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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA COUNTRY OFFICE IN TOGO

FINAL REPORT
N° IA/2024-10

18 July 2024

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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 Togo (the Office). An audit field mission took place from 18 to 29 March 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 management.

2. The audit covered activities conducted by the Office from 1 January to 31 December 2023, which corresponded to the fifth year of the seventh Country Programme 2019-2023, approved by the Executive Board in its second regular session of 2018, with indicative resources of US\$20.0 million.

3. Expenses covered by the audit amounted to \$5.1 million, executed by 10 Implementing Partners (\$1.0 million or 20 per cent), and by UNFPA (\$4.1 million or 80 per cent) and were funded from core resources (\$2.9 million or 57 per cent) and non-core resources (\$2.2 million or 43 per cent).¹ In addition, the audit covered the supply of reproductive health commodities totalling \$1.2 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme.²

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

Overall audit rating

5. The overall audit rating is **“Unsatisfactory”**,³ which means that the assessed governance arrangements, risk management practices, and controls were not adequately established or functioning to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could seriously compromise the achievement of the audited entity or area’s objectives. Urgent management action is required to ensure that the identified risks are adequately mitigated.

6. This rating is mainly due to: (a) an inadequate results planning process; (b) misalignment of organizational structure and staffing arrangements with the programmatic and operational requirements of the eighth Country Programme 2024-2026; (c) an uncondusive office working environment that impacts effective programme delivery and staff wellbeing; (d) ineffective risk management; (e) inadequate programme planning and monitoring; (f) ineffective IP management; (g) inadequate needs assessment and forecasting of programme supplies; (h) ineffective management of programme supplies; (i) non-compliance with UNFPA procurement procedures; (j) excessive use of cash by Implementing Partners to transact; and (k) inadequate controls over cash disbursements.

¹ Source: Quantum Plus Power BI Account Activity Analysis report.

² Source: Cognos Inventory Issuance Report and Cognos Status Report.

³ 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		
Office Governance		Major improvement needed
<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>Major improvement needed</i>
Programme Management		Unsatisfactory
<i>Programme planning and implementation</i>		<i>Major improvement needed</i>
<i>Implementing Partner management</i>		<i>Unsatisfactory</i>
<i>Programme supplies management</i>		<i>Unsatisfactory</i>
<i>Management of non-core funding</i>		<i>Some improvement needed</i>
Operations Management		Major improvement needed
<i>Human resources management</i>		<i>Some improvement needed</i>
<i>Procurement</i>		<i>Unsatisfactory</i>
<i>Financial management</i>		<i>Major improvement needed</i>
<i>General administration</i>		<i>Some improvement needed</i>
<i>Information and communication technology</i>		<i>Not assessed</i>
<i>Safety and security</i>		<i>Satisfactory</i>

Good practices identified

8. The Office fostered and sustained positive partnerships with other United Nations organizations and the Office of the United Nations Resident Coordinator in Togo by actively participating in inter-agency coordination clusters and working groups.

Key recommendations Total = **16**, high priority = **11**

9. For high priority recommendations, prompt action is necessary to ensure that 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 should: (a) strengthen its results planning; (b) promptly complete its risk assessment and develop appropriate risk response plans to address identified risks; and (c) in coordination with the West and Central Africa Regional Office and the Division for Human Resources, align its organizational structure and staffing arrangements to ensure adequate capacity in essential functions.

Operational level

11. The Office should develop and implement a comprehensive action plan to: (a) address work environment issues; (b) improve its programme planning and monitoring processes; and (c) strengthen its Implementing Partner management process.

12. Strengthen the programme supplies management process by: (a) training relevant staff on programme supplies policy requirements; (b) consistently participating in commodity quantification workshops; (c) conducting quality assurance of commodity quantification reports for relevance, accuracy, and completeness; and (d) signing Implementing Partner workplans that include the transfer of programme supplies prior to their handover to Implementing Partners.

13. The Office should develop the capacity of Office and Implementing Partner staff in the management of programme supplies and, in collaboration with Implementing Partners that receive UNFPA supplies, improve warehousing conditions and physical inventory controls, enhance inventory recordkeeping, and establish an effective monitoring process for visibility and assurance over the safeguarding, management, and use for intended purposes of programme supplies after their handover to partners or beneficiaries. In addition, the Office should enhance monitoring of payments made by payment service providers to ensure

that payments are made to intended beneficiaries. Lastly, urge Implementing Partners to limit the use of cash advances to their personnel and, instead, identify and engage appropriate payment service providers to facilitate cash disbursements.

Compliance

14. The Office should enhance compliance with procurement procedures.

Implementation status of previous OAIS recommendations

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

Management comments and action plan

16. The feedback provided, encompassing both audit observations and recommendations, is valued and acknowledged with gratitude. The exceptional circumstances of the year 2023, marked by substantial external funding linked with a unique phase of construction activities, a transition in senior management, including representation and operations, and implementation of the Quantum system, were noteworthy and exceptional challenges.

17. Office Management agrees with all recommendations in this report. In response, a comprehensive action plan has been devised to address all the recommendations presented. Central to this plan is the revision of the human resources structure, the 2024 Career & Performance Management (CPM), and learning plans to address skills gaps identified by the audit. This effort will be accompanied by a crucial human resource alignment to ensure that the right profiles are in place to address all identified issues.

18. Additionally, a heightened focus will be placed on enhancing supervisory roles and professional development. There will be a robust focus on deploying systems and tools designed to improve planning and monitoring capabilities and early detection of potential issues.

19. Office Management is committed to implementing these recommendations, with the support of the Regional Office and Headquarters, while strengthening staff capacity in several areas highlighted in this report.

Acknowledgement

20. The OAIS team would like to thank the 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:
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Director
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I. AUDIT BACKGROUND

1. Togo has an estimated population of 9.3 million in 2024.⁴ The country ranked 163 out of 193 countries and territories on the Human Development Index in 2022.⁵ In 2020, the maternal mortality ratio was at 399 deaths per 100,000 live births. In 2024, the modern contraceptive prevalence rate for women aged 15-49 was 23 per cent, and the unmet need for family planning 22 per cent.⁶ Togo is classified as a Tier I programme country in the UNFPA Strategic Plan 2022-2025,⁷ and a priority country for the UNFPA Supplies Partnership programme.

