfactory with
Major Improvement Needed**

Ineffective IP management process

The review of the IP management process indicated several exceptions reflective of inadequate training of the staff entrusted to perform assigned functions. The most notable of these exceptions pertained to inadequate use of the grant funding modality, use of a non-competitive process to engage IPs without proper documentation, and insufficient details provided by IPs in support of expense reports.

Inadequate use of grant funding modality

23. The Office provided a grant of USD 12,550 to a local media organization to support the implementation of media activities, deviating from the applicable policy⁶ which requires that grants: (a) be used solely for capacity-building purposes; (b) not be used for advocacy purposes; and (c) include related activities in the UNFPA-implemented workplan. Further, the signed grant agreement did not have the policy required annex containing the activities, budgets, schedules and details.

24. The Office Management explained that the grant was made to build the capacity of the grantee, and the resulting media publications and reportage were end products of the capacity building process – demonstrating the achievement of the objectives. However, the audit was unable to corroborate Management’s assertion in the absence of the schedule of activities, budget and other details that were required as part of the grant agreement.

Use of non-competitive process to engage IPs without proper documentation

25. The Office used a non-competitive selection process to engage four IPs whose work is closely related to UNFPA’s mandate and who are considered to be strategic partners without proper documentation. For instance, the Office did not use the policy-mandated non-competitive partnership template to document and justify why selecting each particular partner is in the best interest of UNFPA and did not confirm that the partners have sufficient institutional, technical and managerial capacity to deliver the proposed interventions.

Insufficient details provided in support of expense reports submitted by IPs

26. For three IPs sampled, detailed transaction lists provided by the IPs in support of expense reports submitted to UNFPA did not include the minimum level of details required by the applicable policy to allow an effective review of the corresponding FACE forms.

27. The audit review of a sample of transactions reported by one of the three IPs in support of an expense report related to a joint programme activity involving UNFPA and UNICEF revealed the following issues:

- a) Discrepancies between the daily rate and the number of participants reflected in the supporting document (supplier invoice) and those reported to UNFPA; and
- b) A discrepancy between the daily rates reported to UNFPA and to UNICEF.

ROOT CAUSE	<i>Resources: Inadequate training.</i>
IMPACT	<i>Management may not be able to obtain sufficient assurance about the proper use of the funds provided through grants. IPs engaged without documented justification may not be suitable to implement workplan activities with the highest quality and in a cost-effective manner. Insufficient details provided in support of expense reports submitted by IPs may adversely impact the effectiveness of the review of FACE forms.</i>
CATEGORY	<i>Operational.</i>

⁶ Policy and Procedures for Using Grants as a Funding Modality

RECOMMENDATION 6

PRIORITY: HIGH

Strengthen the Implementing Partner management process by: (a) Raising the awareness of relevant staff and implement supervisory control to ensure compliance with policy requirements for using grants as a funding modality; (b) providing comprehensive written justifications for non-competitive Implementing Partner selection in the policy-mandated templates, and obtaining the necessary approvals for their selection; and (c) requiring Implementing Partners to provide detailed information in support of expense reports, consistent with applicable policy requirements, to allow the effective review of FACE forms.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *October 2023*

The Office Management will undertake the following actions to address the audit recommendation:

- a. Conduct learning sessions on Implementing Partner Selection and Registration, identifying strategic partners and partners to be recruited through competitive processes, practical use of templates; and when and how to use grant arrangement; etc.*
- b. Integrate the training of staff on Implementing Partner management in the 2023 staff development plan.*
- c. Undertake selection of IPs for the eighth Country programme in compliance with policy and procedures requirements. The Office will provide a checklist and train staff and the focal points of Implementing Partners on documentation needed for complete reporting, including transaction listing to ensure that all required documents and information are received.*

B.3 – PROGRAMME SUPPLIES MANAGEMENT

**Partially Satisfactory with
Major Improvement Needed**

Delays in customs clearance of programme supplies and commodities

28. Based on the Standard Basic Assistance Agreement between the Government of Ghana and the UN and its agencies, funds and programmes, the Office is exempt from the payment of customs duties and other taxes for supplies and commodities required by it and its partners for the delivery of its mandate. Prior to 2022, individual applications for the exemption of each shipment of commodities and supplies from customs duties and taxes were submitted by the Office to the Ministry of Foreign Affairs, which would approve and return the approved application within three business days. In January 2022, the policy was revised to require that the application for exemptions from payment of customs duties and taxes on imports for non-direct UN agency use⁷, including the use or distribution of supplies and commodities by implementing partners, be made to the Ministry of Finance through the Ministry of Health (MOH). Further, the revised policy eliminated the timelines within which the various ministries should act on the applications.

