



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 HAITI

FINAL REPORT
N° IA/2022-05

25 October 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 use of planning and reporting tools, and documentation of reported results 6

Inadequate documentation of Senior Management meetings 7

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING 7

High vacancy levels 7

A.3 – RISK MANAGEMENT..... 8

Inadequate risk management practices 8

B. PROGRAMME MANAGEMENT 9

Good practices identified 9

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION 9

Delayed implementation of Haiti’s General Population and Housing Census 9

Implementation of activities without an approved workplan 10

B.2 – IMPLEMENTING PARTNER MANAGEMENT 10

Signed Implementing Partner agreements do not reflect the most recent amendments 10

Migration to UNPP not properly conducted 11

Capacity assessment of implementing partners not undertaken in a timely manner 12

Spot-check activities not timely and properly completed 12

Delayed transfer of funds to implementing partners 13

B.3 – PROGRAMME SUPPLIES MANAGEMENT 14

Loss of census equipment 14

Insufficient programme documents supporting the provision of programme supplies 14

Ineffective national Logistics Management Information System 15

Delayed preparation of receiving and inspection reports 16

B.4 – MANAGEMENT OF NON-CORE FUNDING 16

Donor reports excessively frequent and detailed, and not submitted in a timely manner 16

C. OPERATIONS MANAGEMENT..... 17

Good practices identified 17

C.1 – HUMAN RESOURCES MANAGEMENT 17

C.2 – PROCUREMENT..... 17

Insufficient transparency, fairness, and competition in the procurement process 17

C.3 – FINANCIAL MANAGEMENT..... 18

C.4 – GENERAL ADMINISTRATION 19

Lack of compliance with travel policy requirements 19

C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY 19

C.6 – SECURITY..... 19

ANNEX 1 - DEFINITION OF AUDIT TERMS.....20

GLOSSARY22

EXECUTIVE SUMMARY

1. The UNFPA Office of Audit and Investigation Services (OAIS) conducted an audit of the UNFPA Country Office in Haiti (the Office). Audit planning activities commenced on 18 April 2022, and a field mission took place from 16 to 26 May 2022. The audit assessed the adequacy and effectiveness of 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.

2. The audit covered a period marked by social and political instability, deteriorated security, and natural disasters. Due to these, no project or warehouse site visits were conducted, thus limiting the scope of the audit.

3. This is the first OAIS audit of the Office. The Office has not been recently audited by the United Nations Board of Auditors, either.

4. The audit covered the period from 01 January 2021 to 31 March 2022. The related expenditures amounted to USD 15.2 million, executed by 17 Implementing Partners (USD 5.6 million or 37 per cent) and by UNFPA (USD 9.6 million or 63 per cent), and were funded from core resources (USD 4.4 million or 29 per cent) and non-core resources (USD 10.8 million or 71 per cent). In addition, the audit covered the supply of reproductive health commodities totalling USD 1.1 million, procured primarily with funding from the UNFPA Supplies programme.

Audit rating¹

5. The overall audit rating is **“Partially Satisfactory with Some Improvement Needed”**, which means that the assessed controls were adequately established and operating effectively but needed some improvement to provide reasonable assurance that the objectives of the audited areas would be achieved. Issues and improvement opportunities identified did not significantly affect the achievement of the objectives. Management action is recommended 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 some improvement needed
<i>Office management</i>		<i>Partially satisfactory with major improvement needed</i>
<i>Organizational structure and staffing</i>		<i>Partially satisfactory with some 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 some improvement needed</i>
<i>Management of non-core funding</i>		<i>Partially satisfactory with some improvement needed</i>
Operations Management		Partially satisfactory with some improvement needed
<i>Human resources management</i>		<i>Satisfactory</i>
<i>Procurement</i>		<i>Partially satisfactory with some improvement needed</i>
<i>Financial management</i>		<i>Satisfactory</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 See Annex I for the definitions of audit terms used in the report

Good practices identified

7. 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 UN organizations in-country;
 - b) The Office registered high completion rates of the Performance Appraisal and Development (PAD);
 - c) Workplans were signed with implementing partners in a timely manner;
 - d) The Office proactively undertook resource mobilization efforts and effectively engaged with donors; and
 - e) The Office effectively used information technology to disseminate security advisories and information to all UNFPA staff and personnel.
 - f) As a means to increase the efficiency of the procurement process, the Office has established long-term agreements (LTA) and has also relied on the LTAs of other UN Organizations.

Key recommendations

8. The audit identified several areas that require Management attention. Overall, the audit report includes eight high priority and nine medium priority recommendations designed to help the Office improve its programme delivery and operations. Of the 17 recommendations, three are of a strategic nature; nine relate to operational matters; and five are matters of compliance.

Strategic level

9. 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 Latin America and Caribbean Regional Office, it is recommended that the Office initiates a human resource alignment exercise and explore options for attracting qualified candidates. Lastly, with support from the Latin America and Caribbean Regional Office, the Office ought to ensure the timely validation of the risk assessment and the development, implementation, and regular monitoring of appropriate risk response action plans to mitigate “high” and “critical” rated risks.

Operational level

10. From a governance perspective, the Office needs to improve its documentation of Management meetings.

11. In the area of programme management, the Office needs to: (a) timely prepare, approve and upload workplans to the Global Programming System; (b) continue to engage the Latin America and the Caribbean Regional Office, relevant units at Headquarters, and other key stakeholders to explore options to produce population data and/or repurpose available funds; (c) raise awareness of responsible staff to systematically sign IP agreements using the most current template and timely amend IP agreements as necessary; and (d) improve the planning of programme activities and ensure that funds are timely transferred to the IPs. The Office also needs to: (a) engage with the Latin America and the Caribbean Regional Office and relevant units at Headquarters and work with other stakeholders to mobilize funding to acquire additional licenses and training, and the maintenance of an effective logistics management system.