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

- a) Office Governance – Office management, organizational structure and staffing, and risk management;
- b) Programme Management – Programme planning and implementation, and the management of Implementing Partners (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 by the Office from 1 January to 31 December 2023, which corresponded to the fifth year of the seventh Country Programme (CP7) 2019-2023, approved by the Executive Board in its second regular session of 2018, with indicative resources of \$20 million. Expenses covered by the audit amounted to \$5.1 million, executed by ten Implementing Partners (\$1.0 million or 20 per cent), and by UNFPA (\$4.1 million or 80 per cent) and were funded from core resources (\$2.9 million or 57 per cent) and non-core resources (\$2.2 million or 43 per cent).⁸ In addition, the audit covered the supply of reproductive health commodities totalling \$1.2 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme.⁹

5. Approximately 55 per cent of the expenses incurred in the period under review corresponded to the UNFPA Strategic Plan output ‘Quality of Care and Services’, 30 per cent to the ‘Policy and Accountability’ output, 12 per cent to the ‘Population Change and Data’ output, 2 per cent to the ‘Adolescence and Youth’ output, and 1 per cent to the ‘Humanitarian Action’ output.¹⁰

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

⁵ Source: <https://hdr.undp.org/system/files/documents/global-report-document/hdr2023-24reporten.pdf>

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

⁷ Tier I comprises programme countries that have not achieved any of the strategic plan’s three transformative results.

⁸ Source: Quantum Plus Power BI Account Activity Analysis report.

⁹ Source: Cognos Inventory Issuance Report and Cognos Status Report.

¹⁰ Source: Quantum Plus Power BI SFR Data Dump.

6. The UNFPA Office in Togo is in the capital city of Lomé. 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. The Office had 26 approved staff posts - 3 international and 10 national professional posts, and 13 general service posts. Two additional posts were covered under the Service Contract (one post) and United Nations Volunteer (one post) modalities.

II. AUDIT RESULTS

7. The audit results are presented below, by audit area.

A. OFFICE GOVERNANCE

MAJOR IMPROVEMENT NEEDED

8. The Office fostered and sustained positive partnerships with other United Nations organizations and the Office of the United Nations Resident Coordinator in Togo by actively participating in inter-agency coordination clusters and working groups.

A.1 – OFFICE MANAGEMENT

MAJOR IMPROVEMENT NEEDED

Issue 1 Inadequate results planning process

9. Applicable policy¹¹ requires the results and resources framework of the Country Programme Document (CPD) to 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 indicators and targets. The annual output indicators and targets should then be entered into the institutional management system¹² to monitor and report programme results, as well as inform deliverables expected from workplans. The deadline for approval of the 2024 Results and Resources Plans (RRP) in Quantum Plus was 24 January 2024.

10. Corporate guidelines for results planning, monitoring, and reporting, require the formulation of quarterly milestones for use in assessing progress toward the achievement of annual output indicator targets. These milestones are also used as workplan indicators.

11. Based on review of the 2024 RRP in Quantum and the testing of seven output indicators, the audit noted the following:

Delayed finalization of the 2024 Results and Resources Plan that would otherwise have been used for effective work planning

12. As of 20 March 2024, the Office had approved three versions of the 2024 RRP in Quantum. The first version, approved on 29 December 2023 by the Monitoring and Evaluation (M&E) Officer, was intended to test the new ERP system's functioning. The second version approved by the Representative on 10 January 2024, was prepared for budgetary purposes, lacked detailed programmatic information, and included a limited number of milestones to guide the development of workplans. A more detailed version of the 2024 RRP was approved on 15 March and included an increased number of milestones to be used in the preparation of workplans.

13. Due to the delayed finalization of a detailed 2024 RRP, none of the 2024 IP workplans were finalized and approved as of April 2024.

14. It is pertinent that finalization and approval of the 2023, 2022, and 2021 RRP also took place in March or April of each year, indicative of a recurring issue of their late finalization. However, while results planning and work planning in the past were performed in two separate systems, starting in 2024, the two processes were integrated into a single system (Quantum Plus). Consequently, delays in the finalization and approval of the RRP will delay the development of workplans and the start of programme implementation.

15. Office Management attributed the delay in finalization of the 2024 RRP to: (a) start of a new country programme; (b) transition to a new results and resources planning system (Quantum Plus); and (c) the postponement, by the Government, of the 2024 planning workshop with IPs from December 2023 to January 2024.

¹¹ Policy and Procedure for Development and Approval of the Country Programme Document.

¹² Strategic Information System in 2023 and Quantum Plus starting from 2024.

Inadequate formulation of milestones

16. Review of the 2024 RRP in Quantum approved on 15 March 2024, indicated a need to enhance the formulation (i.e., type and number) of milestones, specifically related to the following output indicators:

- a) *Proportion of healthcare facilities in the programme implementation area that have not experienced contraceptive stockouts in the last three months Baseline: 58 per cent (2023); Target: 65 per cent (2024). Milestones related to the indicator were: (i) The half-yearly distribution report for products is available; (ii) The quarterly inventory report is available; and (iii) The report of the national quantification workshop is available.*

The audit is of the view that while reporting is important for monitoring purposes, achieving the target would require additional deliverables defined as milestones as a basis for activities in the workplan. For example, to achieve the indicator, the Office would need milestones related to identifying and analyzing the root causes of stockouts and how to address them, including quantification of supply needs; development of distribution plans; timely procurement of supplies to achieve the distribution plans; and monitoring to ensure movement of supplies to the last mile in line with the distribution plans.

- b) *Number of in-school and out-of-school adolescents and youth aged 10-24 years reached by the comprehensive sexuality education programme. Baseline: 0 (2023); Target: 1000 (2024). Milestones related to the indicator were: (i) the number of adolescents and young people having completed at least 4 CSE modules out of the 7 required; and (ii) the number of teachers trained on CSE.*

Additional milestones are necessary to allow the Office to achieve the output indicator target. For example, the Office would need to ensure the following: (i) an outreach programme is developed and implemented; (ii) the number of candidates, segregated by in-school and out-of-school and their geographical locations within the three targeted regions, are identified; (iii) mapping and supporting facilities that provide Comprehensive Sexuality Education (CSE) as per the national standards; and (iv) mapping and training educators that provide training as per the national standards.

17. Based on discussion with different programme officers and Office Management, the above issues were attributed to weak capacity at the Office.

ROOT CAUSE	<i>Resources: insufficient human resources (lack of staff with proper skills set).</i>
IMPACT	<i>Delays in the preparation of robust results and resources plans negatively impact the timely preparation of workplans. Inadequate results planning may impair the Office's ability to effectively track and meet its programme results.</i>
CATEGORY	<i>Strategic.</i>

Recommendation 1	Priority: High
Strengthen the results planning process by: (a) training relevant Office staff on applicable policy and corporate guidance requirements; and (b) implementing quality assurance controls to develop timely quality results plans that could be used for effective work planning.	
<u>Manager Responsible for Implementation:</u> <i>Representative.</i>	
<u>Status:</u> <i>Agree.</i>	
Management action plan:	
The Office plans to take the following actions:	
a) Strengthen staff capacity through training on the preparation of RRP's;	
b) Conduct review and planning workshops with Implementing Partners on time and ensure all workplans are signed by January of each year;	

- c) Improve the formulation, revision, and addition of milestones to better align with the CPD output indicators and to ensure their robustness and completeness; and
- d) Improve the workflow process for the preparation, review, and quality assurance of RRP.

