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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA COUNTRY OFFICE IN SENEGAL

FINAL REPORT
N° IA/2022-03

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EXECUTIVE SUMMARY

1. The UNFPA Office of Audit and Investigation Services (OAIS) conducted an audit of the UNFPA Country Office in Senegal (the Office). Audit planning activities commenced on 08 November 2021, and a field mission took place from 14 February to 04 March 2022. The audit assessed the adequacy and effectiveness of governance, risk management and controls relating to the following areas¹:

- 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, and general administration.

2. The Office was last audited by OAIS in 2006². It has not been recently audited by the United Nations Board of Auditors. All 2006 audit recommendations have been closed.

3. The audit covered the period from 01 January 2020 to 30 September 2021. The related expenditures amounted to USD 16.2 million, executed by 23 Implementing Partners (USD 8.6 million or 53 per cent) and by UNFPA (USD 7.6 million or 47 per cent) and were funded from core resources (USD 4.5 million or 28 per cent) and non-core resources (USD 11.7 million or 72 per cent). In addition, the audit covered the supply of reproductive health commodities totalling USD 3.7 million, procured primarily with funding provided by the UNFPA Supplies programme.

Audit rating³

4. 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 area 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.

5. 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 some 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 major 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>Partially satisfactory with some improvement needed</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 major improvement needed</i>
<i>Financial management</i>		<i>Satisfactory</i>
<i>General administration</i>		<i>Partially satisfactory with major improvement needed</i>

¹ The scope of the audit did not include the following areas: information technology and security

² Then named the Division for Oversight Services – Report No: FPA0141 issued 17 October 2007 with a ‘Partially Satisfactory’ rating.

³ 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 UN organizations in-country;
 - b) Periodic programme and operations staff meetings were held and well documented;
 - c) The Office registered high completion rates of the Performance Appraisal and Development (PAD);
 - d) Workplans were signed with implementing partners in a timely manner; and
 - e) The Office proactively undertook resource mobilization efforts and effectively engaged with donors.

Key recommendations

7. The audit identified areas that require Management attention. Overall, the audit report includes 11 high priority and seven medium priority recommendations designed to help the Office improve its programme delivery and operations. Of the 18 recommendations, 02 are of strategic nature; 10 relate to operational matters and 06 to compliance matters.

Strategic level

8. At the strategic level, there is a need to timely perform a more rigorous risk assessment. Also, with support from the Division for Management Services and the West and Central Africa Regional Office, the Office should initiate a dialogue with UNDP to effectively implement agreed performance monitoring of the UNDP Service Level Agreement to ensure timely processing of payments to vendors.

Operational level

9. From a governance perspective, the Office needs to improve its use of the Strategic Information System (SIS) to plan, monitor, and report on Office activities. The Office also needs to strengthen the staff performance appraisal and development process by ensuring alignment of individual performance plans with the Office plan.

10. In the area of programme management, the Office needs to: (a) strengthen the work planning and budgeting processes, in a timely manner; (b) undertake capacity assessments of and transfer funds to implementing partners; and (c) improve the quality and effectiveness of spot-checks. The Office also needs to: (a) improve the needs assessment and forecasts of programmes supplies; (b) improve warehouse storage conditions and controls; and (c) ensure that facilities-based surveys are undertaken periodically.

Compliance level


11. The Office should ensure compliance with applicable policies and procedures, mainly those related to human resources recruitment; procurement transparency and competition; asset management; and completion of mandatory training courses. There is also a need to promote timely submission of donor reports and travel requests.


Management response

12. Management fully agrees with the auditors on the findings and will ensure that necessary measures detailed in an action plan and timeline set out in this audit report will be taken to implement the recommendations.

Acknowledgement

13. 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
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I. AUDIT BACKGROUND

1. Senegal is a middle-income country with a youthful population of approximately 17.7 million.⁴ Senegal's Human Development Index (HDI) value for 2019 was 0.512— which put the country in the low human development category— positioning it at 168 out of 189 countries and territories.⁵ The maternal mortality rate was high at 315 deaths per 100,000 live births in 2017, and the unmet need for family planning for women aged 15-49 in 2022 is low at 15 per cent. The contraceptive prevalence rate is low at 21 per cent. The country has high prevalence rates of child marriage (31 per cent are married by age 18) and female genital mutilation among girls 15-19 (25 per cent).⁶ Senegal has a Gender Inequality Index (GII) value of 0.533, ranking it 130 out of 162 countries in the 2019 index.⁵ Senegal 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 2021 OAI Annual Workplan, an audit of UNFPA's Senegal 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 areas⁷:

- 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, and general administration.

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 audit covered the activities of the Office from 01 January 2020 to 30 September 2021, which corresponds to the second and third years of the eighth Country Programme 2010–2023, approved by the Executive Board in its second regular session in 2018, with indicative resources of USD 44.1 million. Expenses covered by the audit amounted to USD 16.2 million, executed by 23 Implementing Partners (USD 8.6 million or 53 per cent) and by UNFPA (USD 7.6 million or 47 per cent), and were funded from core resources (USD 4.5 million or 28 per cent) and non-core resources (USD 11.7 million or 72 per cent). In addition, the audit covered the supply of reproductive health commodities totalling USD 3.7 million, procured primarily with funding provided by the UNFPA Supplies programme.