Compliance level

12. It is recommended that the Office improve compliance with policies and procedures, mainly those related to procurement transparency and competition. There is also a need to promote timely submission of donor reports and travel requests.


Management response


13. The Office Management expresses its appreciation to the audit team for their professional work performed in support of the Office, takes note of the findings and recommendations, and will endeavour to address them. The Office Management observes that a number of recommendations are beyond its control and will count on the support of the Regional Office and Headquarters for their implementation. It would also like to highlight the peculiar situation of Haiti where national staff are leaving the country in numbers and international staff are not interested in joining because of the dire security situation. This lack of human resources is making it extremely difficult for the Office to continue meeting all expectations and is forcing the Office Management to set priorities in an extremely volatile environment where the Office has to constantly respond to emergencies resulting from natural disasters and the increasing violence and armed conflicts. The Office will engage the relevant units in Latin America and the Caribbean Regional Office and Headquarters to support actions to

implement the recommendations which will, however, be contingent to the support received to fill the staff capacity gap resulting from the unavailability of the required expertise in the country.

Acknowledgement

14. The OAIS team would like to thank the Management and personnel of the Office, the Latin American and the Caribbean 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. Haiti is among the poorest countries worldwide, ranking 170 out of 189 countries and territories on the Human Development Index (HDI) 2019.² In 2020, Haiti had an estimated population of 11.4 million people, largely young (52 per cent under 25 years).³ The maternal mortality rate was high at 480 deaths per 100,000 live births in 2017. The contraceptive prevalence rate is low at 28 per cent, and the unmet need for family planning for women aged 15-49 in 2022 is high at 23 per cent. The country has high prevalence rates of child marriage (15 per cent are married by age 18). Haiti has a Gender Inequality Index (GII) value of 0.636, ranking it 152 out of 162 countries in the 2019 index.⁴ Haiti is in the red quadrant, as per the UNFPA Strategic Plan 2018-2021, and a priority country for the UNFPA Supplies programme.

2. As set out in the 2022 OAS Annual Workplan, an audit of UNFPA's Haiti 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 covered a period marked by social and political instability, deteriorated security, and natural disasters. Due to these, no project or warehouse site visits were conducted, thus limiting the scope of the audit.

4. This is the first OAS audit of the Office. The Office has not been recently audited by the United Nations Board of Auditors, either.

5. 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.

6. The audit covered the period from 01 January 2021 to 31 March 2022, which corresponds to: (a) the fifth year of the sixth Country Programme 2017–2021, approved by the Executive Board in its first regular session in 2017, with indicative resources of USD 67.0 million (USD 18.0 million of core resources and USD 49.0 million of non-core resources), and (b) the Programme's first year extension approved by the Executive Director with information provided to the Executive Board. Expenses covered by the audit amounted to USD 15.2 million, executed by 17 Implementing Partners (USD 5.6 million or 37 per cent) and by UNFPA (USD 9.6 million or 63 per cent) and were funded from core resources (USD 4.4 million or 29 per cent) and non-core resources (USD 10.8 million or 71 per cent). In addition, the audit covered the supply of reproductive health commodities totalling USD 1.1 million, procured primarily with funding provided by the UNFPA Supplies programme

7. The engagement was conducted by a team of OAS audit specialists supported by an individual consultant. The audit started on 18 April 2022. A field mission took place from 16 to 26 May 2022. Preliminary findings and recommendations resulting from the audit were discussed with the Office Management at an exit meeting held on 26 May 2022. Comments and clarifications provided by Management thereafter were reflected in a draft report submitted to the Office Management on 25 July 2022, and a final Management response was received on 13 August 2022 and is reflected in this report.

² Source: <https://hdr.undp.org/sites/default/files/Country-Profiles/HTI.pdf>

³ Source: <https://population.un.org/wpp/DataQuery/>

⁴ Source: <https://www.unfpa.org/data/world-population/HT>

II. AUDIT RESULTS

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

A. OFFICE GOVERNANCE

PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED

Good practices identified

9. 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 UN organizations in-country, including assuming the lead role for the UNFPA-UNICEF Joint Programme on the Elimination of Female Genital Mutilation, coordination of the United Nations Trust Funds on Human Security, and the task force on demographic dividend; and
- b) 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 use of planning and reporting tools, and documentation of reported results

10. The UNFPA guidelines for results planning, monitoring and reporting in the myResults module of the Strategic Information System (SIS) requires the development and documentation of quarterly milestones, i.e., intermediate deliverable for a particular quarter, in order to reach the annual target set for an output indicator, from activities carried out by or under the control of UNFPA or its implementing partners. Further, the guidelines provide direction on the devolution of annual targets into quarterly targets and milestones, and on the aggregation of quarterly results into annual results.

11. The audit could not establish clear linkages between the targets and milestones in the SIS annual plan and the targets in the GPS workplans of IPs. Further, the audit could not determine how the results from the activities of the IPs were consolidated and included in the results reported in the SIS annual report.

12. According to Office Management, the SIS records only reflects the accountability of UNFPA staff in achieving results. Milestones in SIS are assigned to staff and not to partners whose contributions are managed in the Global Programming System (GPS). The Office further asserted that results reported by partners are documented in GPS and assessed during the annual review of outputs and incorporated into the annual report in the myResults module of SIS. There was no clarity on how the IP results were measured for inclusion into the annual results and the Office did not provide any documents to clarify the process.

13. In addition, the audit noted inconsistencies in the reporting of results throughout the 2017-2021 country programme cycle and in the extension year. For instance, the output indicator “National Strategy to address obstetric fistula adopted” had a baseline at the end of 2016 of “No” and a final programme cycle target of “Yes”. In 2020, the indicator was reported with a result of “Yes” implying the adoption of the strategy. However, in 2021, the result changed to “No”.