Estimated completion date: December 2025.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

MAJOR IMPROVEMENT NEEDED

Issue 2 Misalignment of organizational structure and staffing arrangements with the programmatic and operational requirements of CP8

18. As part of the development of the eighth Country Programme (2024-2026) (CP8) in April 2023, the Office prepared a draft human resource alignment plan (HR plan) to align its capacity with CP8’s programme delivery and operational needs, as required by policy.¹³ Subsequently, in December 2023, a newly appointed Representative proposed revisions to the HR plan.

19. At the time of the audit field mission in March 2024, the HR plan was yet to be finalized or approved.

20. Most findings in this report stem from a lack of capacity (skills) on the part of personnel entrusted to perform assigned functions, warranting a need to either finalize the HR plan or conduct a human resource alignment exercise to ensure appropriate staffing with the required capacity to enhance Office performance.

ROOT CAUSE *Guidelines: inadequate planning (the Office human resource alignment proposal should have been submitted shortly after approval of CP8).*

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

CATEGORY *Strategic.*

Recommendation 2	Priority: High
In coordination with the West and Central Africa Regional Office (WCARO) and Division for Human Resources (DHR), finalize and implement the human resource alignment plan and align the Office’s organizational structure and staffing arrangements for adequate capacity to conduct essential functions.	
Manager Responsible for Implementation: <i>Representative, with support from the Directors, WCARO and DHR.</i>	
<u>Status:</u> <i>Agree.</i>	
Management action plan:	
The Office plans to take the following actions:	
a) Under oversight by the Representative, conduct a systematic review of all staff CPMs to ensure their quality in 2024, accompanied by a robust learning plan targeting skills gaps in each function and performance management, with external expert support where possible; and	
b) Conduct a human resource alignment exercise with the support of WCARO and Headquarters to ensure adequate capacity in essential functions.	
Estimated completion date: December 2025.	

¹³ Policy and Procedures for Development and Approval of Country Programme Documents.

Issue 3 Unconducive working environment that impacts effective programme delivery and staff wellbeing

21. Applicable policy¹⁴ states that all individuals working for UNFPA have the right to be treated with dignity and respect and to work in an environment free from harassment, sexual harassment, abuse of authority, or discrimination.

22. Based on discussions with staff members, the audit team was made aware of certain issues affecting the Office work environment and several contributing factors, including lack of a collegial atmosphere amongst Office personnel that would otherwise be conducive for effective programme delivery and operational activities.

23. It is hereby note that the 2021 UNFPA Global Staff Survey indicated that 24 per cent of Office staff were victims of or witnessed bullying, violence (verbal or physical), or harassment, including use of derogative language and uncivil behavior, at work.

24. An Office retreat held in June 2022 to address the global staff survey's negative indicators resulted in an action which, however, did not include specific actions to address bullying.

ROOT CAUSE *Guidance: lack of supervision at the Office level.*

IMPACT *The Office work environment is negatively impacted by issues that remain unaddressed, negatively impacting staff wellbeing and diminishing the effectiveness and efficiency of programme delivery and operational activities.*

CATEGORY *Operational.*

Recommendation 3	Priority: High
Develop and implement a comprehensive action plan to address work environment issues, including those related to bullying and other negatively rated indicators noted in the 2021 UNFPA Global Staff Survey.	
Manager Responsible for Implementation: <i>Representative.</i>	
Status: <i>Agree.</i>	
Management action plan:	
The Office plans to take the following actions:	
<ul style="list-style-type: none"> a) Conduct at least two learning afternoons on UN staff rules & ethics and wellbeing at work; and b) With the support of WCARO, develop a plan with specific actions and indicators to address work environment issues, hire a stress counselor and other external resources, including designation of a wellbeing focal person for the Office. 	
Estimated completion date: June 2025.	

Issue 4 Gender imbalance at the National Programme Officer post level

25. UNFPA commits to prioritizing gender equality and the empowerment of women and girls, including inclusivity, women’s rights, women’s leadership, and bodily autonomy for all.¹⁵

26. Review of the Office’s organizational structure indicated a gender imbalance in National Programme Officer (NPO) posts. Of 11 NPO approved posts, 7 (64 per cent) were occupied by male staff, 3 (27 per cent) by females, and one was vacant.

¹⁴ Policies and Procedures Manual - Prohibition of Harassment, Sexual Harassment, Abuse of Authority and Discrimination.

¹⁵ UNFPA strategic plan, 2022-2025.

27. Office Management attributed the imbalance in staffing to a lack of gender balance criteria to be applied at the onset of the recruitment process and expressed a need to intensify efforts to nurture an office work environment that is conducive to women leadership and wellbeing.

ROOT CAUSE *Guidelines: lack of or inadequate Country Office policies or procedures (absence of criteria focusing on gender balance in the recruitment process).*

IMPACT *Increase in reputational risk for the Organization.*

CATEGORY *Operational.*

Recommendation 4	Priority: Medium
Promote gender balance in the Office’s recruitment processes through: (a) inclusion of criteria for gender balance in the recruitment of staff, including National Programme Officers; (b) intensification of efforts to nurture an office work environment that is conducive for women leadership and wellbeing.	
<u>Manager Responsible for Implementation:</u> <i>Representative.</i>	
<u>Status:</u> <i>Agree.</i>	
Management action plan: The Office plans to take the following actions: a) Develop and implement a gender checklist to ensure that full consideration is given to female candidates in upcoming recruitments, particularly for NPOs; and b) Ensure that female colleagues who are engaged in learning activities report them in the Quantum learning module and that supervisors duly support learning activities to foster an empowering environment for female professional careers.	
Estimated completion date: December 2025.	

Issue 5 Inadequate training of Office personnel

28. UNFPA has identified 11 mandatory training courses to be completed by all its personnel within the first three months of appointment.

29. As of March 2024, 16 Office personnel had not completed all the required mandatory courses. In addition, based on work performed in the various in-scope areas, several issues identified stemmed from an inadequate capacity of personnel entrusted to perform assigned functions. Further, the Office did not have an office-wide process where staff capacity-building opportunities were identified, and capacity development plans developed and implemented.

30. Office Management explained that reminders to comply with the training requirements were not frequent enough at the start of 2023, and that corrective measures had since been taken with a stronger tracking system in place.

ROOT CAUSE *Guidance: inadequate supervision at the Office level (inadequate oversight to ensure completion of mandatory courses and to develop personnel capacity).*

IMPACT *Personnel may neither be properly onboarded, nor their capability sufficiently developed, affecting the quality of programme delivery and operations.*

CATEGORY *Operational.*

Recommendation 5	Priority: Medium
Strengthen staff capacity by: (a) identifying skills capacity gaps as part of the Career Performance Management process; (b) training staff in pertinent areas of their service delivery and/or areas where capacity gaps need addressing; and (c) ensuring that mandatory corporate trainings are timely completed within the prescribed timeframes.	

