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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 GABON**

**FINAL REPORT**  
No IA/2024-09

**17 July 2024**

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## EXECUTIVE SUMMARY

1. The UNFPA Office of Audit and Investigation Services (O AIS) conducted an audit of the UNFPA Country Office in Gabon (hereafter, the Office). Audit fieldwork was conducted remotely from 8 to 19 April 2024. The audit aimed to assess the adequacy and effectiveness of the governance, risk management, and controls relating to the following areas:

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

2. The audit covered activities conducted from 1 January to 31 December 2023, which corresponded to the first year of the eighth Country Programme 2023-2027, approved by the Executive Board in its first regular session of 2023, with indicative resources of US\$7.9 million (\$3.2 million of core resources and \$4.7 million of non-core resources).

3. Expenses covered by the audit amounted to \$1.6 million, executed by UNFPA (\$1.5 million or 94 per cent) and two Implementing Partners (\$0.1 million or 6 per cent), and were funded from core resources (\$1.5 million or 94 per cent) and non-core resources (\$0.1 million or 6 per cent).<sup>1</sup>

4. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (The IIA).

### Overall audit rating

5. The overall audit rating is “**Partially Satisfactory with Major Improvement Needed**”,<sup>2</sup> which means that the assessed governance arrangements, risk management practices, and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.

6. This rating is mainly due to: (a) an inadequate results planning process; (b) misalignment of the organizational structure and staffing with the programmatic and operational requirements of the eighth Country Programme 2023-2027; (c) an inadequate work planning process; and (d) an ineffective implementing partners management process.

<sup>1</sup> Figures are rounded to the nearest tenth.

<sup>2</sup> See complete set of definitions in Annex 1.

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

Audit ratings by key audit area		
<b>Office Governance</b>		<b>Major improvement needed</b>
<i>Office management</i>		<i>Major improvement needed</i>
<i>Organizational structure and staffing</i>		<i>Major improvement needed</i>
<i>Risk management</i>		<i>Not assessed</i>
<b>Programme Management</b>		<b>Major improvement needed</b>
<i>Programme planning and implementation</i>		<i>Major improvement needed</i>
<i>Implementing Partner management</i>		<i>Major improvement needed</i>
<i>Programme supplies management</i>		<i>Some improvement needed</i>
<i>Management of non-core funding</i>		<i>Satisfactory</i>
<b>Operations Management</b>		<b>Some improvement needed</b>
<i>Human resources management</i>		<i>Some improvement needed</i>
<i>Procurement</i>		<i>Major improvement needed</i>
<i>Financial management</i>		<i>Satisfactory</i>
<i>General administration</i>		<i>Some improvement needed</i>
<i>Information and communication technology</i>		<i>Not assessed</i>
<i>Safety and security management</i>		<i>Not assessed</i>

**Good practices identified**

8. The audit identified the following practices, which enhanced governance, strengthened internal controls, and improved risk management:

- a) The Office engaged effectively with other United Nations organizations and played a key role in inter-agency coordination, fostering and sustaining positive partnerships with other organizations in Gabon;
- b) The Office launched a quarterly newsletter to provide updates, news, and other informative content pertaining to its activities and initiatives;
- c) The Office Management introduced a recognition and rewards programme through which the Office acknowledged personnel achievements, exceptional performance, and exemplary behavior; and
- d) The Office Management undertook intense resource mobilization and partnership efforts that resulted in the mobilization of approximately 0.6 million of programme country contribution to its own programme.

**Key recommendations Total = 9; high priority = 4**

9. For high priority recommendations, prompt action is considered imperative to ensure UNFPA is not exposed to high risks (i.e., where failure to act could result in critical or major consequences for the organization). All high priority recommendations are presented below.

*Strategic level*

10. The Office needs to: (a) align its annual results planning to the country programme cycle’s results and resources framework, formulate quality output indicators and milestones to monitor programmatic progress; (b) revisit and implement an existing draft realignment plan from an ongoing human resources alignment exercise that was delayed, taking into consideration the programmatic and operational requirements of the country programme, available and expected resources, and the use of appropriate contractual modalities, relevant to the duration and services required, for personnel.

*Operational level*

11. The Office should: (a) strengthen the work planning process and improve the quality and timeliness of workplan finalization and approval; and (b) significantly improve its Implementing Partner management process.

**Implementation status of previous OAIS recommendations**

12. The Office has not previously been audited by OAIS or the United Nations Board of Auditors.

**Management comments and action plan**

13. Office Management expresses its sincere appreciation for the work undertaken by the audit team. The audit highlighted a need for increased vigilance in programme management and operations and emphasized the importance of using policies and procedures as strategic decision-making tool to enhance Office performance. Office Management would like to acknowledge the context that contributed to various audit observations. Particularly, (a) the Office has not been previously audited; (b) a small but much-needed realignment process was interrupted during the first year of the new Country Programme cycle.