ROOT CAUSE	<i>Resources: Inadequate training (lack of understanding of corporate processes for planning and reporting in GPS and SIS)</i>
IMPACT	<i>Inadequate Office plans may adversely impact the timely implementation of Office activities and achievement of expected results. Inaccurate results reporting diminishes 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, with support from the Director, Policy and Strategy Division

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: September 2023

The Office is working on short-term and medium-term actions to improve the planning and reporting mechanisms, including through the Strategic Information System. The short-term actions include refreshing the capacity of the current staff. As the Office will start its new programme cycle 2023-2027, it will use this opportunity to implement with the new IPs and the new Office human resources structure the relevant planning actions and capacity building on planning and reporting through SIS. The Office will therefore work closely with the Policy and Strategy Division at Headquarters to organize a training of its programme staff and IPs in the use of relevant tools to plan, measure and report performance and results.

Inadequate documentation of Senior Management meetings

14. According to Office Management, the Senior Management team meet weekly to discuss Office related matters. In addition, the programme teams meet every other week on programmatic activities. Further, the Office also holds general staff meetings for information dissemination to staff.

15. The audit noted that the programme meetings were documented and summarized programme implementation details including implementation rates, challenges, staffing, funding, assurance, and reporting activities, among others.

16. The Senior Management team meetings, however, were not documented in 2021, and the minutes for meetings held in 2022 were high level summaries and not consistently prepared. Further, there were also no minutes for the monthly staff meetings. Consequently, the audit was not able to determine if the Senior Management and general staff meetings were held regularly and the extent to which issues were discussed and decisions taken.

ROOT CAUSE	<i>Guidelines: Inadequate Office policy or procedures.</i>
IMPACT	<i>Insufficient documentation of meetings may limit Management’s ability to monitor the disposition of issues raised and loss of audit trail for the basis of decisions or actions taken.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 2 **PRIORITY: MEDIUM**

Consistently document Management meetings in minutes detailing the points discussed, decisions made, action items and follow up activities that need to be tracked or requiring the intervention of Senior Management for resolution.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: February 2023

The Office has already addressed the issue by consistently inviting the Personal Assistant to the Representative to the meetings for proper notes taking and preparation of the minutes of the Senior Management meetings. The Office will ensure that this continues in a systematic way and will also review the purpose and frequency of the meetings to distinguish them from the other regular (more operational) meetings of the Management team.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING **Partially Satisfactory with Some Improvement Needed**

High vacancy levels

17. At the time of the audit draft report, the Office had 13 vacant positions corresponding to a vacancy rate of 20 per cent (including one at the international level, four at the national professional level, four at the general service level and four among service contract holders). Some of these positions remained vacant for more than one year.

18. The staffing shortage is exacerbated by the Office’s inability to attract new qualified candidates. For example, two rounds of recruitment efforts did not yield the desired results for one senior international level position as the two suitable candidates both turned down the offer because of the security context. Further, recruitment exercises for some national professional staff roles did not yield the desired results because none of the applicants was deemed to be sufficiently qualified for the role.

19. According to Management, since the full complement of personnel is needed to adequately deliver on the country programme, the shortages has affected the Office’s ability to achieve its objectives, as some staff are saddled with more tasks than they can reasonably manage.

20. The audit notes that, effective 01 October 2022, the International Civil Service Commission has approved danger pay as an additional compensation for internationally and locally recruited staff who are required to report to work in Haiti.

ROOT CAUSE	<i>Other: factors beyond the control of UNFPA (lack of qualified candidates or not willing to work in country).</i>
IMPACT	<i>Inadequate staffing has adversely affected the achievement of intended results.</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 3

PRIORITY: HIGH

Leveraging on the implementation of the new country programme, liaise with the Division for Human Resources and the Latin America and the Caribbean Regional Office (LACRO) to undertake a human resource alignment exercise and explore options to attract qualified candidates.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Representative, with support from the Director, Division for Human Resources and the Director, Latin America and the Caribbean Regional Office

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: November 2023

The staffing issues faced by the Office is not about the organisational structure but about the unavailability of expertise to fill the positions. Other employers in Haiti, including UN agencies, are facing the same challenges as frequently reported in the UN Country Team and Operations Management Team meeting reports. The deteriorating security situation is consistently fuelling departures of expertise from the country and reducing the attraction of incoming expertise.

Nevertheless, as part of its new Country Programme Document, the Office has already developed a staffing plan that will help address the capacity gaps and allow achievement of its strategic goals. Its implementation will require a special treatment of the Haiti case with additional financial support to bring in the required national and international expertise. The Office has already contacted the Regional Human Resources Business Partner to conduct an early implementation of the new Office staffing plan as soon as it is approved by Headquarters.

A.3 – RISK MANAGEMENT

Partially Satisfactory with Some Improvement Needed

Inadequate risk management practices

21. The Office finalized the risk assessment for the 2020 Enterprise Risk Management (ERM) cycle on 15 October 2020⁵. However, the risk assessment was only validated by the Regional Office on 15 May 2022.

22. As a result of the late validation, the Office did not develop a risk response plan in SIS myRisks to mitigate critical and high risks identified. Therefore, risk response activities have been disparate and in silos. For example, while the Office identified vacancies due to high turnover as a high risk needing adequate succession planning, no detailed plan was documented or instituted to adequately address the risk that has subsequently materialized (see paragraph 17).