<u>Manager Responsible for Implementation:</u> <i>Representative.</i>
<u>Status:</u> <i>Agree.</i>
<p>Management action plan:</p> <p>The Office plans to take the following actions:</p> <ul style="list-style-type: none"> a) Based on skills gaps identified by the audit and Office Management, establish a robust 2024 skills development plan with SMART indicators to be monitored by Office Management quarterly; b) Follow up on compliance with mandatory courses requirements during programme and operations meetings and the finalization of staff CPMs; and c) Continuously prioritize capacity building of staff in core areas of responsibility to ensure high quality programme delivery and operations.
Estimated completion date: December 2024.

A.3 – RISK MANAGEMENT

MAJOR IMPROVEMENT NEEDED

Issue 6 Ineffective risk management

31. Applicable policy¹⁶ requires that all Country Offices be subject to a risk assessment as part of development of new country programmes.

32. CP8 was approved in August 2023. However, the Office did not conduct a risk assessment as part of the development of the country programme, as required by policy. Nonetheless, the Office identified, in December 2023, a list of 15 risks that it communicated to WCARO. Its assessment of the identified risks and development of a risk response plan was yet to be completed at the time of the audit field mission in March 2024.

33. Several critical issues identified by the audit team, mainly in relation to IP management, programme supplies, procurement, and financial management could have been mitigated had the Office conducted a risk assessment and employed a rigorous risk management process.

ROOT CAUSE	<i>Guidance: inadequate supervision at the Office, Regional, and Headquarter levels. (inadequate oversight to ensure proper risk management).</i>
IMPACT	<i>The Office’s ability to timely identify risks and develop and implement appropriate mitigation measures is diminished, limiting its ability to effectively manage risks.</i>
CATEGORY	<i>Strategic.</i>

Recommendation 6	Priority: High
With support from WCARO, promptly complete the risk assessment and develop and implement appropriate risk response plans to address identified risks.	
<u>Manager Responsible for Implementation:</u> Representative, with support from the Director, WCARO.	
<u>Status:</u> <i>Agree.</i>	
<p>Management action plan:</p> <p>The Office plans to take the following actions:</p> <ul style="list-style-type: none"> a) Conduct the risk assessment, including an analysis and evaluation of risks; b) Select risk response options and escalation by identifying and implementing measures of risks; 	

¹⁶ Enterprise Risk Management, April 2022.

- c) Submit the risk assessment for validation at the appropriate Management level using the corporate enterprise risk management (ERM) application;
- d) Put in place appropriate risk response action plans and ensure their implementation and monitoring; and
- e) Report risk assessment results, risk response plans, and the implementation status of risk response actions through the ERM application.

Estimated completion date: December 2025.

B. PROGRAMME MANAGEMENT

UNSATISFACTORY

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION

MAJOR IMPROVEMENT NEEDED

Issue 7 Inadequate programme planning and monitoring

34. According to policy,¹⁷ the workplan is the 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.

35. Additionally, applicable policy¹⁸ requires Offices to document their monitoring and evaluation strategy with details on their approach to programme management for results, focusing on results monitoring, data collection, analysis, reporting, and planned evaluation. In addition, policy¹⁹ emphasizes a need for continuous/regular monitoring of programme activities implemented both by IPs and UNFPA. UNFPA programme managers are responsible for following up on all findings of monitoring activities, including recommendations and action points listed in workplan monitoring reports.

Inadequate work planning process

36. While UNFPA-implemented workplan activities were created in the corporate Global Programming System (GPS), the UNFPA workplans for 2023, 2022, and 2021 were not printed out, reviewed, and signed by the authorized UNFPA officials with overall responsibility for their implementation, as required by policy.

37. Two of three 2023 IP workplans reviewed were not signed by the authorized officers of IPs identified in the corresponding IP agreements. Office Management attributed these lapses to signed IP agreements not having updated lists of authorized IP officers.

Low financial implementation rate by IP

38. The Office registered a low overall IP financial implementation rate of 63 per cent in 2023. The low rate was attributed to one IP that accounted for 83 per cent of the unutilized budget (\$0.6 million), corresponding to an implementation rate of 30 per cent. The same IP registered a low financial implementation rate of 46 per cent in 2022. Office Management was unable to provide a cause for the low implementation rates in both years.

39. Based on discussion with Office staff responsible for managing the IP, activities that were not implemented by the IP were subsequently re-programmed for direct implementation by UNFPA. However, the Office did not revise the IP workplan and budget to release the unutilized funds (\$0.6 million) that were already committed in the workplan. Further, the audit could not validate the Office Management assertion that the activities were re-programmed as the Office did not create a workplan for UNFPA-implemented

¹⁷ Policy and Procedures for Preparation, Management and Monitoring of Workplans.

¹⁸ Policy and Procedure for Development and Approval of the Country Programme Document.

¹⁹ Policy and Procedures for workplan preparation, management, and monitoring.

activities. It should, however, be noted that no financial loss occurred to UNFPA because no funds were transferred to the IP.

Absence of a structured planning and execution of monitoring activities

40. The Office established a programme and financial monitoring process to take stock of management of resources and implementation of workplan activities. The process encompassed: (a) review of workplan progress reports and Funding Authorization and Certificate of Expenditure (FACE) forms submitted by IPs for each period in which activities were implemented and expenditures incurred; (b) undertaking spot checks to obtain sufficient assurance on the use of funds provided for the intended purposes; and (c) conducting ad hoc monitoring missions to monitor key workplan activities.

41. A review of the monitoring process indicated the following areas in need of improvement:

- a) Lack of ownership of the process to guide planning, implementation, and oversight over monitoring activities;
- b) No documented annual monitoring plans that outline planned activities, the corresponding workplans, individuals responsible for conducting monitoring, means of verification, and objectives of monitoring activities; and
- c) Monitoring visits to two IPs were not undertaken. The audit team was informed that one monitoring visit was conducted to a third IP. However, the corresponding monitoring report was not made available for review.