14. Office Management has already initiated and will continue to implement concrete steps to improve the Office's governance, risk management and control processes, and operational and programmatic performance.

**Acknowledgement**

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

DocuSigned by:  
*Moncef Ghrib*  
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Moncef Ghrib  
Director  
Office of Audit and Investigation Services

## I. AUDIT BACKGROUND

1. Gabon has an estimated population of 2.5 million in 2024.<sup>3</sup> The country ranked 123 out of 193 countries and territories on the Human Development Index for 2022, and 136 on the Gender Inequality Index in the same year.<sup>4</sup> In 2020, the maternal mortality ratio was at 227 deaths per 100,000 live births. In 2024, the contraceptive prevalence rate for women aged 15-49 is 39 per cent, and the unmet need for family planning 18 per cent.<sup>5</sup> Gabon is classified as a Tier I programme country in the UNFPA Strategic Plan 2022-2025.<sup>6</sup> The Office did not receive any programme supplies under the UNFPA Supplies Partnership programme.

2. As set out in the 2024 OAIS Annual Work Plan, an audit of the UNFPA Country Office in Gabon was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing (promulgated by the IIA), which requires that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and internal control processes in place. The audit aimed to assess the adequacy and effectiveness of the governance, risk management, and controls relating to the following areas:

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

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

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

4. The audit covered activities conducted from 1 January to 31 December 2023, which corresponded to the first year of the eighth Country Programme 2023-2027 (CP8), approved by the Executive Board in its first regular session of 2023, with indicative resources of \$7.9 million (\$3.2 million of core resources and \$4.7 million of non-core resources). Expenses covered by the audit amounted to \$1.6 million, executed by UNFPA (\$1.5 million or 94 per cent) and two Implementing Partners (\$0.1 million or 6 per cent), and were funded from core resources (\$1.5 million or 94 per cent) and non-core resources (\$0.1 million or 6 per cent).<sup>7</sup>

5. Approximately 38 per cent of the expenditures incurred during the period under review corresponded to the Strategic Plan output 'Quality of Care and Services', 27 per cent to the 'Adolescence and Youth' output, 25 per cent to the 'Policy and Accountability' output, and 10 per cent to the 'Population Change and Data' output.<sup>8</sup>

6. The UNFPA Office in Gabon is in the capital city of Libreville. During the period under review and at the time of the audit field mission, the Office was managed by a Representative, assisted by an Assistant Representative. At the time of the audit field mission, the Office had nine approved staff posts – one international and two national professional posts, and six general service posts. Four additional posts were covered under the United Nations Volunteers modality.

<sup>3</sup> Source: <https://www.unfpa.org/data/world-population/GA>

<sup>4</sup> Source: <https://hdr.undp.org/system/files/documents/global-report-document/hdr2023-24reporten.pdf>

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

<sup>6</sup> Tier I comprises programme countries that have not achieved any of the strategic plan's three transformative results.

<sup>7</sup> Figures are rounded to the nearest tenth.

<sup>8</sup> Source: Quantum Plus Power BI SFR Data Dump.

## II. AUDIT RESULTS

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

### A. OFFICE GOVERNANCE

**MAJOR IMPROVEMENT NEEDED**

8. The audit identified the following good practices in office governance:

- a) The Office engaged effectively with other United Nations (UN) organizations and played a key role in inter-agency coordination, fostering and sustaining positive partnerships with other organizations in Gabon.
- b) The Office launched a quarterly newsletter to give updates, news, and informative content pertaining to its activities and initiatives; and
- c) The Office Management introduced a recognition and rewards programme through which the Office acknowledged personnel achievements, exceptional performance, and exemplary behavior.

### A.1 – OFFICE MANAGEMENT

**MAJOR IMPROVEMENT NEEDED**

#### Issue 1 Inadequate results planning process

*Misalignment of output indicators in the Country Programme Document, the Office results plan, and workplans*

9. Applicable policy<sup>9</sup> requires that the results and resources framework (RRF) of a country programme document (CPD) be further detailed through an operational multi-year programme plan that breaks down the high-level results of the CPD into a lower-level, more manageable results formulation, including annual output indicator targets. The annual output indicator targets should then be entered into the results management system<sup>10</sup> to monitor and report program results, as well as inform deliverables expected from workplans.