⁵ extended on 11 May 2021 to cover 2021

23. According to LACRO Management, the delayed validation of the risk assessment for the Office was due to the transitioning of some key personnel, including the Representative, the International Operations Manager, and the Human Resources focal point, in 2020 and 2021.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the Regional Office level.</i>
IMPACT	<i>The inability to timely develop and implement appropriate mitigating measures to address identified risks may result in failure to deliver expected results.</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 4

PRIORITY: HIGH

With support from the Latin America and the Caribbean Regional Office, ensure the timely review and validation of the risk assessment and the development, implementation and regular monitoring of an appropriate risk response action plan to mitigate 'high' and 'critical' rated risks.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Representative, with support from the Director, Latin America and the Caribbean Regional Office. STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: July 2023

The Office risk assessment will be updated and a realistic action plan to address the high risks will be developed as part of the implementation of the new Country Programme. The implementation of the mitigation actions will be according to the plan and might go beyond the above-mentioned due date. The organization's relevant tools, including the SIS will be used to monitor implementation of the action plan.

B. PROGRAMME MANAGEMENT

PARTIALLY SATISFACTORY WITH MAJOR IMPROVEMENT NEEDED

Good practices identified

24. The audit identified the following good practices in the area of programme management:
- a) Workplans were signed with implementing partners in a timely manner; and
 - b) The Office proactively undertook resource mobilization efforts and effectively engaged with donors.

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION

Partially Satisfactory with Major Improvement Needed

Delayed implementation of Haiti's General Population and Housing Census

25. In 2017, the Office signed an agreement with the Government of Haiti to provide technical support to Haiti's fifth General Population and Housing Census, initially planned to take place in 2020. The agreement amounted to USD 23.7 million, funded from the Government of Haiti's own resources as well as funds from the World Bank and the Inter-American Development Bank. It had an initial expiry date of 31 December 2021.

26. In addition, in 2018, the Office entered into agreements with two other donors to support the census (approximately USD 7.7 million). Both agreements had an initial expiry date of 31 December 2020.

27. The implementation of the census was significantly delayed due to the prevailing socio-political and security situations in the country. For instance, while the necessary preparatory activities, including cartography and pilot census exercises, were completed, the main census enumeration was not conducted.

28. With the agreement of relevant counterparts, the three agreements were extended to 31 December 2022 to allow more time to complete programme activities. Nevertheless, no substantial progress has been made. At the time of the audit field mission, the Office registered low budgeted amounts (USD 0.7 million) compared to the amounts available for programming (USD 18.2 million) under the three co-financing agreements.

29. The Office Management, with support from the Latin America and Caribbean Regional Office, has initiated discussions with the Government counterpart and donors to agree on the way forward, including

exploring alternative options to the census to produce population data to inform development decisions and/or repurpose available funds.

ROOT CAUSE	<i>Other: factors beyond the control of UNFPA (deteriorated socio-political and security situations in the country).</i>
IMPACT	<i>Programme activities not implemented in a timely manner and before the expiry dates of co-financing agreements, adversely impacting the achievement of programme results and loss of trust and confidence from the donors.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 5

PRIORITY: HIGH

With support from the Latin America and the Caribbean Regional Office and relevant units at Headquarters, continue and conclude the consultations with key stakeholders and proactively produce population data or explore options to repurpose the available funds for other equally important projects.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Representative, with support from the Director, Latin America and the Caribbean Regional Office STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *November 2023*

The role of the Office is to support the Government to implement its population census agenda. The blockage of the current project due to factors beyond the control of the Office has been acknowledged by the donors who decided to end the project. The Office is working at closing the project in an orderly manner and is working with all stakeholders to explore alternative ways to produce population data and repurpose available funds.

Implementation of activities without an approved workplan

30. The Office finalized its UNFPA-implemented workplan and uploaded it to GPS on 25 May 2022, at which time it had already utilized USD 2.3 million of the USD 6.1 million budgeted core and non-core resources for the year. The Office Management attributed the late approval of the workplan to weaknesses in the monitoring of the process.

ROOT CAUSE	<i>Guidelines: Inadequate supervision at the Office level (inadequate monitoring of the workplan preparation to completion).</i>
IMPACT	<i>Funds were spent prior to a workplan being signed exposing the organization to the risk of expenses exceeding authorized funding.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 6

PRIORITY: HIGH

Timely prepare, approve and upload workplans to the Global Programming System.

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

MANAGEMENT ACTION PLAN: DUE DATE: *August 2023*

A systematic review of all workplans including the Office workplan will be conducted in the future and this step will be formally included in the plan for development and approval of the workplans.

B.2 – IMPLEMENTING PARTNER MANAGEMENT

Partially Satisfactory with Major Improvement Needed

Signed Implementing Partner agreements do not reflect the most recent amendments

31. In June 2018, UNFPA issued a revised version of the General Terms and Conditions for Implementing Partner agreements (GTC). The revision aimed at implementing: (a) the terms of the UN "IP Protocol" on Protection from Sexual Exploitation and Abuse (PSEA) in the legal relationship between UNFPA and its IPs; and (b) a number of inventory-controls. All IP agreements needed to immediately reflect these changes, with detailed instructions being sent to the heads of offices on how to implement them.

32. The Office signed agreements with IPs for the implementation of UNFPA-funded workplans relating to the 2017-2021 programme cycle, using the pre-2018 version of the IP agreement. However, the signed IP agreements were not amended to reflect the changes to the GTC introduced in 2018.

33. Further, following the one-year extension of the programme cycle, the Office and the IPs signed amendments to the agreements to extend them through 31 December 2022. The audit noted, however, that the scope of these amendments did not include the revision of the IP agreements' GTC. One of these IPs received UNFPA-donated programme supplies. Nonetheless, the IP agreement does not include relevant clauses related to this activity.