ROOT CAUSE *Resources: insufficient human resources (lack of staff with the requisite skills set).*

IMPACT *Inadequate programme planning and monitoring diminishes the Office's ability to timely identify and remediate issues arising from programme delivery and operations and to achieve expected results.*

CATEGORY *Operational.*

Recommendation 7	Priority: High
<p>Improve the Office's programme planning and monitoring processes by: (a) training relevant Office personnel on work planning; (b) complying with policy requirements regarding signing of workplans by authorized officer(s) identified in IP agreements; (c) undertaking continuous monitoring (at least quarterly) of programmatic progress and financial spending to ensure that programme activities are timely implemented in line with the approved workplans and allocated budgets; (d) developing detailed annual monitoring plans with defined responsibilities; and (e) implementing supervisory controls to ensure compliance with these requirements.</p>	
<p><u>Manager Responsible for Implementation:</u> <i>Representative.</i></p>	
<p><u>Status:</u> <i>Agree.</i></p>	
<p>Management action plan:</p> <p>The Office plans to take the following actions:</p> <ul style="list-style-type: none"> a) Conduct training on work planning and monitoring processes for all programme personnel; b) Strengthen the capacity of UNFPA staff and IPs in results-based management; c) Develop an annual monitoring plan with well-defined responsibilities for interventions in the field and ensure its implementation by involving IPs; and d) Hold joint monthly programme & operations meetings focused on programme planning and monitoring. 	
<p>Estimated completion date: December 2025.</p>	

B.2 – IMPLEMENTING PARTNER MANAGEMENT**UNSATISFACTORY****Issue 8** Ineffective IP management

IPs engaged without adequate assessment of their capacity in Protection from Sexual Exploitation and Abuse

42. Applicable guidance²⁰ requires IPs to conduct Protection from Sexual Exploitation and Abuse (PSEA) self-assessments and submit the results and supporting documents to the Office for review and finalization. In addition, the policy²¹ requires the workplan manager, with the support of the department's PSEA focal point, to assess and score a partner's capacity based on a set of eight core standards. To complete the self-assessment, the UNFPA workplan manager reviews the self-assessment and relevant documents and provides a score.

43. The following exceptions were noted:

- a) One of four non-government organizations (NGO) IPs subject to the PSEA requirement was not assessed;
- b) For the other three NGO IPs that were assessed, documents to support the IPs' self-assessments were missing, including UNFPA's assessment and scoring sheets - raising concerns as to whether the Office reviewed the self-assessments, as mandated by the policy;
- c) The United Nations Partner Portal (UNPP) did not include any PSEA-related information for three IPs engaged by the Office; and
- d) No evidence that regular IP monitoring encompassed activities designed to ensure ongoing compliance with PSEA requirements.

Late completion and insufficient documentation of spot-checks

44. According to the HACT framework,²² spot-checks are periodic on-site reviews performed to assess the accuracy of financial records for cash transfers to IPs and to determine whether there have been any significant changes to internal controls.

45. As part of its 2023 assurance plan, the Office planned to conduct spot checks of nine IPs between August and October 2023. At the time of the audit fieldwork, only three of the spot checks had been completed. Based on testing of related supporting documents in Implementing Partner Assurance System (IPAS) for the three spot-checks, besides the resultant spot-checks reports, other required documents, such as the FACE forms tested during spot-checks and testing spreadsheet, were not available.

46. Office Management attributed the incomplete spot-checks to diverted effort from regular activities to the implementation of Quantum throughout the year, particularly for two main staff responsible for spot-checks.

Review of IP direct payment requests lacks rigor

47. Applicable policy²³ requires that no cash transfer be made to IPs, under any of the authorized modalities, prior to signing an IP agreement and a workplan; and that cash transfers be in line with the approved workplan. The policy also requires that while preparing direct payment requests, IPs must clearly identify workplan activities to which the payments relate. In addition, policy requires programme associates to review direct payment requests for compliance requirements, expense eligibility, funding availability, as well as funding form accuracy. Policy further states that finance users should review direct payment reports

²⁰ UNFPA Operationalization of the United Nations Protocol on Allegations of Sexual Exploitation and Abuse Involving Implementing Partners - Assessment Process and Technical Guidance.

²¹ Ibid.

²² UNDG HACT Framework.

²³ The Policy and Procedures for Management of Cash Transfers to Implementing Partners.

under the supervision of the Operations Manager for compliance, voucher accuracy, funding availability, and expense eligibility.

48. The audit covered a sample of three direct payments amounting to \$40,564 made by the Office on behalf of one IP and noted that two transactions amounting to \$28,436 could not be traced to activities in properly approved workplans. The activities were included in a workplan uploaded to GPS that was signed by an IP representative in December 2023, but not countersigned by the UNFPA Representative, as required by policy.

ROOT CAUSE *Guidance: Inadequate supervision at the Office level (inadequate management oversight of the application of relevant IP management policies and procedures).*

IMPACT *UNFPA is exposed to increased reputational risk and risk of financial loss and nonachievement of expected results.*

CATEGORY *Operational.*

Recommendation 8	Priority: High
Strengthen the Implementing Partner management process by: (a) training Office personnel on corporate guideline requirements for Implementing Partners to conduct PSEA self-assessments and submit the results and supporting documents to the Office for review and finalization, and rigorous review of FACE forms and Direct Payment Request forms; and (b) conducting spot checks in a timely manner.	
Manager Responsible for Implementation: <i>Representative.</i>	
<u>Status: Agree.</u>	
Management action plan:	
The Office plans to take the following actions:	
a) Conduct training on PSEA and on proper review of FACE and Direct Payment Request forms;	
b) With the support of WCARO, train IPs on the use of Quantum Plus, followed by a review of existing IP information (i.e., bank details, contact, signatories, etc.) and internal controls;	
c) Complete PSEA training for existing IPs and ensure compliance with relevant guidelines;	
d) Allow sufficient resources to ensure that spot-checks are completed according to plan; and	
e) Closely monitor the IP management process, specifically compliance with PSEA requirements, use of FACE and Direct Payment forms, and timely completion of spot-checks.	
Estimated completion date: April 2025.	

B.3 – PROGRAMME SUPPLIES MANAGEMENT

UNSATISFACTORY

Issue 9 Inadequate needs assessment and forecasting of programme supplies

Ineffective quantification and forecasting of programme supplies needs

49. Applicable policy²⁴ requires the identification, based on rigorous needs assessments and quantifications, of any goods to be provided by UNFPA to address relevant country needs and contribute to the achievement of programme results. This is a key responsibility for budget holders working in collaboration with the appropriate in-country stakeholders. Forecasts should be determined based on accurate and up-to-date information on historical demand and consumption of the commodities to be supplied, extracted from the country's logistics management information system (LMIS). The identification and prioritization of the reproductive health (RH) commodities to be provided by UNFPA must be made based on comprehensive, national level, supply plans.

²⁴ Policy and Procedures on Management of Programme Supplies.

50. The following were noted from a review of the 2023 and 2024 commodity quantification reports:
- a) The reports were prepared following commodity quantification workshops involving several stakeholders in the country. However, the Office neither attended the workshops nor contributed to the discussions. Office Management explained that staff could not attend the 2023 workshop because they were away on a spot-check mission and that staff who participated in the 2024 workshop were not included in the participants' list. However, no evidence was made available to the audit team to support the Management assertions.
 - b) The quantifications and forecasts were determined based on historical trends and consumption of the commodities to be supplied, extracted from the country's LMIS, as required by policy. However, both quantification reports stated that there was a challenge of obtaining accurate data, warranting use of other data sources such as, health services, morbidity and/or demographic data, central warehouse deliveries, assumptions about future demand, program plans, and performance. The audit team confirmed the data quality issue during its visit to the central warehouse; and
 - c) Although the quantification reports reviewed allocated specific quantities of commodities to be supplied by UNFPA, there were no distribution plans to ensure that orders were timely sourced.