5. Approximately 69 per cent of the expenses incurred in the period under review corresponded to the Sexual and Reproductive Health component. The Gender component accounted for 12 per cent of the expenses incurred, the Adolescent and youth component accounted for 8 per cent, and the Population dynamics component accounted for 3 per cent. 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 8 per cent of expenses.⁸

6. The engagement was conducted by a team of OAI audit specialists supported by individual consultants. The audit started on 08 November 2021. A field mission took place from 14 February to 03 March 2022. Preliminary findings and recommendations resulting from the audit were discussed with the Office Management at an exit meeting held on 03 March 2022. Comments and clarifications provided by Management thereafter were reflected in a draft report submitted to the Office Management on 30 April 2022, and a final Management response was received on 13 May 2022 and is reflected in this report.

⁴ Source: <https://population.un.org/wpp/DataQuery/>

⁵ Source: <https://hdr.undp.org/sites/default/files/Country-Profiles/SEN.pdf>

⁶ Source: <https://www.unfpa.org/data/world-population/SN>

⁷ The scope of the audit did not include the following areas: information technology and security

⁸ Source: Cognos budgets and expenditures by programme cycle output reports

II. AUDIT RESULTS

7. 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

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 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;
- b) Periodic programme and operations staff meetings were held and well documented. These meetings are used as a management tool to share information, report on the status of implementation of activities and discuss the programmatic and operational challenges faced by the Office; 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 Some Improvement Needed

Deadlines not set properly for the finalization of results plans in SIS

9. The Office used the Strategic Information System (SIS) to plan, monitor and report on its programme and operations activities. The review of 2020 and 2021 results plans, and 2021 results report indicated that they were consistently not finalized and approved in SIS in a timely manner. The Office’s results plans were approved at the end of the first quarter or beyond (15 April in 2020 and 29 March in 2021) – long after the development of workplans in the Global Programming System (GPS) used to plan programme activities (typically December of the previous year) and the start of their implementation.

10. In addition, the Office did not plan any quarterly programme milestones in SIS for the first quarter of 2020 and 2021. Conversely, programme activities to be implemented during these quarters were included in the workplans of UNFPA and IPs developed using GPS, with corresponding advances to IPs amounting to USD 1.1 million and 0.4 million for the first quarter of 2020 and 2021, respectively. The delayed finalization of planned results, discussed above, was a contributing factor to this situation, as was the lack of integration of the systems used to plan programme results (SIS) and activities (GPS).

11. Finally, the audit notes that the deadline set by the Policy and Strategy Division (PSD) at the Headquarters for finalization and approval of the planned results in SIS is 31 March of each year. Upon audit inquiry, the PSD attributed the set deadline to system limitations that do not allow the reporting module (for one year) and planning module (for the subsequent year) to be opened at the same time.

12. The organization is currently implementing a new Enterprise Resource Planning (ERP) solution, that should address the current system limitations and enhance integration to ensure better quality and a more-timely results planning process.

ROOT CAUSE	<i>Resources: Insufficient technical resources (system’s limitations)</i>
IMPACT	<i>Delayed completion of Office plans may adversely impact the timely implementation of activities and achievement of expected results.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 1

PRIORITY: HIGH

Leveraging on the implementation of the new Enterprise Resource Planning solution, enable timely submission of results plans by addressing the current system limitations and setting an earlier deadline for finalization and approval of the results plans.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Director, Policy and Strategy*

Division (PSD), in collaboration with the Business Transformation Manager, Information Technology Solutions Office (ITSO)

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2023*

The new Enterprise Resource Planning solution, will be set up to enable an annual review and planning exercise to allow timely submission of results plans and setting up earlier deadlines for their finalization and approval.

Substandard results plans and report in the Strategic Information System

13. The review of 2020 and 2021 results plans, and the 2020 results report in SIS revealed issues reflective of inadequate training and gaps in the effectiveness of the quality review process in place. The most notable exceptions included:

- a) Three instances of country programme output indicators not being tracked in SIS;
- b) Three instances where no team leader was assigned to the output indicator;
- c) Four instances of inadequate output indicator targets;
- d) Six instances where the 2021 output indicator’s baseline was inconsistent with reported achieved results in 2020;
- e) Three instances of inconsistencies between reported achieved results and the narrative section of the results report; and
- f) Three instances where the 2020 reported achieved results in SIS were not accurate and/or adequately supported by documentation uploaded in the system.

14. OASIS notes that these are recurrent issues that were raised by OASIS in other field office audits.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>Substandard 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>Operational</i>

RECOMMENDATION 2

PRIORITY: HIGH

Provide training to personnel involved in results planning, monitoring, and reporting and strengthen the existing quality review process to ensure the formulation of quality results plans, and accurate and well-documented reporting of achieved results.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *January 2023*

The Office Management has planned the following actions to address the audit recommendation:

- a) *Organize a 3-day training workshop to 15 Office staff members. A training session will be dedicated to SIS planning, monitoring, and reporting to ensure formulation of quality results plans, and accurate and well-documented reporting of achieved results.*
- b) *Develop a post training action plan to follow up on the outcome of the training and provide continuous support.*

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

**Partially Satisfactory with
Some Improvement Needed**

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

15. The review of the Office’s 2021 results plan in SIS and staff Performance Appraisal and Development (PAD) documents for a sample of key staff members indicated instances of misalignment of staff PADs with the Office’s results plan. For example, in seven instances, Office results plan output indicators and/or quarterly milestones were not reflected in the respective team leader’s or responsible staff member’s PAD. In two other instances, inconsistencies were noted between the targets set in the results plan and the PAD of the team leader.