34. Furthermore, in one instance the IP agreement was prepared using an outdated version of the IP agreement model form.

ROOT CAUSE	<i>Resources: Inadequate training.</i>
IMPACT	<i>Increased exposure to legal, financial, and reputational risks and diminished protection of UNFPA interests.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 7

PRIORITY: MEDIUM

Raise the awareness of involved staff to systematically sign IP agreements with Implementing Partners using the most recent version of the Implementing Partner agreement template, and timely amend signed IP agreement, as necessary.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *February 2023*

The audit findings will be shared and discussed with all staff, and a debriefing session organised to raise awareness of all staff about areas to improve, including this finding. Actions will be assigned to staff and monitoring by the Senior Management Team. Also, as part of the review of every new agreement before signature, a verification against the intranet of UNFPA will be done to ensure that the latest up-to-date templates are used. The Office will therefore use the opportunity of the new country programme to definitely address this issue with the new selected IPs.

Migration to UNPP not properly conducted

35. In 2021, UNFPA had joined the online United Nations Partner Portal (UNPP)⁶ to replace the UNFPA Partner Management Information System (PIMS) as the partner registration system. As part of the migration process, existing UNFPA NGO partners received a message generated from UNPP informing them of UNFPA's move to the new system with instructions to complete their profile in UNPP. In addition, Country Offices were provided with a draft letter to be shared with their respective NGO partners to inform them of the move to UNPP. UNFPA Government and United Nations partners were also migrated to UNPP but were not required to complete their profile in UNPP. Partner agreements stored in PIMS were not however migrated to UNPP. This responsibility was assigned to the workplan managers to ensure there is a valid agreement uploaded to the UNPP.

36. The audit's review of UNPP records indicated that none of the NGO partners and related IP agreements was migrated to UNPP. Further, amendments to IP agreements signed in 2022, and therefore not stored in PIMS, were not uploaded to UNPP.

37. The Office Management agreed with the audit observation and attributed the noted issues to a lack of knowledge of the use of UNPP.

38. The audit notes that the Policy and Strategy Division conducted several 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.

ROOT CAUSE	<i>Resources: Inadequate training and sharing of information and knowledge.</i>
IMPACT	<i>Lack of proper registration of implementing partners may diminish the effectiveness of UNPP as a management tool.</i>

⁶ UNPP is an online platform utilized by a growing number of United Nations agencies to engage with civil society organizations (CSOs) and non-governmental organizations (NGOs) on partnership opportunities

CATEGORY *Operational.*

RECOMMENDATION 8

PRIORITY: MEDIUM

Use available resources to train relevant staff on the use of the United Nations Partner Portal and for them to train and encourage the IPs to avail of the UNPP.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2023*

The Office has already started to remind the IP to migrate to the new platform and coached them to do so. Priority will be given to IPs identified to be part of the next Country Programme implementation.

Capacity assessment of implementing partners not undertaken in a timely manner

39. According to UNFPA Implementing Partner Assurance System (IPAS) records, two Government IPs had been micro-assessed more than 5 years before 2021 and should have been reassessed.

40. The Office Management agreed with the audit observation and explained that the Office planned to conduct micro-assessments of the two IPs in 2021. However, the first IP, considered to be a strategic partner, did not make itself available. Therefore, as a mitigation measure, the Office exclusively used the direct payment cash transfer modality to disburse funds to implement the activities agreed in the workplan of this IP. For the second IP, the Office was not able to conduct the micro-assessment due to security reasons.

41. The audit acknowledged Management’s explanation and noted that the risk rating of the outdated HACT micro-assessments, used to plan assurance activities, should have been updated.

42. Similar issues, relating to IPs engaged without conducting capacity assessments, have been raised by OAIS in other country office audits.

ROOT CAUSE *Other: Factors beyond the control of UNFPA.(deteriorated security situation in the country)
Guidelines: Inadequate risk management process.*

IMPACT *Inadequate assurance activities undertaken.*

CATEGORY *Operational.*

RECOMMENDATION 9

PRIORITY: MEDIUM

Promptly undertake HACT micro-assessments of the concerned Implementing Partner/s and use results thereof as a guide in determining the cash transfer modality to be adopted and the extent of assurance activities to be undertaken.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2023*

The Office has constantly been following up on this issue since 2021, and already sent several official letters to the concerned partners. A plan is again on-going, and a third-party service provider has already been contracted to attempt to complete the micro-assessment by the end of December 2022. Priority will also be given to new IPs.

Spot-check activities not timely and properly completed

43. As part of the 2021 HACT assurance plan, nine IPs engaged by the Office were planned for spot-checks, out of which two were not finalized in IPAS at the time of the audit field mission. Similarly, three spot checks planned for 2020 were not finalized in IPAS.

44. High priority findings were detected in four spot checks conducted in 2020. However, actions to address three spot-check observations and recommendations were still pending in IPAS at the time of the audit field mission.

45. A detailed audit review of three 2021-spot checks performed by UNFPA programme and operational staff indicated that two spot-checks did not have sufficient coverage – In one spot check, the total expenditures of the selected FACE form did not reach the minimum of 20 per cent of the total annual expenditures. And in

both spot checks, tested sample of transactions did not reach the minimum of 15 per cent of the total annual expenditures of the IP.

46. The issues identified stem from a lack of training of relevant staff, as well as insufficient supervision at the Office level.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>Management may not be able to obtain sufficient assurance about the proper use of funds by implementing partners.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 10

PRIORITY: MEDIUM

Strengthen Office personnel skills and periodically review the Implementing Partner Assurance System (IPAS) records to ensure that: spot checks are properly and timely completed and documented; and follow-up activities are timely implemented and reported.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: :

Representative, supported as appropriate by the Directors of the Latin America and the Caribbean Regional Office and the Division for Management Services

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: July 2023

The Office is already working at addressing this issue and already developed its assurance plan for 2022 which is monitored regularly for implementation. The plan includes the minimum level of expenditures (based on WP amounts) to trigger the implementation of the planned spot checks and the minimum amount of expenditures to be covered. A focal point is designated to report on the progresses including regarding the follow-up activities.