29. The policy changes: (a) increased the average processing time for clearing of commodities and supplies to three-months from an average of two weeks under the old regime; and (b) delayed the implementation of the procurement plan and distribution schedules of programme supplies and commodities. Further, the extended processing time resulted in the payment of demurrage amounting to USD 2,207 in 2022.

30. In addition, the Office has not used the Order Tracking System (OTS) to monitor the status of commodity orders managed by the Supply Chain Management Unit, that would have enabled it to initiate the custom clearance process before the physical arrival of commodities and supplies at the port, thus allowing for faster clearing. The Office Management explained that the procurement focal point has not been able to access the OTS since 2021. Subsequent to the audit fieldwork, access to the system has been restored.

31. At the time of the audit, the Office, together with two other UN agencies, requested the relevant ministries to fast track the approval of applications for the exemption from payment of customs duties and taxes on programme supplies and commodities at the ports and received a response from the Ministry of Health stating that the applications would subsequently be approved by the Ministry of Health only to reduce the processing time, albeit without any definite timelines.

⁷ Equipment, materials and supplies imported as part of a programme assistance to the government, but not to be used directly by a UN agency.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *November 2023*

The Office has already initiated actions to improve capacities of Government and partners in logistics management, warehousing, and general inventory controls. In 2022, the Office has supported the training of logistics officers and supply chain managers from national and subnational levels based on gaps identified in Last Mile Assurance reports. The Office is also strengthening and institutionalizing best warehouse practices in all the new regions of Ghana.

Starting from 2023, the Office will develop and implement an annual plan for monitoring controls and regular capacity assessments to timely identify and solve potential issues of mismanagement of commodities for prompt actions.

B.4 – MANAGEMENT OF NON-CORE FUNDING

Satisfactory

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

C. OPERATIONS MANAGEMENT

PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED

Good practices identified

36. The audit identified the following good practice in the area of operations management which is in line with established policies and procedures:

- a) The Office actively participated in a United Nations Country Team Procurement Working Group established to facilitate the sharing of data and information on suppliers and cross-reliance on UN system organizations' Long-Term Agreements (LTA).

C.1 – HUMAN RESOURCES MANAGEMENT

Partially Satisfactory with Some Improvement Needed

Lack of compliance with the recruitment policy

37. Five out of the audit sample of six recruitments undertaken during the period under review were solely based on the results of interviews and did not go through any additional selection procedures (e.g., written tests), as called for by applicable policy for the recruitment for managerial or specialized functions.

38. Further, the Office completed some recruitment process steps ex-post facto, including: (a) verifying references and obtaining medical clearance and health statements after contract commencement; and (b) sending offers after contract dates.

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

IMPACT *A perceived lack of transparency and fairness in the recruitment process may increase UNFPA's exposure to reputational risk due to loss of trust in the system.*

CATEGORY *Compliance.*

RECOMMENDATION 9

PRIORITY: MEDIUM

Establish supervisory controls to ensure compliance of the recruitment process with the relevant policy.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *July 2023*

The Office will develop and implement a recruitment plan to ensure recruitment is conducted in compliance with all relevant policies and procedures. The Office will not permit anyone to start work without a valid contract.

C.2 – PROCUREMENT

**Partially Satisfactory with
Some Improvement Needed**

Inadequacies in the procurement process

39. Fifteen of the 17 procurement transactions tested showed deviations from UNFPA procurement policies and procedures.⁸ The most notable of these exceptions pertained to inadequate procurement planning, limited competition, and the absence of documented receipt and inspection reports for goods and services received by the Office

Incomplete procurement plan

40. The Office’s 2021 procurement plan did not include procurement of goods and services to be undertaken locally by the Office, as required by the procurement procedures. Only supplies to be procured by the Supply Chain Management Unit (SCMU) were considered during planning, thus limiting the effectiveness of the procurement plan as a managerial tool.

Limited transparency and competition in the procurement process

41. The audit noted the following instances of non-compliance with the procurement principles of transparency and effective competition: (a) two instances where vendors sent bids to the personal email of the procurement focal point instead of a dedicated email address; (b) one instance where a purchase order was issued prior to the receipt and evaluation of bids; (c) one instance where the solicitation was open for only five days instead of the recommended minimum of two weeks; (d) four instances where the bids evaluation report was not dated or signed by members of the bid evaluation committee; and (e) two instances, each in excess of USD 5,000, of sole sourcing of air travel tickets based on an expired UNFPA LTA.