16. These issues, mainly caused by a lack of training and supervision, are recurrent and have been raised by OAIS in other field office audit reports.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>Misalignment of Office plans and staff PADs may diminish the Office’s ability to achieve its planned results and objectives.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 3

PRIORITY: MEDIUM

Provide training to raise the awareness of staff members and implement monitoring controls to ensure the alignment of staff Performance Appraisal and Development documents to the Office’s results plan.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *January 2023*

The Office Management has planned the following actions to address the audit recommendation:

- a) Train all Office staff on PAD guidelines and performance management during the 2022 Office retreat;*
- b) Align all staff PADs with SIS results plan and Country Programme Document indicators, starting by 2022 PADs as part of the mid-term review; and*
- c) Establish regular follow up and feedback to provide adequate support to staff in performing their duties.*

Low completion rate for mandatory training courses

17. UNFPA has identified 15 mandatory training courses to be completed by all personnel within the first three months of appointment. Except for the security training (BSAFE), which is tracked directly by the UN Department of Safety & Security (DSS), the completion of all mandatory courses is tracked by the UNFPA Learning Center. Supervisors can monitor and follow up on the completion of courses using the Learning Center’s ‘Supervisor Dashboard’ page.

18. The review of the status of completion of mandatory trainings indicated that:

- a) Out of 52 Office personnel, only 12 completed all mandatory courses; and*
- b) Out of the 15 mandatory courses, only one (Prevention of Sexual Exploitation and Abuse – PSEA) was completed by all Office personnel.*

19. Lack of sufficient training was identified as the root cause for many issues identified by the audit and is discussed throughout this report.

ROOT CAUSE	<i>Guidance: Lack of supervision at the Office level.</i>
IMPACT	<i>Lack of completion of the mandatory training activities may cause capacity gaps and adversely impact programme and operations activities.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 4

PRIORITY: HIGH

Strengthen the training management process through better monitoring of training activities, and more effective use of the Learning Center’s Supervisor Dashboard, to ensure timely completion of mandatory training courses.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2023*

The Office Management has planned the following actions to address the audit recommendation:

- a) Sensitize all staff on the obligation and accountability for each to complete all needed mandatory courses by 31 December 2022 during the general staff meeting and the Office retreat.*
- b) Perform close quarterly follow-up of mandatory course plan completion by supervisors as stressed in the 2022 Office priorities.*

A.3 – RISK MANAGEMENT

Partially Satisfactory with Major Improvement Needed

Delayed transfer of funds to vendors

20. As is the case for all other UNFPA offices, the Office in Senegal uses the services of UNDP under a service level agreement (SLA) to process payments to vendors⁹ through UNDP bank accounts. However, consistent delays were noted in processing payments throughout the period covered by the audit, in non compliance with the SLA’s defined four working days processing timeframe. This situation further worsened since December 2021 with transfers to numerous vendors not being processed by UNDP for over two months at the time of the audit field mission (February 2022). This included payments to Government and NGO IPs, suppliers of goods and services and UNFPA staff and personnel, exposing UNFPA to unacceptable reputational, operational, and financial risks. According to the Office Management, many vendors expressed their dissatisfaction and annoyance about this situation, with some suppliers threatening to sue the Organization. Similarly, IPs met by the audit team complained about the consistent delays in the transfer of funds.

21. Upon audit inquiry, representatives from the UNDP Office in Senegal acknowledged the delayed payment issues and attributed the most recent delays to the change of UNDP’s banking services provider in Senegal and in six other countries in the region, starting in December 2021. The representatives further explained that the issue relates to domestic transfers (i.e., transfers to vendors’ local bank accounts), and added that temporary solutions were being implemented to address the issue, including by using the old bank account that was kept open.

22. Similar issues were reported by the UNFPA Offices in the six other concerned countries. The audit also notes that this issue is not limited to UNFPA, as it is also relevant to all United Nations entities using UNDP services to process payments in the seven countries.

23. The SLA provides for a survey to be conducted twice a year to collect feedback from UNFPA and UNDP Country Office staff in order to: (i) measure the timeliness, quality and responsiveness of the services provided by UNDP, as well as the timeliness and quality of UNFPA’s requests; (ii) identify UNFPA’s evolving needs, and (iii) spot bottlenecks and other obstacles. This process does not preclude ad hoc performance discussions at the request of UNFPA or UNDP. The SLA could be reviewed subject to the results of the survey and/or ad hoc performance discussions. The audit did not, however, obtain any evidence to indicate that such a performance review was conducted.

24. At the time of drafting the report, the audit was informed that UNDP continued to use the old bank account to process domestic transfers albeit with delays.

ROOT CAUSE *Other: factors beyond the control of UNFPA.*

IMPACT *Exposing the organization to unacceptable operational, reputational, and financial risks.*

CATEGORY *Strategic*

⁹ These include external suppliers, staff members, individual consultants, implementing partners, meeting participants and other contractors.