Delayed transfer of funds to implementing partners

47. A detailed review of a sample of workplans and corresponding first fund transfers to four IPs revealed that funds were transferred to the IPs with delays ranging from 21 to 106 days from the date of signature of the workplan.

48. Two IP representatives interviewed during the audit field mission expressed concerns regarding the delayed transfers of funds that have negatively affected the implementation of programme activities.

49. The two other IPs had unspent 2021 year-end OFA balances totalling USD 85,800, and were not been refunded to UNFPA at the time of the audit field mission.

50. The Office Management agreed with the audit observation and partially attributed the delay to the unavailability of funds from a major donor at the time of signature of the workplans.

51. The review of the corresponding co-financing agreement indicated that the disbursement schedule was included and could have been used to better plan IP activities.

ROOT CAUSE	<i>Guidelines: Inadequate planning by the Country Office (mismatching between the disbursement and planned programme activities).</i>
IMPACT	<i>Implementation of programme activities may be delayed due to late transfer of funds, adversely impacting achievement of results.</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 11

PRIORITY: HIGH

Improve planning of programme activities, taking into consideration funds availability, and implement supervisory controls to ensure that funds are timely transferred to Implementing Partners.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2023*

The Office is fully aware of this challenge also related to the change of focal point of UNFPA projects as well as to familiarization for new IPs. However, with the support of the newly created Programme Support Pool Unit, the Office has already started implementing this recommendation with close and continuous support, orientation sessions for new IPs. The Office will also use the opportunity of the new Country Programme to improve this aspect through the capacity building of new staff as well as the IPs. The Programme Support Pool Unit will also provide regular remote and in-house support to current and new IPs to significantly reduce this delay.

B.3 – PROGRAMME SUPPLIES MANAGEMENT

**Partially Satisfactory with
Some Improvement Needed**

Loss of census equipment

52. As part of the Haiti's fifth General Population and Housing Census, tablets and other equipment and supplies had been purchased by UNFPA and were officially handed over in October 2018 to the Government partner identified in the co-financing agreement.

53. In view of the value and attractiveness of the provided equipment, and the delay in the implementation of the census, and thus in the distribution of the assets to be used, the Office Management had commissioned an audit of the assets in 2019. The audit report revealed weaknesses and made recommendations to improve stock management procedures. Consequently, the Office planned a follow-up audit to be conducted in September 2021.

54. In November 2021, the Government partner that received the census equipment notified the Office of a loss of UNFPA-provided tablets at their warehouse where the items were stored. An audit commissioned by the Office, in response to this notification, confirmed the loss and estimated its value at USD 1.3 million.

55. The Office reported the issue to the Regional Office and to relevant units at Headquarters. At the time of the final audit report, the matter was under investigation by the local police and OAIS.

56. OAIS deems the actions taken by the Office to be timely, appropriate, and sufficient. Accordingly, no recommendation is issued.

ROOT CAUSE	<i>Other: factors beyond the control of UNFPA (assets handed over to the Government partner identified in the co-financing agreement and not under the control of the Country Office).</i>
IMPACT	<i>Loss of census equipment has adversely impacted its implementation and increased the organization's exposure to fiduciary and reputational risks.</i>
CATEGORY	<i>Operational.</i>

Insufficient programme documents supporting the provision of programme supplies

57. The Policy and Procedures on Management of Programme Supplies prohibits the provision of programme supplies to IPs prior to signing of workplans. These workplans to be supplemented by other appropriate programme documents (e.g., distribution plans), specifying: (i) the types and estimated volumes of programme supplies to be provided by UNFPA; (ii) their estimated values; (iii) any responsibilities of, and costs to be assumed by, the IPs for the custom clearance and transport of the programme supplies from their point of shipment to to the IP facilities; (iv) a description of the intended use of the supplies provided, including, when appropriate and as feasible, the service delivery points and target populations to which the supplies are to be provided; (v) any foreseen collaboration with other development or humanitarian partners, if any, in distributing the programme supplies; and (vi) the activities to be undertaken by the IPs to ensure the programme supplies are used for the intended purposes.

58. The Office signed workplans with the IP receiving UNFPA-donated programme supplies. However, the workplans did not include the details required by the policy. In 2021, although a distribution plan was shared with UNFPA, the plan did not include all the items provided by the Office. Further, in 2022, the IP did not prepare and share with the Office a distribution plan.

ROOT CAUSE *Resources: Inadequate training.*

IMPACT *Diminished ability of the Office to properly plan and monitor the implementation of programme supplies workplans, and to achieve intended results.*

CATEGORY *Compliance.*

RECOMMENDATION 12

PRIORITY: MEDIUM

Raise the awareness through training of relevant Office staff and personnel on the need to systematically sign comprehensive workplans with the IPs receiving UNFPA supplies, supplemented by other appropriate programme documents specifying the details required by the policy.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *February 2023*

The audit findings will be shared with all staff and a debriefing session organised to raise awareness of all staff about areas to improve, including workplans with the IPs receiving UNFPA supplies. Also, the Office will ensure that the IP submit a distribution plan together with their future workplans and the value of expected supplies are included in the said workplans.

Ineffective national Logistics Management Information System

59. As per the Policy and Procedures on Management of Programme Supplies, as much as possible, UNFPA uses data from national Logistics Management Information Systems (LMIS) to inform its demand planning, distribution and monitoring activities related to programme supplies.

60. The decentralized warehouses and health facilities are currently using manual records for the inventory transactions, that do not allow timely and accurate capture of the supply-chain management activities (e.g., receipts and distributions) of UNFPA's IPs, or provide users with the ability to generate reports (e.g., stock on hand, losses and adjustments, shipments, and remaining shelf life) about supply-chain management activities and inventories. The absence of an effective LMIS contributed to the high level of stock outs reflected in the latest Facilities-Based survey.