10. A review of the 2023 results plan in the Strategic Information System (SIS), the 2024 results and resources plan (RRP) in Quantum Plus and CP8's CPD RRF indicated that:

- a) Only 2 of the 12 CPD output indicators were reflected in the SIS 2023 results plan; and
- b) One CPD output indicator was not reflected in the 2024 RRP in Quantum Plus. The output indicator was subsequently added to the 2024 RRP following this audit observation.

11. Similarly, a review of the 2023 UNFPA and the IP-implemented workplans indicated a pervasive misalignment of CPD RRF output indicators with those in workplans. For instance, none of the 12 CPD RRF's output indicators was reflected in the workplans. Programme activities related to the missing output indicators were, however, implemented, yet without any workplan mechanisms to monitor and measure performance.

*SIS output indicators and milestones not correctly formulated*

12. Guidelines for results planning, monitoring, and reporting require: (a) at least two defined indicators per output; (b) teams of at least two staff for each indicator; (c) quality milestones that represent key deliverables formulated, critical and necessary to achievement of an indicator target; and (d) avoiding to set target milestones only in the fourth quarter of a year, a practice that renders the first three quarters irrelevant in assessing progress toward the achievement of annual output indicator targets.

13. A review of the 2023 SIS results plan and the 2024 RRP indicated: (a) five instances in 2023 where only one indicator was defined per output; (b) four instances in 2023 where an insufficient number of staff

<sup>9</sup> Policy and Procedure for Development and Approval of the Country Programme Document.

<sup>10</sup> Strategic Information System in 2023 and Quantum Plus starting from 2024.

members were assigned to work on output indicators; and (c) three instances in 2023 and two in 2024 where milestones to monitor progress towards the achievement of output indicator targets were set in the fourth quarter only.

14. Other milestones quality issues noted included six instances in 2024 where milestones were not defined as key deliverables necessary for achievement of indicator targets, and two instances (one in 2023 and one in 2024) of misalignment between output indicator targets and the corresponding milestones.

ROOT CAUSE *Resources: insufficient human resources (skills) to carry out an activity or function.*  
 IMPACT *Inadequate results planning may impair the Office’s ability to track and meet its programme targets.*  
 CATEGORY *Strategic.*

<b>Recommendation 1</b>	<b>Priority: High</b>
Strengthen the results planning process by: (a) defining and formulating quality output indicators and milestones; (b) implementing quality assurance controls over the preparation and updating of results plans; and (c) training relevant staff on policy requirements to align output indicators in annual results plans and workplans to those in the Country Programme Document’s results and resources framework.	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
<b>Management action plan:</b> The following actions will be taken to implement the audit recommendation: a) Develop specific tools and guidelines to facilitate planning, monitoring, and quality assurance of results plans. b) Develop and implement a yearly quality assurance monitoring plan. c) Organize training of all relevant Office personnel and IPs on Result-Based Management <b>Estimated completion date:</b> January 2025.	

<b>A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING</b>	<b>MAJOR IMPROVEMENT NEEDED</b>
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**Issue 2** Misalignment of organizational structure and staffing arrangements with the programmatic and operational requirements of CP8

15. CP8 was approved by the Executive Board in February 2023. As part of its development, the Office conducted a human resource capacity assessment and developed a costed draft human resource alignment plan to align its capacity with CP8’s programme delivery and operational needs, as required by policy.<sup>11</sup> However, in view of the prevailing country context, the proposed plan was yet to be approved by the West and Central Africa Regional Office (WCARO) and the Division for Human Resources (DHR) and implemented. Despite changes in programme size and programmatic priorities (see below), the Office continued operating with an organizational structure that was established for the previous seventh Country Programme (CP7) 2018-2022.

- a) Change in programme size – at \$7.9 million, CP8’s estimated resources nearly doubled those of CP7 (\$4.0million).
- b) Changes in programmatic priorities – CP8 (2023-2027) focused on four Strategic Plan outputs, three of which were not considered priority areas for CP7. Estimated resources for the three outputs represent over 70 per cent of the total estimated resources for CP8.

<sup>11</sup> Policy and Procedures for Development and Approval of Country Programme Documents.



16. Consequently, the Office relied on short term consultancies and national UN Volunteers to perform core services for extended periods of time potentially compromising continuity of the Office’s operations.

17. Most findings in this report stem from a lack of capacity (skills) on the part of personnel entrusted to perform assigned functions, warranting a human resources realignment to ensure appropriate staffing with the right capacity is in place to enhance Office performance.