RECOMMENDATION 5

PRIORITY: HIGH

With support from the Division for Management Services and the West and Central Africa Regional Office, initiate a dialogue with UNDP to effectively implement agreed performance monitoring of the Service Level Agreement through surveys and ad hoc performance discussions, and use the results thereof to take risk-informed decisions.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Representative, with support from the Division for Management Services and the West and Central Africa Regional Office. STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2023*

At Country Office level, the following actions will be taken to ensure constant discussion with UNDP:

- a) Establish regular follow up and reporting on UNDP’s performance and share report with UNDP.*
- b) Meet on a quarterly basis with UNDP representative on performance monitoring of the service rendered based on the report findings and seek realistic solutions to avoid delays of payments.*
- c) Escalate to the Regional Office and Division for Management Services any unresolved issues.*

Unrealistic assessments of risk levels and lack of mitigation measures

25. The review of the 2021 risk assessment prepared using the ‘myRisks’ functionality of SIS, indicated that assigned risk levels were not always realistic considering the environment in which programme delivery and operational activities take place. For example, despite the prevailing COVID situation, the following risks were assessed as being low:

- a) Country office constraints leading to risk of non-delivery of agreed programme results;
- b) Operational constraints leading to risk of non-delivery of programme results; and
- c) Risk of Programme delivery due to ongoing COVID-19.

26. According to the applicable Enterprise Risk Management (ERM) guidelines, the development of action plans are only required to mitigate ‘critical’ and ‘high’ risks. The above risks being rated ‘low’ were excluded from action plans in SIS myRisks and, hence, were not properly mitigated even though they are inherently ‘high’ or ‘critical’.

27. Further, the Office did not develop and track a risk response in SIS for the only risk that was assessed as ‘high’. The Office management acknowledged that a risk response should have been developed for the identified high strategic risk and explained that this was an oversight.

28. Similar issues related to inadequate assessment of risks, and development of and reporting on mitigation measures were raised by OAIS in other audits.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the Headquarters, Regional and Office levels.</i>
IMPACT	<i>The ability to timely develop and implement appropriate mitigating measures to address identified risks is limited.</i>
CATEGORY	<i>Strategic</i>

RECOMMENDATION 6

PRIORITY: HIGH

With support from the Chief Risk Officer and the ERM Coordinator, timely perform a more rigorous risk assessment, starting with the assignment of risk ratings commensurate with the risk profile of the assessed areas, and develop, implement, and report on action plans to mitigate ‘critical’ and ‘high’ risks through the corporate UNFPA ERM application.

MANAGER RESPONSIBLE FOR IMPLEMENTATION:

Representative, with support from the Chief Risk Officer and the ERM Coordinator. STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: June 2023

The Office will seek support from the Chief Risk Officer and the ERM Coordinator to ensure development of timely and quality risk assessment and response; and implement quarterly monitoring process to ensure that mitigation measures are timely and effectively implemented.

B. PROGRAMME MANAGEMENT**PARTIALLY SATISFACTORY WITH MAJOR IMPROVEMENT NEEDED**Good practices identified

29. 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**Inadequate workplan management process

30. The review of the workplan management process revealed several issues; the most notable ones relating to the preparation of workplans in the Global Programming System (GPS), and workplan budgeting controls.

Inadequate preparation of workplans in GPS

31. The review of the GPS work planning process revealed the following issues and level of incidence:
- a) Absence of detailed workplan costing used as the basis for budget and activity amounts: all 26 reviewed workplans in 2020 and 2021.
 - b) The uploaded documentation in GPS for the latest approved and agreed workplan revision does not match the information in the revised workplan: eight workplans.
 - c) The IP signatory of the workplan is not an authorized officer as identified in the IP agreement: two workplans (in both cases, amendments to the IP agreements were signed to update the list of authorized officers but were not uploaded to PIMS).
32. It is noted that these issues have been raised by OAIS in other audits as well as by the Board of Auditors.

Ineffective workplan budgeting controls

33. The audit identified unjustified discrepancies between workplan amounts and the commitment control (KK) budget. Noted discrepancies included funds available for programming that were not timely sent to KK. For example, at the time of the audit field mission (February 2022) the 2022 UNFPA-implemented workplan amount was USD 4.3 million whereas the KK budget was only USD 1.9 million. Detailed review of the workplan indicated the following exceptions:

- Activities with discrepancies between workplan amount and KK budget: All 32 activities
- Activities with workplan amount but no KK budget: 15 activities
- Activities with budget overruns: 5 activities with a total amount of USD 11,227

34. Discrepancies were also noted in all 21 IP-workplans, including three for which no budget was sent to KK, with a total amount of USD 0.3 million.

35. As a result of the ineffective workplan budgeting controls, at the time of the audit field mission, the budgeted amount for one fund code (USD 164,337) exceeded the amount available for programming (USD 157,000). A similar situation in 2021 resulted in a budget overrun of USD 0.2 million in the UNFPA-workplan.

36. These issues were found to stem from a lack of training of relevant staff, as well as insufficient supervision at the Office level.