61. The audit notes that the Office has successfully mobilized resources from UNFPA Supplies Partnership for the installation of mSupply (eLMIS) in three decentralized warehouses.

ROOT CAUSE *Other: factors beyond the control of UNFPA (effective national LMIS is a government responsibility, with support from development partners).*

IMPACT *The absence of an effective LMIS does not allow timely and accurate capture of the supply-chain management activities and inventories for informed decision making.*

CATEGORY *Operational.*

RECOMMENDATION 13

PRIORITY: HIGH

With support from the Latin America and the Caribbean Regional Office, the Commodity Security Branch and the Supply Chain management Unit, work with relevant stakeholders (Government and development partners) to secure additional resources covering the cost of licenses, training and maintenance to widely extend the use of an effective national Logistics Management Information System (LMIS).

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Representative, with support from the Director, Latin America and the Caribbean, the Chief, Commodity Security Branch and the Chief, Supply Chain management Unit

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *January 2024*

The implementation of a LMIS by the main IP receiving supplies from the Office which is the Ministry of Health is a mega-project at the scale of the whole country. The Office initiated the mSupply testing project but noticed during a meeting organized in August 2022 on the topic that the IP, with the support of other donors, is already in the process of contracting a supplier for an alternative solution. The Office resolved to suspend the testing of the mSupply and accompany the IP's initiative until the possible options are clear before further

action is taken. By the end of 2023, a decision will be made whether there is a need to reintroduce a new initiative by UNFPA.

Delayed preparation of receiving and inspection reports

62. The Policy and Procedures on Management of Programme Supplies requires that receiving and inspections be conducted by the Logistic Focal Point (LFP) for all shipments, as soon as possible upon arrival of the goods, with the results of the receiving and inspection process documented in detailed receiving and inspection reports (RIR).

63. The audit indicated that when the IP representative is not present at the time of receiving the goods, the LFP will conduct the receiving and inspection, but the RIR will only be completed at the time of delivery to the IP, resulting in the delay in preparing and uploading RIR to the shipment tracker used for tracking, recording and reporting field office inventory.

64. The Office Management agreed with the audit observation and explained that the Office practice consisted of preparing the RIR at the time of handover to the IP. For goods procured locally, due to the distance where the Ips are located, it is difficult to arrange for their pickup and handover to the Ips at the time they are being delivered by the suppliers.

ROOT CAUSE	<i>Guidelines: Inadequate Office policies or procedures.</i>
IMPACT	<i>Delayed preparation of RIRs is in violation of UNFPA procurement procedures and may distort the accuracy and reliability of shipment tracker records as basis for decision making particularly when responding to humanitarian activities.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 14

PRIORITY: MEDIUM

Timely document the results of the receiving and inspection process in detailed receiving and inspection reports at the time of receiving the supplies, and upload the receiving and inspection report to the shipment tracker.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: STATUS: Agree

MANAGEMENT ACTION PLAN: DUE DATE: June 2023

The Office will ensure that for all goods whether procured locally or internationally the Logistics Focal Point conducts the receiving and inspection, completes, and signs the RIR at the time of first receipt of the goods. The RIR and the delivery slip will be uploaded together into the shipment tracker.

B.4 – MANAGEMENT OF NON-CORE FUNDING

Partially Satisfactory with Some Improvement Needed

Donor reports excessively frequent and detailed, and not submitted in a timely manner

65. UNFPA co-financing procedures require reporting to donors to be annual, and more frequent reporting is discouraged. Very detailed reporting is also strongly discouraged.

66. The review of two co-financing agreements with a major donor indicated that the Office has agreed to submit frequent (quarterly and bi-annually) and excessively detailed (over 50 indicators) progress reports.

67. Further, the audit noted that the specific timelines prescribed in each co-financing agreement for reporting requirements were not always complied with. For instance, as per the Donor Agreement Report Tracking System (DARTS) records, seven out of the 12 reports due in 2021 were submitted to donors and uploaded to DARTS after their due dates.

68. Representatives of a major donor interviewed during the audit field mission expressed concerns regarding the quality and delayed submission of reports.

ROOT CAUSE	<i>Resources: Inadequate training (lack of acquaintance with the policy requirements). Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>The inability to timely submit quality reports on the use of funds may diminish the Office's ability to mobilize/receive additional resources, and adversely impact on programme delivery.</i>

CATEGORY *Compliance.*

RECOMMENDATION 15

PRIORITY: MEDIUM

Raise the awareness of Office staff and personnel through training on UNFPA co-financing procedures and establish an appropriate monitoring process to ensure the timely submission of quality reports to donors in compliance with reporting requirements.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *April 2023*

The Office is already working at addressing the issue and the Management is conducting a quality assurance review of all reports submitted to donors. The Office will further train the concerned staff, designate another focal point in support to the existing Officer to monitor timely submission of the donor reports and include the monitoring of donor report as a standing item of the agenda of the Programme meetings.

C. OPERATIONS MANAGEMENT

PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED

Good practices identified

69. The audit identified the following good practices in the area of operations management which are in line with established policies and procedures:

- a) The Office effectively used information technology to disseminate security advisories and information to all UNFPA staff and personnel.
- b) As a means to increase the efficiency of the procurement process, the Office has established long-term agreements (LTA) and has also relied on the LTAs of other UN Organizations.

C.1 – HUMAN RESOURCES MANAGEMENT

Satisfactory

70. Based on the work performed in this area, the audit did not identify any additional reportable matters other than those identified under section A.2 – Organizational structure and staffing above.