Programme supplies handed over to partners without signed agreements and approved workplans

51. Policy²⁵ stipulates that UNFPA programme supplies can be provided only to partners that have valid IP agreements with UNFPA and signed workplans or other appropriate programme documents specifying the products to be provided by UNFPA and their intended use. In exceptional circumstances, mainly in the context of humanitarian response interventions and ad-hoc, onetime activities, programme supplies can be provided to partners without valid IP agreements using Programme Supplies Distribution Agreements (PSDA), if certain qualifying conditions are met.

52. The Office signed workplans with two government IPs that received UNFPA-donated programme supplies for an aggregated amount of \$1.3 million. However, the workplans did not include any activities related to non-cash transfers of programme supplies, as required by applicable policy. In particular, the following information was missing from the workplans: (a) types and estimated volumes and values of the programme supplies to be provided by UNFPA; (b) descriptions of the intended use of the supplies provided, including, where appropriate, service delivery points (SDPs) and target populations to which they would be distributed; (c) anticipated collaborations with other development or humanitarian partners, if any, to distribute programme supplies; and (d) activities to be undertaken by the IPs to ensure that programme supplies are used as intended.

Inappropriate use of Programme Supplies Distribution Agreements

53. The Office signed three PSDAs with an IP for programme supplies amounting to \$343,857. However, it did not demonstrate the exceptional circumstances that justified use of PSDA, as required by policy. Additionally, the three PSDAs were signed post-facto after the supplies were delivered. For instance, on 27 February 2023, two sets of programme supplies in the amount of \$125,000 and \$120,172 were delivered to the IP, yet the corresponding PSDAs were both signed on 24 March 2024. Similarly, programme supplies amounting to \$98,685 were delivered on 2 June 2023 and the related PSDA signed on 3 July 2023.

ROOT CAUSE	<i>Resources: insufficient human resources (lack of staff with the required skills set).</i>
IMPACT	<i>Ineffective quantification and forecast of programme supplies needs could lead to stockouts and/or oversupply of reproductive health commodities. The omission of non-cash transfers of programme supplies from workplans may restrict the Office's ability to plan for and monitor the supply and distribution of programme supplies and can be a source of disagreements with IPs.</i>
CATEGORY	<i>Operational.</i>

²⁵ Policy and Procedures on Management of Programme Supplies.

Recommendation 9	Priority: High
Strengthen the programme supplies management process by: (a) participating in quantification workshops; (b) conducting quality assurance of quantification reports for relevance, accuracy, and completeness; and (c) signing Implementing Partner agreements and workplans that include the transfer of programme supplies prior to their handover to Implementing Partners.	
Manager Responsible for Implementation: <i>Representative</i> .	
Status: <i>Agree</i> .	
Management action plan: The Office plans to take the following actions, with support from WCARO and the UNFPA Supply Chain Management Unit (SCMU): a) Train staff on programme supplies policy requirements; b) Consistently participate in quantification meetings and ensure that quantification reports are reviewed, and quality assured by Office staff for relevance, accuracy, and completeness; c) Systematically sign IP agreements and workplans to include programme supplies prior to their handover to IPs; and d) Implement supervisory controls to ensure compliance with the supplies policy requirements.	
Estimated completion date: December 2025.	

Issue 10 Inadequate management of programme supplies

Flawed programme supplies handover process

54. Policy²⁶ requires that the handover of UNFPA programme supplies to IPs be preapproved and documented through delivery slips signed by appropriate IP personnel at the time the goods are delivered at IP warehouses.

55. A review of delivery slips for a sample of three items totalling \$0.8 million indicated the following:

- a) A consignment of 27,288 units of contraceptive implants valued at \$231,948 was delivered to an IP warehouse on 4 January 2024. Office staff signed the delivery slip on 12 January 2024, eight days after delivery. The slip was not signed by an IP representative.
- b) A second consignment was delivered to the same IP warehouse on 9 June 2023. However, Office staff signed the corresponding delivery slip on 29 June 2023, while the IP official signed it on 3 July 2023, approximately 24 days after delivery. The IP official was not the authorized officer specified in the IP agreement.
- c) A third consignment of 63,000 male condoms valued at \$226,800 was delivered to the IP warehouse on 14 September 2023. Office staff and an IP official signed the delivery slip on 8 and 9 November 2023, respectively, two months after the delivery date. In addition, the IP official who signed the document was not the authorized official specified in the IP agreement.

Inadequate warehousing, inventory records and physical inventory controls

56. Policy²⁷ requires that all supplies be stored in an organized and systematic manner, always kept within required temperature and humidity levels as specified in product labels and manufacturer's storage requirements, recorded on bin cards, and protected from birds, rodents, insects, and other animals.

²⁶ Policy and Procedures on Management of Programme Supplies.

²⁷ Policy and Procedures on Management of Programme Supplies.

57. The audit team visited the central warehouse, one regional warehouse and three SDPs in Lome, the capital city, where the central warehouse records indicated that deliveries of the items were made. The following exceptions were noted:

58. *Inadequate storage conditions* – The central warehouse facility, where female and male condoms valued at \$575,240 were stored, was not arranged in an orderly manner. There were no isles between the cartons of products, the rooms were dusty, crammed, hot, and poorly ventilated, making it difficult to perform a physical count. In addition, warehouse temperatures on the day of the visit were at 33 degrees Celsius, well above manufacturers' recommended condom storage temperatures of below 30 degrees Celsius.

59. At one SDP visited, 301 units of two contraceptive implants, with a total value of \$3,409 were stored at average temperatures of 33 degrees Celsius, well above recommended temperatures of 15 to 30 degrees Celsius.

60. *Poor recordkeeping* – A physical count of two contraceptive implants at the central warehouse indicated shortages of 871 units valued at \$7,404 for one contraceptive and 1,500 units for the other valued at \$12,750. The discrepancies corresponded to unrecorded inventory distributions made 13 days prior to the audit visit. In addition, discrepancies were noted between inventory distribution records and corresponding delivery slips.

61. Similarly, records at one SDP visited indicated that it received contraceptive implants from the central warehouse amounting to 200 on 2 February 2024, 27 units on 14 February 2024, and 134 units of another contraceptive implant on 2 February 2024. However, none of these receipts valued at \$3,069 were reflected in the central warehouse records.