ROOT CAUSE	<i>Resources: Inadequate training.</i>
IMPACT	<i>Lack of proper planning and budgeting of programme activities may diminish the effectiveness of monitoring activities and budgetary controls, therefore adversely impacting the achievement of results and exposing the organization to the risk of expenses exceeding authorized funding.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 7 **PRIORITY: HIGH**

Raise the awareness of Office personnel and provide training to ensure that quality and well-documented workplans are prepared and duly signed by authorized individuals, and that budgets are timely and accurately sent to commitment control.

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

MANAGEMENT ACTION PLAN: DUE DATE: *January 2023*

The Office Management has planned the following actions to address the audit recommendation:

- a) Train Office personnel on GPS and workplan managements in GPS.*
- b) Implement supervisory control to ensure that workplans are supported by detailed budgets uploaded in GPS, and that available funds are timely sent to KK.*

B.2 – IMPLEMENTING PARTNER MANAGEMENT

**Partially Satisfactory with
Major Improvement Needed**

Capacity assessment of implementing partners not undertaken in a timely manner

37. According to UNFPA Implementing Partner Assurance System (IPAS) records, the required IP capacity assessment was not conducted for one IP engaged from the first year of the programme cycle (2019) which incurred expenses of USD 0.9 million during the period 2019-2021.

38. Seven other IPs had been micro-assessed more than 5 years before 2020 and should have been reassessed. The audit noted that the results of the outdated HACT micro-assessments were used to plan assurance activities.

39. The Office Management agreed with the audit observation and explained that these IPs were shared with another UN agency that was identified as the lead agency for purposes of managing the micro assessment.

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

ROOT CAUSE	<i>Guidelines: Inadequate supervision at the Office level.</i>
IMPACT	<i>Implementing Partners’ capacity gaps not timely identified and addressed may adversely impact the effectiveness and efficiency of programme implementation.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 8 **PRIORITY: MEDIUM**

Promptly undertake Implementing Partner HACT micro-assessments and use the results to guide the choice of cash transfer modality and the extent of assurance activities to be undertaken.

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

MANAGEMENT ACTION PLAN: DUE DATE: *April 2023*

The Office Management has planned the following actions to address the audit recommendation:

- a) Engage the third-party service provider to conduct micro-assessments of eligible IPs.*
- b) Use micro-assessment findings to decide on cash transfer modality and undertake appropriate quality assurance activities.*

Spot-check activities not timely and properly completed

41. Eighteen out of the 22 IPs engaged by the Office in 2020 were planned for spot-checks, as part of the 2020 HACT assurance plan, out of which four were not finalized in IPAS at the time of the audit field mission. Similarly, none of the 16 spot checks planned for 2019 was finalized in IPAS.
42. High priority findings were detected in one spot check conducted in 2020. However, actions to address the observations and recommendations were still pending in IPAS at the time of the audit field mission. The Office Management explained that remedial actions have been taken, but not documented in IPAS.
43. A detailed review of four 2021-spot checks indicated that two spot-checks did not have sufficient coverage – The spot checks’ tested samples did not reach the minimum of 30 per cent of transactions from the FACE form(s).
44. The audit reviewed a sample of expenses reported by the four IPs subjected to spot checks and identified ineligible expenses reported by one IP in the second quarter of 2021. Noted exceptions were referred to the Investigations Branch for further analysis:
- a. Overstated salary costs of USD 4,263;
 - b. Unauthorized expenses (expenses not included in the workplan) totalling USD 2,258; and
 - c. Expenses totalling USD 5,449 were not attributed to a specific activity undertaken by the IP that should have been covered by the support cost and were unduly included in the workplan.
45. The spot check of the concerned IP was conducted by the Office in September 2021 but excluded from its scope expenses reported in 2021 (the spot check covered the period from 01 October 2019 to 30 December 2020), and therefore did not identify any of the issues noted by the audit.
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 9

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 Western and Central Africa Regional Office and the Division for Management Services

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: April 2023

The Office Management has already included this recommendation in the Office’s 2022 priorities and will timely and properly conduct all planned spot checks and perform close follow-up to ensure appropriate and timely action is taken.

Delayed transfer of funds to IPs

47. The four IP representatives interviewed during the audit field mission all expressed concerns regarding the delayed transfers of funds that have negatively affected the implementation of programme activities.
48. A detailed review of the corresponding 2021 workplans and fund transfers revealed that three workplans were signed in December 2020 while the first fund transfers were made with delays ranging from two to four months. The remaining workplan was signed in January 2021 and the first fund transfer was made in February 2021.

49. In addition, the Office requests for the IPs to complete the implementation of workplan activities by the end of November each year, which further reduces the time available to IPs to implement workplan activities. This has resulted in high Operating Fund Account (OFA) balances throughout the period covered by the audit. The Office Management explained this requirement citing the need to meet the reporting deadline of 15 days following the end of the trimester.

50. The audit acknowledges that the issues discussed in paragraph 14 above has contributed the delayed transfer of funds to IPs, which have been raised by OAIS in past country office audits as well as by the Board of Auditors.