ROOT CAUSE *Resources: insufficient financial resources.*

IMPACT *Misalignment between the organizational structure and staffing arrangements with programme delivery and operational needs may negatively impact the Office’s effectiveness and ability to achieve intended results.*

CATEGORY *Strategic.*

<b>Recommendation 2</b>	<b>Priority: High</b>
<p>In collaboration with the West and Central Africa Regional Office and the Division for Human Resources, revisit and implement the human resources realignment exercise, taking into consideration (a) the programmatic and operational requirements of the country programme; (b) available and expected resources from all sources; and (c) use of appropriate personnel contractual modalities, relevant to the duration and nature of services required.</p>	
<p><u>Manager Responsible for Implementation:</u> Representative, with support from the Directors, WCARO and DHR.</p>	
<p><u>Status:</u> <i>Agree.</i></p>	
<p><b>Management action plan:</b></p> <p>The following actions will be taken to implement the audit recommendation:</p> <ul style="list-style-type: none"> <li>a) Under the leadership of WCARO, reassess the needs of the Office in terms of human resources with regard to the programmatic and operational requirements of the CPD;</li> <li>b) The Office is in the process of mobilizing additional non-core resources. The resources will include all direct and indirect costs related to implementation of the corresponding programmes, including salary costs, in line with the corporate cost recovery policy; and</li> <li>c) Propose appropriate personnel contractual modalities, relevant to the duration and nature of services required, taking into consideration availability of funds.</li> </ul> <p><b>Estimated completion date:</b> <i>January 2025.</i></p>	

<b>A.3 – RISK MANAGEMENT</b>	<b>NOT ASSESSED</b>
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18. The area was assessed as low risk during the audit and, therefore, not tested.

<b>B. PROGRAMME MANAGEMENT</b>	<b>MAJOR IMPROVEMENT NEEDED</b>
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19. Office Management proactively and successfully undertook intense resource mobilization and partnership efforts that resulted in the mobilization of approximately 0.6 million in programme country contributions to its programmes.

**B.1 – PROGRAMME PLANNING AND IMPLEMENTATION**

**MAJOR IMPROVEMENT NEEDED**

**Issue 3** Inadequate design of CP8

20. According to policy,<sup>12</sup> the country programme must be evidence-based. Evaluative evidence gathered through the previous country programme evaluation and other evaluative evidence and implementation processes must inform programme design. The UNFPA Evaluation Policy suggests a country programme evaluation in two programme cycles. Further, policy<sup>13</sup> requires that prioritized needs and realistic indicative planned resources be calculated and presented for each of the programme outputs, including funding gaps. It is important to ensure that indicative resources allocated to a specific output, both regular and other, are reasonable given the importance of that output within the overall country programme context. Indicator targets should reflect what can be achieved realistically with projected resources.

21. Due to inadequate planning, the Office did not comply with the requirement to conduct an evaluation CP7 to inform the design of CP8. Instead, the Office requested and obtained from the Independent Evaluation Office a waiver not to conduct a country programme evaluation and, instead, undertake a meta-analysis.

22. A review of the RRF of the CP8 CPD indicated that 2023, the first year of the programme cycle, was incorrectly indicated as the programme cycle’s baseline year. Consequently, no targets were defined for any of the output indicators in the framework used to break down the high-level results of the CPD into a lower, more manageable results formulation in 2023. Similarly, no targets were defined in the same framework for any of the years for one output indicator.

23. Lastly, Office Management decided to work on four separate outputs with 12-related CP8 indicators compared to three outputs and 10 indicators for CP7. Considering the limited human resources (see Issue 2 above) and financial resources (\$7.9 million for the 5-year programme cycle) available to the Office and the fact that the Office did not achieve 4 of the 10 output indicator targets set for CP7, the Office may not effectively deliver the higher planned CP8 programme results.

ROOT CAUSE *Guidelines: inadequate planning (country programme evaluation not undertaken, leading to country programme design issues).*

IMPACT *Programme design is not based on evaluative evidence to ensure relevance, coherence, effectiveness, efficiency, impact and sustainability of interventions.*

CATEGORY *Strategic.*

<b>Recommendation 3</b>	<b>Priority: Medium</b>
As part of the 2025 mid-term review, revisit the programme design to promote a more focused, high-impact country programme in line with country priorities and needs, Office capacity and projected resources.	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
<b>Management action plan:</b> The Office will conduct a mid-term review of the country programme; and revisit the programme design for increased focus taking into consideration the Office’s human and financial resources.	
<b>Estimated completion date:</b> December 2025.	

<sup>12</sup> Policy and Procedures for Development and Approval of Country Programme Documents.

<sup>13</sup> Ibid.