Absence of documented receiving and inspection reports for goods

42. The procurement procedures require that all received programme and non-programme goods be subject to comprehensive receiving and inspection and documentation, and that the standard receiving and inspection report be used to complete the required documentation. The procedures further provide that in each field office, the relevant receiving officer is responsible for physically receiving and inspecting all equipment, supplies, and other property received. For assets, the receiving officer must also notify the fixed asset focal point to ensure that the items are properly tagged and entered in the asset management module of Atlas.

43. The audit noted that in the procurement of eight goods and two assets for the Office, there were no receiving and inspection reports on file.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the country Office level (lack of due diligence in complying with procurement policies and procedures).</i>
IMPACT	<i>Deviation from prescribed procurement policies and procedures may diminish the ability to achieve best value for money and increase exposure to financial and reputational risks.</i>
CATEGORY	<i>Compliance.</i>

⁸ Some of the transactions had more than one exception.

RECOMMENDATION 10

PRIORITY: HIGH

Strengthen supervisory controls over all procurement processes to improve compliance with procurement policies and procedures as a means of ensuring fairness, integrity, transparency and achieving best value for money.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: June 2023

The Office will take the following actions to implement the audit recommendation:

- a. *Prepare a procurement plan for local and international procurements and conduct regular review of the plan(s).*
- b. *Prepare administrative instructions to procurement staff/committee to ensure that: (i) bids are only submitted to a dedicated Office email or address, and not any personal contact; (ii) solicitations remain open for the minimum period required by the policy; (iii) bid evaluation report is dated and signed appropriately; and (iv) RIR is prepared for goods procured.*
- c. *Ask all staff involved in procurement to retake the online Procurement Training to refresh their knowledge on the policies and procedures.*

C.3 – FINANCIAL MANAGEMENT

**Partially Satisfactory with
Some Improvement Needed**

Ex-post facto and erroneous processing of transaction in Atlas

44. Requisitions and purchase orders for 16 transactions (approximately 80 per cent of procurement transactions reviewed) were issued and approved on an “ex-post facto” basis, either after notifying suppliers of the contract award or after receiving the goods and services procured.

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

46. Further, the audit noted seven instances amounting to USD 203,451 of expenses charged to incorrect general ledger accounts. According to the Office Management, this issue arises at the requisition stage of transaction processing, as only one staff member has been designated to raise requisitions, without sufficient supervision.

ROOT CAUSE *Resources: Insufficient human resources*

Guidance: Inadequate supervision at the Country Office level.

IMPACT

Buying goods and services without committing the necessary funds in Atlas reduces the effectiveness of budgetary management controls, exposing the Office to the risk of not having sufficient resources to settle obligations.

Inaccuracies in accounting data could limit Management’s ability to use the information for monitoring and distort the presentation of UNFPA financial information.

CATEGORY

Reporting.

RECOMMENDATION 11

PRIORITY: MEDIUM

Raise the awareness of relevant staff and enhance supervisory controls to ensure the accurate and timely recording of financial transactions.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: Representative

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: October 2023

The Office will conduct monthly learning sessions to ensure correct and timely recording of the transactions. The learning sessions will be integrated into the Office learning plan for 2023.

C.4 – GENERAL ADMINISTRATION

Partially Satisfactory with
Some Improvement Needed

Lack of compliance with travel policy requirements

47. The audit reviewed ten air travel transactions and noted that in four cases, the travel policy – which requires travel itineraries to be confirmed as early as possible and airline tickets to be purchased in advance of travel (at least 21 days in advance when traveling in business class and at least 14 days in advance when traveling in economy class) – was not adhered to.

48. It should be noted that OASIS has issued a recommendation to update travel policies and procedures, including the timeframe to purchase airline tickets to make travel management more efficient.⁹

ROOT CAUSE	<i>Guidelines: Inadequate planning (non-adherence to travel policies and procedures). Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>Late procurement of airline tickets may prevent the Office from obtaining the lowest fares available.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 12

PRIORITY: MEDIUM

Raise staff awareness regarding travel policy requirements to promote accountability, and about the need to better plan travel and timely submit travel requests and expense claims; and monitor compliance thereto.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *October 2023*

The Office will conduct learning sessions to staff on travel policy and value for money considerations when planning for travel. The Office will also keep and track records of travel to monitor compliance with the travel policy and procedures.