ROOT CAUSE	<i>Guidance: Lack of supervision at the Office level</i>
IMPACT	<i>Implementation of programme activities may be delayed due to late transfer of funds, therefore adversely impacting achievement of results.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 10 **PRIORITY: HIGH**

Raise the awareness of Office personnel 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: *January 2023*

The Office Management has already taken actions to promote timely transfer of funds to IPs and liquidation of OFA balances. The Office Management issued two inter-office memorandums that emphasize the need to strictly respect the deadlines to submit FACE forms by IPs and to quarterly monitor OFA balances by IP managers.

Additional actions will be taken as follows:

- a) Raise the awareness of all IP managers, including during periodic meetings, to ensure they closely implement the guidelines included in the two memorandums.*
- b) Establish a quarterly follow-up to ensure adherence to the two memorandums.*

B.3 – PROGRAMME SUPPLIES MANAGEMENT

Partially Satisfactory with Major Improvement Needed

Ineffective needs assessment and forecasting

51. During the visit to the Central and Regional Warehouses in Dakar in February 2022, the audit noted several UNFPA provided supplies worth approximately USD 1.2 million that were not distributed for extended periods of time, ranging from 4 to 18 months. The expiry dates of these commodities ranged from 18 to 35 months, at the time of the visit. Hence no expired commodities were noted.

52. The Office Management explained that the warehouses use the ‘First-in First-out (FIFO)’ methodology to manage stocks. Accordingly, commodities already available at the warehouse at the time of UNFPA handover of supplies to the Government partner were given priority for distribution, which explains why UNFPA provided supplies worth USD 0.8 million were not distributed and were still on hand.

53. For the two other supplied categories (USD 0.4 million), the Office Management explained that the UNFPA provided supplies were different from those usually distributed and utilized in the country and were therefore put in quarantine pending preparation of technical notes to guide their utilization and the Government’s authorization for their distribution. The Office Management added that both commodities were released from quarantine in January 2022 in preparation for their imminent distribution.

54. The issues identified stemmed from a lack of proper needs assessment and forecasting.

ROOT CAUSE	<i>Guidelines: Inadequate planning.</i>
IMPACT	<i>When quantities of provided supplies are excessive in relation to identified needs and/or inconsistent with the country context and acceptable commodities, could lead to overstock of inventory and/or waste.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 11

PRIORITY: MEDIUM

Working in collaboration with the appropriate in-country partners and programme stakeholders, develop a more rigorous needs assessment and forecasts as the basis for determining the quantities and types of programme supplies to be provided by UNFPA to ensure they address country needs and contribute to the achievement of programme results.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2023*

The Office Management recognizes this issue on inadequate UNFPA programme supplies management and will implement the following actions:

- a) Participate in all meetings on reproductive health supplies needs assessment.*
- b) Systematically request and validate the adequacy of reproductive health supplies distribution plan and ensure reduced delays of supplies in the warehouse and their timely distribution based on the agreed distribution plan in regions up to the last miles.*

Warehouse capacity gaps to adequately safeguard and manage UNFPA-donated programme supplies

55. The audit visited a central warehouse, three decentralized warehouses and four service delivery point (SDP) warehouses used to store UNFPA-donated supplies. It was noted there were inadequate capacities to adequately safeguard and manage UNFPA-donated programme supplies in two of the three decentralized warehouses and in all four SDPs warehouses visited. Particularly, gaps were identified regarding: (a) storage and facilities conditions (e.g., fire detection and extinguishing mechanisms, ventilation systems, cold storage facilities, appropriate humidity and temperature standards, insect and pest control mechanisms); and (b) inventory accounting and controls, including inaccurate and outdated records and the absence of tracking of products by lot and expiry dates.

56. The audit noted that an assessment of IPs' supply-chain management capacity has not been completed due to the pending issuance of the Guidance Note on IP Supply-Chain Management Capacity Assessments. A Supply-chain management risk assessment was conducted in 2021 for the main IP receiving programme supplies. The assessment concluded that the risk score is 'high'. Accordingly, this IP is subject to a bi-annual programme supplies reporting and two spot-checks per year.

57. A preventive control to improve supply chain management capacity could help to significantly reduce the Office's risk exposure.

58. A similar issue was raised by the recent last mile assurance (LMA) spot check conducted in September 2021.

ROOT CAUSE	<i>Guidelines: Inadequate supervision at the Country Office level.</i>
IMPACT	<i>The ability to efficiently achieve programme objectives and discharge management oversight and contractual obligations over programme supplies may be impaired.</i> <i>The risk of programme supplies losses due to inadequate storage conditions and controls and inaccurate/incomplete recordkeeping is increased.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 12

PRIORITY: HIGH

Working in collaboration with the Government counterpart, improve the storage and facilities conditions in warehouses used to store UNFPA-donated supplies and help them to build their capacity in inventory accounting and controls.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *June 2023*

The Office will work with the Government counterpart to train key staff managing UNFPA-donated supplies on inventory management system, accounting, and controls.

The Office will also undertake regular monitoring visits to the warehouses at central and regional levels.

Absence of periodic facilities-based surveys

59. UNFPA policy and procedures on management of programme supplies require facilities-based surveys to be periodically conducted for the UNFPA Supplies Partnership priority countries to be considered for forecasts.

60. The latest facilities-based survey in Senegal was conducted in 2018 with the final report being issued in 2019. No surveys were conducted since the beginning of the programme cycle 2019-2023.