C.2 – PROCUREMENT

Partially Satisfactory with Some Improvement Needed

Insufficient transparency, fairness, and competition in the procurement process

71. Seventeen of the 45 procurement transactions tested showed deviations from UNFPA procurement policies and procedures⁷. The most notable of these exceptions pertained to limited competition, absence of documented receipts and inspection reports for products and services received by the Office, and challenges in bid solicitation and evaluation processes.

Limited competition in the procurement process

72. The procurement procedures require that at least five suppliers be invited to submit a quotation in response to a request for quotation (RFQ) with the intention to obtain at least three quotations. Further, should it not be possible to invite five suppliers, or should the solicitation exercise not result in obtaining three quotations, the requesting unit must put in writing and file a record explaining this.

73. The audit noted that a limited number of responsive bids were received. For example, in two instances, three and four suppliers, respectively, were invited to submit quotations. Consequently, only two bids were received and in one of those cases, only one bid was responsive.

⁷ Some of the transactions had more than one exception.

Ambiguities in the bid solicitation and evaluation processes

74. The procurement procedures require that solicitation documents concisely contain all data and unambiguous provisions necessary for bidders to understand UNFPA’s needs and to prepare a suitable offer, as no additional requirements may be introduced after the solicitation process has been completed.

75. The audit noted that in one instance, amounting to USD 49,910, the RFQ’s terms of reference indicated that the technical proposal was to be allocated 50 – 70 per cent out of the total marks with the financial proposal taking-up the other 30 – 50 per cent.

76. The bid evaluation committee assessed the technical and financial proposals for all three responsive bids and allocated 50 per cent of the scores to each of the technical and financial proposals leading to the bid with a financial quotation of USD 34,900 receiving the total highest score. However, the committee selected another bid in the amount of USD 49,910 – USD 15,010 in excess of the bid of the bidder with the highest score using the 50 per cent 50 per cent weighting score. The decision was later documented in a note to file that indicated an allocation of 70 per cent of the total score for the technical proposal and 30 per cent of the score for the financial proposal

Absence of documented receiving and inspection reports for goods

77. 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 require that in each field office, the relevant receiving officer be responsible for physically receiving and inspection of 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.

78. The audit noted that in the procurement of 13 goods for the Office, there were no receiving and inspection reports on file. In addition, there was no receiving and inspection report for the five assets procured for or by the Office during the period under review (approximately USD 30,000).

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>

RECOMMENDATION 16

PRIORITY: HIGH

Strengthen supervisory controls over procurement transactions 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: *September 2023*

The Office will increase the oversight of the solicitation documents and bid evaluations processes to ensure full clarity and compliance with all procurement policies and procedures.

The Office will endeavour to broaden its vendor database despite the challenges faced in its very volatile security and economic environment.

C.3 – FINANCIAL MANAGEMENT

Satisfactory

79. Based on the work performed in this area, the audit did not identify any reportable matters other than those identified in the relevant parts of sections B.2 (Management of Implementing Partners) and B.4 (Management of non-core funding).

C.4 – GENERAL ADMINISTRATION

**Partially Satisfactory with
Some Improvement Needed**

Lack of compliance with travel policy requirements

80. The audit reviewed four transactions related to air travel⁸ and noted that in all 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.

81. Further, in five instances, the traveller did not submit the required travel expense claim form within the policy timeframe of two weeks from the completion of travel, to evidence that the travel occurred, and to account for travel advances.

82. Finally, the audit also noted eight instances where daily subsistence allowances (DSA) was paid to traveling staff while on mission or subsequent to the mission.

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 tickets may prevent the Office from obtaining the lowest fares available. Late submission of travel expense claim forms hinders accountability and prevents the timely recovery of excess advanced travel entitlements.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 17

PRIORITY: MEDIUM

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

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2023*

The audit findings will be shared with all staff and a debriefing session organised to raise awareness of all staff about areas to improve, including compliance with travel policy requirements.

Already, the Office issued a new travel standard operations procedures this year and introduced three measures to address the issue: i) a quarterly travel plans to improve the planning, better rationalize the missions and speed-up the process of approval of the trips, ii) the submission of an activity memorandum for a better oversight and alignment of all activities with approved workplans including travel and to promote accountability at all levels, iii) implement an online AoDocs workflow to improve timely submission and approval of travel authorizations.

All these measures combined aim at improving planning, anticipation and timely submission and processing of the requests, including the travel related one.

The Office will continue to raise the awareness of the staff and the enforcement of the compliance.

C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY

Satisfactory

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

CI.6 – SECURITY

Satisfactory

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

⁸ Limited air travel was undertaken during the period under review due to travel restriction imposed by the COVID-19 global pandemic.

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 2016,⁹ 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.

⁹ 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
CSO	Civil Society Organization
DARTS	Donor Agreement and Report Tracking System
DSA	Daily Subsistence Allowance
eLMIS	Electronic Logistics Management Information System
ERM	Enterprise Risk Management
FACE	Funding Authorization and Certificate of Expenditure
GII	Gender Inequality Index
GPS	Global Programming System
GTC	General Terms and Conditions of the IP Agreements
HACT	Harmonized Approach to Cash Transfers
HDI	Human Development Index
IP	Implementing Partner
IPAS	Implementing Partner Assurance System
LACRO	Latin America and the Caribbean Regional Office
LFP	Logistics Focal Point
LMIS	Logistics Management Information System
LTA	Long Term Agreement
NGO	Non-Governmental Organization
OAIS	Office of Audit and Investigation Services
OFA	Operating Fund Account
PAD	Performance Appraisal and Development
PIMS	Partner Information Management System
PSEA	Prevention of Sexual Exploitation and Abuse
RFQ	Request for Quotation
RIR	Receiving and Inspection Report
SIS	Strategic Information System
UN	United Nations
UNCT	United Nations Country Team
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNPP	United Nations Partner Portal
USD	United States Dollars