**Issue 4**      Inadequate work planning process

24. According to policy,<sup>14</sup> the workplan is the sole mechanism for budgeting and releasing programme funds. Therefore, all activities must be included in a workplan, and no funds can be spent without a valid, signed workplan. All workplan amounts must be based on a robust and detailed budget comprising direct programme costs and support costs. UNFPA Programme Managers must ensure that all workplan activity amounts are logically derived from, and supported by, a detailed breakdown of all associated costs, by input. To ensure the development of quality workplans, the policy recommends use of a Workplan Operational Review Checklist that contains a summary of items to look for when conducting financial/operational reviews. Policy also requires that signed workplans, as well as detailed budget breakdowns, are uploaded into the corporate Global Programming System (GPS). The UNFPA risks and controls catalogue identifies timely finalization of workplans as a key control relied upon to mitigate the risk of non-delivery of agreed programme results.

25. A review of the 2023 Office- and IP-implemented workplans indicated the following exceptions related to delayed finalization of workplans and non-compliance with workplan policy provisions for eligible direct programme costs and support costs.

*Delayed finalization of workplans*

26. IP-implemented workplans for two IPs engaged in 2023 were signed late by UNFPA and the IP representatives. The first IP workplan was signed in June 2023 and the second in October. Late finalization of the workplans resulted in delays in making cash transfers to the concerned IP, negatively impacting the implementation workplan activities. In addition, the Office did not finalize workplans with three government IPs during the year.

27. Office Management attributed the delayed finalization of workplans to several factors, some of which were beyond the control of the Office, including late approval of the CP8 CPD in February 2023, unavailability of funds for one project, and prevailing social and political situation that prevented timely signature of workplans with government partners in 2023.

28. Improvement was noted in the timeliness of finalizing non-governmental organizations IP workplans in 2024. Two workplans were signed in February 2024 and one in April. However, the three government IP workplans were yet to be signed as of May 2024.

*Insufficient documentation of workplans*

29. Detailed cost estimates for workplan inputs were not available for the UNFPA workplan, as well as for one of two IP workplans in GPS.

30. Further, revisions to the UNFPA workplan were not properly documented. Unsigned versions of revised workplans were uploaded in GPS in support of workplan revisions processed in August and November 2023. In addition, two workplan revisions processed in October 2023 were marked as agreed, without uploading signed versions of the workplan or any other supporting documents.

31. The Office did not use the policy recommended Workplan Operational Review Checklist to conduct financial/operational reviews of workplans. The checklist would have helped ensure the development of quality workplans and compliance with policy requirements.

ROOT CAUSE	<i>Resources: insufficient human and financial resources (skills to carry out an activity or function and lack of funding).</i>
IMPACT	<i>The efficiency and effectiveness of programme implementation is diminished, adversely impacting the achievement of expected results.</i>
CATEGORY	<i>Operational.</i>

<sup>14</sup> Policy and Procedures for Preparation, Management and Monitoring of Workplans.

<b>Recommendation 4</b>	<b>Priority: High</b>
<p>Strengthen the work planning process by: (a) establishing a workplan preparation process that clearly defines responsibilities and deadlines for timely finalization and approval of workplans; (b) explore options to sign multi-year workplans, mainly with government IPs to mitigate delays brought about by social and political factors; and (c) using the policy recommended Workplan Operational Review Checklist to conduct financial and operational reviews of workplans.</p>	
<p><u>Manager Responsible for Implementation:</u> Representative.</p>	
<p><u>Status:</u> <i>Agree.</i></p>	
<p><b>Management action plan:</b></p> <p>The following actions will be taken to implement the audit recommendation:</p> <ul style="list-style-type: none"> <li>a) Organize training of all Office staff and IPs on Result-Based Management;</li> <li>b) Develop specific tools and guidelines to facilitate planning, monitoring, and quality assurance; and</li> <li>c) Organize learning afternoons on applicable programme policies for relevant staff.</li> </ul> <p><b>Estimated completion date:</b> <i>January 2025.</i></p>	

**B.2 – IMPLEMENTING PARTNER MANAGEMENT**

**MAJOR IMPROVEMENT NEEDED**

**Issue 5**      Ineffective IP management process

32. Policy<sup>15</sup> requires legal registration in the country of NGO IPs as an eligibility condition for engagement in programme implementation. If an IP is expected to receive more than \$100,000 cumulative during the unit’s programme cycle, it must be assessed using the micro assessment questionnaire and terms of reference before start of implementation.

33. Further, according to policy,<sup>16</sup> a Funding Authorization and Certificate of Expenditure (FACE) form must be used by all IPs to request cash advances, report on their use, and to request reimbursement of expenses incurred for programme implementation purposes. Cash advance requests must be supported by itemized cost estimates (ICE). Expense reports must be uploaded in GPS along with the corresponding detailed transaction lists. The policy highly recommends the use of review checklists to facilitate and document the review of FACE forms.