61. The UNFPA 2021 workplan included an activity to facilitate conducting the survey with funding from the UNFPA Supplies programme. However, this activity was not implemented. Therefore, the Office was not able to monitor and report on the progress towards achieving a defined country programme output indicator.

62. The Office Management agreed with the audit finding and explained that the procurement process to conduct the survey was initiated late in 2021 and was subsequently cancelled.

ROOT CAUSE	<i>Guidelines: Inadequate planning</i>
IMPACT	<i>Limited ability to properly monitor, report on, and take informed decision to achieve expected programme results.</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 13

PRIORITY: MEDIUM

Timely facilitate the conduct of the facilities-based survey and use the results to inform the country programme output indicator and supplies forecasts.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *March 2023*

The Office Management has planned the following actions to address the audit recommendation:

- a) Secure funds for the survey in 2022.*
- b) Provide financial and technical support to the Government to conduct facilities-based survey every 2 years, starting with the 2022 survey.*

B.4 – MANAGEMENT OF NON-CORE FUNDING

Partially Satisfactory with Some Improvement Needed

Lack of adherence to reporting requirements and proper documentation of due diligence efforts

63. 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, two out of the four reports due in 2020 and 2021 were submitted to donors and uploaded to DARTS after their due dates.

64. Further, the detailed review of a report submitted to a major donor showed discrepancies between the achieved results reported to the donor and those reported in SIS, for five performance indicators.

65. Moreover, the Office initiated private sector partnerships with two private sector companies. Based on discussions with the Office Management, due diligence was undertaken before initiating these partnerships. However, the due diligence was not documented in the standard due diligence pre-screening tool.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>The perceived 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	<i>Compliance</i>

RECOMMENDATION 14

PRIORITY: MEDIUM

Use the standard due diligence pre-screening tool to collect and document information on potential partner companies and evaluate whether a partnership is worth pursuing; 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: *January 2023*

The Office will better use DARTS and implement quality review to ensure timely submission of quality donor reports.

The Office will use the standard due diligence pre-screening tool to collect and document information on potential partner companies and evaluate whether a partnership is worth pursuing.

C. OPERATIONS MANAGEMENT

PARTIALLY SATISFACTORY WITH SOME IMPROVEMENT NEEDED

Good practices identified

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

- a) 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 United Nations system Organizations.

C.1 – HUMAN RESOURCES MANAGEMENT

Partially Satisfactory with Some Improvement Needed

Human resources recruitment process needs to be more transparent

67. As part of the human resources realignment, the Office initiated a recruitment process to fill a fixed-term position in the National Officers category. Five candidates were shortlisted to proceed with the recruitment process. However, based on the results of the written test and interview, none of the five candidates achieved the minimum score of 70 per cent, with the best (first-ranked) candidate scoring 67.5 per cent.

68. Nevertheless, the Office decided to use the result of the recruitment process to engage an individual consultant to temporarily fill the position while re-advertising the fixed-term post. The individual consultant contract was offered to and accepted by the second-ranked candidate who scored 61.4 per cent on the written test and interview.

69. A new round of the recruitment process was launched, to which both the first- and second-ranked candidates from the first round applied. Subsequently, the candidate who ranked second in the first round and was offered the individual consultant contract, was offered the position. The candidate who was ranked first in the initial round was not shortlisted.

70. The Office Management explained that the candidate who ranked first in the initial round was already a holder of a service contract with the Office, and therefore was not considered for the individual consultant contract.

71. The audit did not obtain any evidence to indicate that the candidate was consulted before taking the decision to exclude him from the individual consultancy contract. This recruitment action was referred to the OAIS Investigations Branch for further analysis.

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 15 **PRIORITY: HIGH**

Establish supervisory controls to ensure the transparency and fairness of the recruitment process.

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

MANAGEMENT ACTION PLAN: DUE DATE: *January 2023*

The Office Management will develop and implement standard operating procedures on the quality review of recruitment files to improve the transparency of the recruitment process.

C.2 – PROCUREMENT **Partially Satisfactory with Major Improvement Needed**

Need to enforce transparency, fairness, and competition in the procurement process

72. Five of the 23 procurement transactions tested showed deviations from procurement policies and procedures¹⁰. The most notable of these exceptions pertained to limited competition, under-specification of tender requirements, and incomplete procurement files and inaccurate records.

Limited competition in the procurement process

73. *Limited number of suppliers invited to submit quotations* – 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. In two instances amounting to USD 68,899, only three suppliers were invited to submit a quotation. In the first instance, only two quotations were received; and in the second, one of the three bids received was eliminated based on a material deviation from the RFQ.

74. *Over-specification of requirements* – The procurement procedures require that specifications be linked to function and to performance as much as possible, and that conformance specifications only be used when necessary. In one instance (USD 35,219), a specific brand was unnecessarily required, and no justification therefore was provided in the procurement file.

75. *Inconsistent application of material deviation criteria* – The Office eliminated for material deviation an otherwise lowest-priced bid that was sent directly to a staff member instead of the dedicated email address created by the Office to receive offers from the suppliers securely. However, the audit noted that another supplier who was subsequently awarded the contract, also submitted his offer to a staff member, in addition to submitting it to the secured email address.