62. Conversely, stock issues from the central warehouse to SDPs were not accounted for by the receiving SDPs.

Unaccounted commodities

63. Based on audit tests conducted during visits to the various warehouses and SDPs, the following were noted:

- a) According to the central warehouse records, 576,000 and 34,560 units of male condoms were issued to an SDP on 29 January and 8 February 2024, respectively. A visit to the SDP revealed that there were no records of receipts or issues of the units and no inventories of the items on hand to be verified. The value of the male condoms was \$2,134.
- b) The central warehouse issued 288,000 units of male condoms on 8 February 2024, as well as 4,000 of female condoms on 2 and 8 February 2024 to another SDP. A visit to the SDP revealed that there were no records of receipts or issues of the units and no inventories of the items on hand to be verified. The value of the condoms was \$3,008.
- c) According to the central warehouse records, the following programme supplies valued at \$7,965 were distributed to a regional warehouse.
 - i. 150 units and 300 units of a contraceptive implant distributed on 19 January and 2 February 2024, respectively;
 - ii. 288 units and 216 units of another contraceptive implant distributed on 19 January and 22 February 2024, respectively; and
 - iii. 288,000 units of male condoms distributed on 28 February 2024.

However, a visit to the SDP revealed that there were no records of receipts or issues of the units and no inventories of the items on hand to be verified.

Ineffective oversight over programme supplies

64. Policy²⁸ requires that UNFPA maintains fiduciary responsibility for ensuring that all goods supplied, including those consigned to other parties, have been received, managed, and safeguarded with due care, and used for the intended purpose (e.g., reached the designated beneficiaries).

65. The audit team, accompanied by the Office personnel in charge of programme supplies, visited the central warehouse, one regional warehouse, and three SDPs where UNFPA programme supplies were delivered. It was evident that IP representatives met during the visit did not know any of the Office personnel – corroborating other evidence (i.e., lack of any programme supplies monitoring reports during the period under review) that Office personnel did not undertake any monitoring visits to the warehouse facilities.

66. The issues noted above were attributed to weak programme supplies management capacity at the Office and IP levels, lack of a robust LMIS in the country, and ineffective oversight of the programme supplies management process.

ROOT CAUSE *Guidance: inadequate supervision at Country Office level.*

IMPACT *Inadequate programme supplies management negatively impacts commodity security and increases the risk of commodity diversion and fraud.*

CATEGORY *Operational.*

Recommendation 10	Priority: High
Develop Office and IP staff capacity on the management of programme supplies and, in collaboration with IPs that receive UNFPA supplies, improve warehousing conditions and physical inventory controls, inventory recordkeeping, and establish an effective monitoring process for visibility and assurance over the safeguarding, management, and use for intended purposes of programme supplies after their handover to partners or beneficiaries.	
<u>Manager Responsible for Implementation:</u> <i>Representative.</i>	
<u>Status:</u> <i>Agree.</i>	
<p>Management action plan:</p> <p>The Office plans to take the following actions:</p> <ul style="list-style-type: none"> a) Recruit an International Technical Specialist to lead the supplies programme; b) Support the training of IP staff on supplies management; c) Provide support for improving warehouse conditions and integrated distribution; d) Participate in IP quarterly inventory counts and consumption data reviews at central level, which is compulsory for the Reproductive Health Commodity Security (RHCS) team. e) Participate to the quarterly supply chain coordination meetings at the higher level of Assistant Representative; f) Undertake annual in country assessments as part of last mile assurance, which will include programme and operations staff to assess fiduciary risks associated with programme supplies handed over to IPs. The action will complement in-country assessments led by SCMU in coordination with the regional supply chain management team. g) In coordination with other strategic stakeholders, participate in the Ministry of Health eLMIS implementation process to improve data accuracy and visibility of data to the last mile. This will help provide timely data on commodities utilization. 	
Estimated completion date: December 2025.	

²⁸ Policy and Procedures on Management of Programme Supplies.

B.4 – MANAGEMENT OF NON-CORE FUNDING

SOME IMPROVEMENT NEEDED

Issue 11 Inadequate Integrated Resource Mobilization and Partnership Plan

67. The Resource Mobilization and Partnership Plan is an internal planning document that is prepared as part of Country Programme development. It should build on the costed needs of the Country Programme. The period covered by the Resource Mobilization Plan is the same as the CPD period.²⁹

68. The Office prepared an Integrated Resource Mobilization, Partnership, South-South Cooperation Plan (the Plan) as part of the CP8 package that was submitted to and subsequently cleared by WCARO. However, a review of the Plan by the audit team indicated that it did not meet all the requirements in the Resource Mobilization Strategy. Missing were the following: (a) a summary of the partnerships landscape and comparative advantage in the context of the country programme; (b) strategy to position UNFPA among partners and to fund the country programme, including UNFPA’s value proposition and resource mobilization targets; and (c) statement on the programme’s communication objectives, target audiences, key messages aligned with the country programme and its partnership/resource mobilization aims, and major communication actions, tools, and mechanisms.

69. In addition, while the CPD for CP8 showed a proposed indicative UNFPA assistance of \$16.0 million through co-financing modalities or other resources, the Plan showed expected resource mobilization of \$11.5 million, leaving a funding gap of \$4.5 million.

70. Office Management explained that efforts were underway to have all the required documentation in place by June 2024. Further, the Representative established a task force in September 2023 to complete the Plan’s missing elements and prepare a feasible and operational road map to achieve CP8’s resource mobilization target.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the Office level (inadequate oversight to ensure a complete and robust resource mobilization plan is in place).</i>
IMPACT	<i>The absence of a complete and robust Resource Mobilization Strategy may hinder the effectiveness of resource mobilization and fundraising efforts and increase the risk of insufficient funding.</i>
CATEGORY	<i>Strategic.</i>

Recommendation 11	Priority: Medium
Enhance and finalize the Resource Mobilization Plan, in line with the requirements of UNFPA’s Resources Mobilization Strategy, and the resource mobilization needs of the eighth Country Programme 2024-2026.	
Manager Responsible for Implementation: <i>Representative.</i>	
Status: <i>Agree.</i>	
Management action plan:	
With supported from WCARO, the Resource Mobilization Plan will be enhanced in line with the requirements of UNFPA Resource Mobilization Strategy.	
Estimated completion date: June 2025.	

²⁹ Resource Mobilization Strategy 2022-2025

C. OPERATIONS MANAGEMENT

MAJOR IMPROVEMENT NEEDED

C.1 – HUMAN RESOURCES MANAGEMENT

SOME IMPROVEMENT NEEDED

Issue 12 Non-compliance with the human resources policy and procedures on individual consultants

71. According to applicable policy:³⁰ (a) an individual consultant should be hired for assignments that are temporary in nature and that cannot be performed by regular staff; (b) an individual consultant cannot undertake supervisory functions over staff members or perform functions that are explicitly reserved for staff members under the UNFPA Financial Regulations or Rules, the Policy and Procedures Manual Internal Control Framework, or other applicable rules, administrative issuances or policies; and (c) a competitive recruitment process should be applied for selection of an individual consultant whose fees will exceed \$40,000 for international individual consultants; and \$20,000 for local individual consultants. A written explanation substantiating the reason for waiving the competitive selection process must be completed in a Waiver Form and signed by the Requesting Officer and the Approving Officer in the Hiring Office.