34. The Office engaged an INGO IP that was not legally registered in the country to implement programme activities. Office Management explained that the decision to engage the INGO was based on its comparative advantage and experience in promoting family planning and HIV prevention through social marketing. Management presented to the audit correspondence with the IP requesting regularization of its legal status in the country.

35. Further, none of the two IPs engaged by the Office in 2023 to implement workplan activities for amounts exceeding the policy-specified \$100,000 threshold was micro-assessed.

36. In addition, a review of FACE forms submitted by IPs indicated that they were not adequately supported by documentation available in GPS. For instance, cash transfer requests were not supported by ICEs and expenses reported by one IP were not supported by detailed transactions list.

37. Lastly, the policy recommended FACE form review checklist was used for only one of four FACE forms reviewed.

<sup>15</sup> Policy and Procedures for Selection, Registration and Assessment of Implementing Partners.

<sup>16</sup> Policy and Procedures for Management of Cash Transfers to Implementing Partners

**ROOT CAUSE** *Guidance: inadequate supervision at the country office level (ineffective oversight to ensure registration of NGO IP and submission of sufficient supporting documentation in support of FACE forms).*

**IMPACT** *Engaging an IP that is not legally registered in the country increases UNFPA exposure to reputational and litigation risks.*

*In the absence of IP assessments, the Office’s ability to identify capacity gaps, develop appropriate capacity development plans, and determine the type and frequency of assurance activities is diminished.*

*Insufficient documentation of FACE forms submitted by IPs limits the Office’s ability to effectively review them and increases the risk of funds not being used for the intended purposes, adversely affecting the achievement of intended programme results and increasing the risk of financial loss to UNFPA.*

**CATEGORY** *Operational.*

<b>Recommendation 5</b>	<b>Priority: High</b>
<p>The Office should:</p> <ul style="list-style-type: none"> <li>(a) when engaging NGO as Implementing partners, ensure that they are legally registered in the country, and pause the collaboration with the current INGO until it can demonstrate that it has obtained the government’s approval;</li> <li>(b) conduct Implementing Partner micro-assessments, including those of the two engaged in 2023; and;</li> <li>(c) train relevant personnel on proper documentation and review of FACE forms.</li> </ul>	
<p><u>Manager Responsible for Implementation:</u> Representative.</p>	
<p><u>Status:</u> Agree.</p>	
<p><b>Management action plan:</b></p> <p>The following actions will be taken to implement the audit recommendation:</p> <ul style="list-style-type: none"> <li>a) Follow up with the International NGO towards regularization of its legal situation in the country;</li> <li>b) Systematically verify and confirm that existing and new IPs are legally registered in the country;</li> <li>c) Conduct micro-assessments of all qualifying IPs; and</li> <li>d) Train relevant personnel to improve the effectiveness of FACE form reviews using appropriate checklists.</li> </ul> <p><b>Estimated completion date:</b> January 2025.</p>	

<b>B.3 – PROGRAMME SUPPLIES MANAGEMENT</b>	<b>SOME IMPROVEMENT NEEDED</b>
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**Issue 6** Delayed procurement of contraceptives

38. CP8 included an output indicator related to the proportion of service delivery points that did not experience stockouts of contraceptive commodities in the last three months (Baseline: 70 % - Target: 90%).

39. The Office did not achieve the target set for the output indicator in 2023. The underachievement was caused by a procurement delay. While procurement of contraceptives (\$216,337) was included in the UNFPA workplan in June 2023, the corresponding requisitions and purchase orders (POs) were raised only in October 2023.

40. Further, the Office raised a PO to procure 2,000 sets of contraceptive implants for \$17,000, without ensuring that the receiving entity fulfilled special requirements for their delivery. A Co-operation Agreement

for the Receipt and Use of Implanon/NXT (CARUI) certification, required by the supplier prior to fulfilling the order, was not provided, ultimately leading to cancellation of the PO.

41. As a result of the delayed procurement, limited quantities of contraceptives valued at \$ 26,568 (only 12 per cent of the planned procurement) were physically received and distributed in 2023 and inventory valued at \$50,841 remained undelivered as of December 2023. A review of the inventory status as of March 2024 indicated that, of the balance in transit as of December 2023, commodities valued at \$42,636 were still in not delivered.

ROOT CAUSE	<i>Guidelines: inadequate planning (inadequate procurement planning of contraceptives).</i>
IMPACT	<i>Delayed procurement of contraceptives resulted in significant of stockouts.</i>
CATEGORY	<i>Operational.</i>

<b>Recommendation 6</b>	<b>Priority: Medium</b>
Timely raise requisitions and purchase orders for the procurement of contraceptives taking into consideration special requirements and lead times for their delivery.	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
<b>Management action plan:</b>	
The following actions will be taken to implement the audit recommendation:	
<ul style="list-style-type: none"> <li>a) Develop and track annual contraceptive supplies plan according to available financial resources;</li> <li>b) Timely raise requisitions and purchase orders for the procurement of contraceptives; and</li> <li>c) Closely monitor and document the contraceptives delivery process.</li> </ul>	
<b>Estimated completion date:</b> January 2025.	