Under-specification of tender requirements

76. The procurement procedures require that solicitation documents concisely contain all data and appropriate 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. The audit noted one instance (USD 21,718) where a supplier with the lowest-priced offer was considered non-compliant, and thus eliminated because the bid did not include a technical offer – a requirement that was not included in the RFQ.

¹⁰ Some of the transactions had more than one exception.

Incomplete procurement files and inaccurate procurement records

77. The procurement procedures require that care be taken to ensure that the procurement file provides a complete and exact picture of the actual process followed, and that the information included therein is correct. The audit noted three instances of inaccurate transcription of received offers in the bid opening reports, including errors in the number of bids received and/or the financial offers made. None of the noted issues, however, had any impact on the recommendation or decision of award. Further, the audit noted an overarching issue related to the lack of completeness of the procurement files, throughout the period covered by the audit.

78. The Office’s operations team has an adequate procurement capacity, with at least four members having successfully achieved the Chartered Institute of Procurement & Supply (CIPS) qualification.

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 risk.</i>
CATEGORY	<i>Compliance</i>

RECOMMENDATION 16 **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 Management will issue a memorandum and organize a special working session with all those involved in the procurement process to promote fairness and transparency of the procurement process and prevent similar issues in the future.

C.3 – FINANCIAL MANAGEMENT

Satisfactory

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

C.4 – GENERAL ADMINISTRATION

Partially Satisfactory with Major Improvement Needed

Lack of compliance with travel policy requirements

80. The audit reviewed two transactions related to air travel¹¹ and noted that in both 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. In two of the instances, no travel expense claim form was submitted at all, corresponding to delays of five and nine months, respectively at the time of audit field mission. In the remaining three instances, the delays in the submission of travel expense claims averaged five months.

82. The audit also noted two instances where individual consultants were unduly advanced 100 per cent of the daily substance allowances (DSA) instead of the policy mandated payment of a travel advance of 80 per cent with the balance of 20 per cent to be processed post travel through the filing of a travel expense claim. At the time of the audit field mission, one of the two consultants had not yet submitted the required travel expense claim form, 10 months since the end of the travel.

¹¹ Limited air travel was undertaken during the period under review due to travel restriction imposed by the COVID-19 global pandemic.

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. Lack of timely 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 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 Office Management will raise personnel awareness during periodic staff meetings of the need to comply with policy requirements for submission of travel requests and expense claims.

The Office has appointed a staff member to monitor timely submission of travel requests and travel expense claims and prepare monthly report for Management review.

Ineffective asset management controls

- 83. The audit revealed multiple compliance issues in the asset management process.
- 84. *Asset tagging* – Assets were not systematically tagged as per applicable policies and procedures. Some assets were tagged, but not according to the tagging convention.
- 85. *Asset location* – Each fixed asset is assigned a specific location within the Office premises in the Asset Management Module. However, asset movements were not reflected in the Module to update the asset location for tracking purposes.
- 86. *Physical count* – As per policy requirements, the Office conducted an annual physical count of fixed assets in October 2021. However, the results of the physical count were not reconciled with Atlas records for accuracy and completeness, and differences between the physical count and Atlas records were not justified and corrected.
- 87. As a result, the audit identified nine fixed assets that were disposed of but continued to show in the ‘in-service assets report’; conversely, 10 fixed asset items that had been physically counted were not found in the ‘in-service assets report’. Further, the audit was not able to locate two asset items.

ROOT CAUSE	<i>Resources: Inadequate training. Guidance: Inadequate supervision at the Office level.</i>
IMPACT	<i>Inadequate controls over assets may prevent their safeguarding, as well as their timely identification and accurate recording in the Asset Management Module.</i>
CATEGORY	<i>Compliance.</i>

RECOMMENDATION 18

PRIORITY: HIGH

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’, and (c) reconciliation of physical count results with the ‘Asset Management’ module records; and monitor compliance thereto.

MANAGER RESPONSIBLE FOR IMPLEMENTATION: *Representative*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *February 2023*

To address this recommendation, the Office Management will develop and implement guidelines to improve asset management and provide training to the staff member assigned with the responsibility to monitor the asset dashboard.

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 2016,¹² 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.

¹² 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
CIPS	Chartered Institute of Procurement & Supply
DARTS	Donor Agreement and Report Tracking System
DSA	Daily Subsistence Allowance
DSS	Department of Safety & Security
ERM	Enterprise Risk Management
FACE	Funding Authorization and Certificate of Expenditure
FIFO	First-in First-out
GII	Gender Inequality Index
GPS	Global Programming System
HACT	Harmonized Approach to Cash Transfers
HDI	Human Development Index
IP	Implementing Partner
IPAS	Implementing Partner Assurance System
ITSO	Information Technology Solutions Office
KK	Commitment Control
LMA	Last Mile Assurance
LTA	Long Term Agreement
NGO	Non-Governmental Organization
OAIS	Office of Audit and Investigation Services
OFA	Operating Fund Account
PAD	Performance Appraisal and Development
PSD	Policy and Strategy Division
PSEA	Prevention of Sexual Exploitation and Abuse
RFQ	Request for Quotation
SDP	Service Delivery Point
SIS	Strategic Information System
SLA	Service Level Agreement
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
USD	United States Dollars