Ineffective asset management controls

49. The audit revealed several compliance issues in the asset management process, as discussed below.

50. *Assets transferred to IPs recorded in Atlas Asset Management Module* – The audit noted that two items procured for and transferred to IPs were unduly capitalized in the Atlas Asset Management Module. Fixed assets acquired for and transferred to IPs are not controlled by UNFPA and therefore must not be recorded in the Atlas Asset Management Module.

51. *Physical count results not reconciled with Atlas records* – As per policy requirements, the Office conducted an annual physical count of fixed assets in 2021. However, the results of the physical count were not reconciled with Atlas records for accuracy and completeness.

52. *Lack of segregation of duties* – The assets physical count was conducted by the asset focal point responsible for assets record keeping.

53. As a result, the following issues noted by the audit were not identified and corrected: (a) fixed assets existing physically but not recorded in the Asset Management Module; (b) fixed assets with incorrect location recorded in the Module; (c) assets not tagged according to the tagging convention outlined in the fixed asset management policy; and (d) separate asset items bulked together and recorded under single asset IDs in the Asset Management Module.

⁹ OASIS Report N IA/2022/04 dated 01 August 2022

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

IMPACT *Inadequate controls over assets may prevent their safeguarding, as well as their complete and accurate recording in the Asset Management Module.*

CATEGORY *Compliance.*

RECOMMENDATION 13

PRIORITY: MEDIUM

Raise staff awareness to promote compliance with the fixed asset management policy, including the systematic (a) tagging of assets according to tagging convention, (b) updating of asset location in the 'Asset Management Module', (c) respect of segregation of duties when conducting assets physical counts, and (d) reconciliation of physical count results with the 'Asset Management' module records; and monitor compliance therewith.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *November 2023*

The Office will conduct verification exercise periodically to ensure that all assets are correctly accounted for and tagged as per the Asset Management Policy, and that asset verification is conducted by someone other than the asset focal point.

C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY

Satisfactory

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

C.6 – SECURITY

Satisfactory

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

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 2016,¹⁰ are explained below:

<ul style="list-style-type: none"> ▪ Satisfactory 		<p>The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issue(s) and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area’s objectives.</p>
<ul style="list-style-type: none"> ▪ Partially satisfactory with some improvement needed 		<p>The assessed governance arrangements, risk management practices and controls were adequately designed and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issue(s) and improvement opportunities identified did not significantly affect the achievement of the audited entity/area objectives. Management action is recommended to ensure that identified risks are adequately mitigated.</p>
<ul style="list-style-type: none"> ▪ Partially satisfactory with major improvement needed 		<p>The assessed governance arrangements, risk management practices and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.</p>
<ul style="list-style-type: none"> ▪ Unsatisfactory 		<p>The assessed governance arrangements, risk management practices and controls were not adequately established or functioning to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>The issues identified could seriously compromise the achievement of the audited entity or area’s objectives. Urgent management action is required to ensure that the identified risks are adequately mitigated.</p>

B. CATEGORIES OF ROOT CAUSES AND AUDIT ISSUES

Guidelines: absence of written procedures to guide staff in performing their functions

- Lack of or inadequate corporate policies or procedures
- Lack of or inadequate Regional and/or Country Office policies or procedures
- Inadequate planning
- Inadequate risk management processes
- Inadequate management structure

Guidance: inadequate or lack of supervision by supervisors

- Lack of or inadequate guidance or supervision at the Headquarters and/or Regional and Country Office level
- Inadequate oversight by Headquarters

Resources: insufficient resources (funds, skills, staff) to carry out an activity or function:

- Lack of or insufficient resources: financial, human, or technical resources
- Inadequate training

Human error : un-intentional mistakes committed by staff entrusted to perform assigned functions

Intentional: intentional overriding of internal controls.

Other: factors beyond the control of UNFPA.

¹⁰ 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 ERP (Enterprise Resource Planning) system
ERM	Enterprise Risk Management
FACE	Funding Authorization and Certificate of Expenditure
GII	Gender Inequality Index
HDI	Human Development Index
IP	Implementing Partner
LTA	Long Term Agreement
OAIS	Office of Audit and Investigation Services
OTS	Order Tracking System
PAD	Performance Appraisal and Development
SCMU	Supply Chain Management Unit
SDP	Service Delivery Point
SIS	Strategic Information System
UN	United Nations
UNFPA	United Nations Population Fund
UNICEF	United Nations Children’s Fund
USD	United States Dollars
WCARO	West and Central Africa Regional Office