**B.4 – MANAGEMENT OF NON-CORE FUNDING**

**SATISFACTORY**

42. Audit work performed in this area included tests of compliance with co-financing agreement requirements, including expense eligibility and reporting, accuracy of reports submitted to donors, and compliance with the corporate cost recovery policy. In addition, the audit conducted interviews with two major donors of the Office.

43. No reportable matters were identified based on the audit work performed in this area.

**C. OPERATIONS MANAGEMENT**

**SOME IMPROVEMENT NEEDED**

**C.1 – HUMAN RESOURCES MANAGEMENT**

**SOME IMPROVEMENT NEEDED**

**Issue 7**      Delayed approval of the terms of reference for individual consultants

44. According to policy,<sup>17</sup> as part of initiating a request for individual consultant, the office requiring an individual consultant must complete the Terms of Reference (ToR) for Individual Consultant Form which will include the following information: (a) Hiring Office; (b) Purpose of consultancy; (c) Scope of work:

<sup>17</sup> Policy and Procedures for Contracting Individual Consultants

description of services, activities, or outputs; (d) Duration, place where services are to be delivered, delivery dates; (e) Details on how work will be delivered (e.g. electronic, hard copy etc.); (f) Monitoring and progress control, including reporting requirements, periodicity, format and deadlines; (g) Expected travel; (h) Required expertise, qualifications and competencies, including language requirements; (i) If applicable, inputs and/or services to be provided to the individual consultant by UNFPA or an implementing partner (such as support services, office space, or equipment); (j) Other relevant information.

45. A review of the process followed to contract seven individual consultants indicated two instances of delayed approval of ToRs. In the first case, the ToRs were approved by the Representative 10 days after the signature of the individual consultancy contract. In the second instance, the ToRs, which should have been prepared when the recruitment need was identified and before starting the recruitment process, were, instead, approved by the Representative on the same day of signing the related contract.

ROOT CAUSE *Guidance: inadequate supervision at the country office level (inadequate oversight to ensure timely approval of the terms of reference for individual consultants).*

IMPACT *Late development and approval of individual consultants' terms of reference expose the Organization to increased legal and contractual risks.*

CATEGORY *Compliance.*

<b>Recommendation 7</b>	<b>Priority: Medium</b>
Implement supervisory control to promote timely completion and approval of the Terms of Reference for Individual Consultant Form as part of initiating request for individual consultants.	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
<b>Management action plan:</b> The Office will raise the awareness of relevant personnel on quality criteria of Terms of Reference for individual consultants using the appropriate form; and develop and systematically use a checklist for their review and approval. <b>Estimated completion date:</b> January 2025.	

**C.2 – PROCUREMENT**

**MAJOR IMPROVEMENT NEEDED**

**Issue 8** Non-compliance with UNFPA procurement procedures

46. According to UNFPA procurement procedures, evaluation is the process of assessing and comparing offers in accordance with the evaluation methodology stated in the solicitation documents to determine which offer represents the best value for UNFPA. Under no circumstances can a unit or evaluation panel, at the bid evaluation phase, alter criteria or evaluation methods published in solicitation documents. Any alterations go against the principle of transparency of the procurement process and conflicts with the principles of fair and equal treatment of suppliers. At least five suppliers must be invited to submit a quotation in response to a request for quotations with the intention to obtain at least three quotations. For procurement value equal to or exceeding USD 5,000 for country offices, USD 10,000 for regional offices and USD 50,000 for headquarters business units, units must receive all offers in a secure manner using a dedicated email address.

47. A review of the Office’s procurement process indicated the following deviations from UNFPA procurement procedures:



- a) In three instances for an aggregated value of \$19,592, only one supplier instead of the policy mandated five was invited to submit a quotation. In a fourth request for quotations, the Office invited two suppliers to submit quotations and only one responded.
- b) In one instance amounting to \$17,458, Office personnel conducted site visits to five bidders to assess their capacity to deliver the required services. However, the requirement to conduct a visit was not included in the RFQ and was only decided upon after a request for award was made to the Representative by the evaluation panel. Following the site visits, the contract was awarded to a bidder other than the one initially selected by the panel.
- c) The Office did not systematically use a secured email account to receive bid offers from suppliers.

ROOT CAUSE *Resources: inadequate training (lack of familiarity with applicable procurement procedures).*

IMPACT *The Office's ability to achieve best value for money is diminished and there is increased exposure to financial loss and reputational risk.*

CATEGORY *Compliance.*

<b>Recommendation 8</b>	<b>Priority: Medium</b>
Train relevant staff on the procurement solicitation process and effective competition; and establish supervisory controls to monitor compliance with procurement procedures.	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
<b>Management action plan:</b> The Office will train relevant personnel and develop and use a checklist to review compliance with procurement procedures. <b>Estimated completion date:</b> January 2025.	

**C.3 – FINANCIAL MANAGEMENT**

**SATISFACTORY**

48. Audit work performed in this area included a review of the: (a) Office’s financial management capacity; (b) coding of transactions to the correct project, activity, general ledger account, IP and fund codes; (c) operating effectiveness of controls over the accounts payable and payment processes; (d) value-added tax control arrangements in place; (e) budget management process; and (f) effectiveness of the financial management accountability process.

49. No reportable matters were identified based on the audit work performed in this area.

**C.4 – GENERAL ADMINISTRATION**

**SOME IMPROVEMENT NEEDED**

**Issue 9** Non-compliance with travel policy

50. According to policy,<sup>18</sup> a travel claim is a post-travel report that the traveller is required to submit to the authorizing unit within two weeks of completion of travel.

51. The review of a sample of nine travel-related transactions indicated four instances of non-submission of travel claims related to travel undertaken in November and December 2023 (over four months

<sup>18</sup> Policy for Duty Travel



prior to the audit fieldwork in April 2024) and one instance in which a travel claim was submitted with a delay of 116 days.

ROOT CAUSE *Guidance: inadequate supervision at the Office level (ineffective oversight over compliance with policy requirements).*

IMPACT *Lack of timely submission of travel expense claim forms hinders accountability and prevents the timely recovery of excess travel advances, where necessary.*

CATEGORY *Compliance.*

<b>Recommendation 9</b>	<b>Priority: Medium</b>
Raise staff awareness and institute supervisory controls regarding compliance with UNFPA travel policy requirements, including those related to submission of travel claims in a timely manner and monitor compliance with the requirements.	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
<p><b>Management action plan:</b> The Office will train relevant personnel; and develop and use a checklist to review compliance with corporate travel policy.</p> <p><b>Estimated completion date:</b> <i>January 2025.</i></p>	

<b>C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY</b>	<b>NOT ASSESSED</b>
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52. The area was assessed as low risk during the audit and, therefore, not tested.

<b>C.6 – SAFETY AND SECURITY MANAGEMENT</b>	<b>NOT ASSESSED</b>
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53. The area was assessed as low risk during the audit and, therefore, not tested.

## 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,<sup>19</sup> are explained below:

- |   |  |   |
|---|--|---|
| <ul style="list-style-type: none"> <li>▪ <b>Satisfactory</b></li> </ul>   |  | <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"> <li>▪ <b>Partially satisfactory with some improvement needed</b></li> </ul>  |  | <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"> <li>▪ <b>Partially satisfactory with major improvement needed</b></li> </ul> |  | <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"> <li>▪ <b>Unsatisfactory</b></li> </ul>                                       |  | <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.

<sup>19</sup> 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 with specific provisions

## GLOSSARY

<b>Acronym</b>	<b>Descriptions</b>
<b>CARUI</b>	Co-operation Agreement for the Receipt and Use of Implanon/NXT
<b>CP7/CP8</b>	The seventh/eighth Country Programme
<b>CPD</b>	Country Programme Document
<b>DHR</b>	Division for Human Resources
<b>ERM</b>	Enterprise Risk Management
<b>FACE</b>	Funding Authorization and Certificate of Expenditures
<b>GPS</b>	Global Programming System
<b>HACT</b>	Harmonized Approach to Cash Transfers
<b>ICE</b>	Itemized Cost Estimate
<b>INGO</b>	International Non-Governmental Organization
<b>IIA</b>	Institute of Internal Auditors
<b>IP</b>	Implementing Partner
<b>NGO</b>	Non-Governmental Organization
<b>OAIS</b>	Office of Audit and Investigation Services
<b>PO</b>	Purchase Order
<b>ToR</b>	Terms of Reference
<b>RFQ</b>	Request for Quotation
<b>RRF</b>	Results and Resources Framework
<b>RRP</b>	Results and Resources Plan
<b>SIS</b>	Strategic Information System
<b>UN</b>	United Nations
<b>UNFPA</b>	United Nations Population Fund
<b>US\$</b>	United States Dollars
<b>WCARO</b>	West and Central Africa Regional Office