72. Based on testing of the processes followed in the recruitment of 10 individual consultants, the following exceptions were noted:

- a) The Office’s programme supplies management team was headed by an international individual consultant with a ten-month contract at a monthly fee of \$8,000 (i.e. a total sum of \$80,000). Togo is a priority country for the UNFPA Supplies Partnership programme and distributing commodities valued at \$1.6 million in 2023 and \$0.7 million in 2022, making this leadership position part of UNFPA’s central work and functions suited for a staff member.
- b) The Office recruited an individual consultant for a ten-month period to reposition UNFPA Togo's image (i.e., strategic and political communications and consulting services) at a daily rate of \$681 for a total fee of \$82,401. However, a competitive process was not followed in the selection of the individual consultant.
- c) Contracts for the recruitment of three individual consultants were signed by the Representative after delivery of the services commenced. Delays in signing the contracts ranged from 7 to 15 days.

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

IMPACT *Deficiencies in the recruitment process may bring about a perceived lack of transparency and fairness, increasing UNFPA’s exposure to reputational risk.
The use of consultants to perform core functions compromises long term planning and continuity of Office operations due to the short-term nature of their contracts.*

CATEGORY *Compliance.*

Recommendation 12	Priority: Medium
Strengthen supervisory controls over the recruitment process to promote: (a) appropriate use of individual consultancies in line with policy requirements; (b) competition in the recruitment of consultants; and (c) timely approval and signing of individual consultants’ contracts prior to their start dates.	
<u>Manager Responsible for Implementation:</u> <i>Representative.</i>	
<u>Status:</u> <i>Agree.</i>	

³⁰ Policy and Procedures for Contracting Individual Consultants

Management action plan:

The Office plans to take the following actions:

- a) Develop comprehensive Standard Operating Procedures on individual consultants to comply with the policy;
- b) Develop a checklist with detailed steps to be followed in the recruitment of individual consultants (i.e., terms of reference, memo of selection approval, competition process, fees, Individual consultant costing tool, contract, and certificate of payment); and
- c) Enhance supervisory controls over the individual consultancy process to ensure compliance with applicable policies and procedures.

Estimated completion date: December 2024.

C.2 – PROCUREMENT

UNSATISFACTORY

Issue 13 Non-compliance with UNFPA procurement procedures

73. According to applicable policy:³¹ (a) a formal method of solicitation should be used for procurement of goods and services above \$100,000; (b) request for quotations (RFQs) above \$50,000 must be reviewed by the Local Contracts Review Committee (LCRC) before contract award; (c) RFQ offers with a value of \$5,000 or more and below \$100,000 shall be subject to formal receipt and opening process; (d) all programme and non-programme goods received are subject to comprehensive receiving and inspection documented using the standard Receiving and Inspection Report (RIR); (e) a supplier performance evaluation tool must be completed for all individual purchase orders that equal or exceed \$5,000; and (f) budget owners should raise requisitions at the beginning of the procurement and solicitation processes to pre-encumber the required funds.

74. In addition, a staff member in the professional category from the Facilities and Administrative Services Branch (FASB) must clear, in writing, all solicitation documents relating to construction and renovation. In addition, business units must obtain clearance from the UNFPA Legal Unit before signing contracts for works and constructions.

75. The following deviations from procurement procedures were noted from testing a sample of 43 procurement transactions with a total value of \$822,204:

- a) The Office unduly used an informal method of solicitation (i.e., RFQ) to procure works amounting to \$357,533.
- b) In six instances each above \$50,000 in the combined value of \$342,920, proposals for contract awards were not submitted for LCRC review;
- c) In eight instances amounting to \$545,328 no formal bid receipt and bid opening reports were prepared;
- d) In 12 qualifying transactions tested (\$205,802), standard RIRs were not prepared to document the receipt and inspection of procured goods. Instead, Office staff acknowledged delivery of the items on supplier delivery notes and subsequently filed them as evidence of receipt. However, the delivery notes did not provide evidence that the quality and quantity of the goods received were checked against those ordered and whether any actions were taken in cases of non-compliance;
- e) Vendor evaluations were not conducted for 19 qualifying purchase orders tested (\$538,807);
- f) The Office did not apply for pre-clearance of solicitation documents by FASB, nor did it obtain clearance from the UNFPA Legal Unit before signing construction contracts involving seven different vendors in the aggregated amount of \$476,161;
- g) Based on a sample of 40 procurement transactions tested, the Office made commitments without pre-encumbering the funds necessary to satisfy present or anticipated claims for 13 transactions

³¹ Procurement Procedures.

totalling \$280,881. Delays in pre-encumbering funds through purchase orders ranged from 13 to 335 days following the signing of contracts.

ROOT CAUSE *Resources: inadequate training (unfamiliarity with applicable procurement procedures).*

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

CATEGORY *Compliance.*

Recommendation 13	Priority: High
Enhance oversight and compliance with procurement procedures, including by: (a) training relevant staff on procurement solicitation, including approval of construction works by authorized UNFPA officials, management and evaluation of bid submissions, procurement review and decisions, contract awards and funding encumbrance, bid receipt and inspection, and vendor performance evaluation; and (b) establishing supervisory controls to monitor compliance with procurement procedures.	
Manager Responsible for Implementation: <i>Representative.</i>	
Status: <i>Agree.</i>	
Management action plan: The Office plans to take the following actions: a) Conduct tailored training for procurement staff to allow an in-depth understanding of procurement procedures; and b) Enhance supervisory controls to ensure compliance with procurement procedures.	
Estimated completion date: February 2025.	

C.3 – FINANCIAL MANAGEMENT

MAJOR IMPROVEMENT NEEDED

Issue 14 Excessive use of cash by IPs to transact

76. The UNFPA General Terms and Conditions for IP Agreements, require IPs to exercise the highest standard of care when handling and administering cash, supplies and equipment provided to it by UNFPA.

77. A review of five payments amounting to \$113,849 processed by two IPs indicated that \$72,114 (63 per cent) were made in cash. For one IP, two of three transactions tested for workshop and training costs (\$45,875) were paid in cash. For a second IP, two transactions tested in the amount of \$53,024, of which \$26,239 related to workshop and training costs were paid in cash.

78. The cash payments typically involved withdrawing large sums of cash and entrusting them to an IP staff member who then travelled to where programme activities were taking place and distributed the cash. The practice poses high personal security risks to the concerned IP staff alongside other risks such as loss, theft, or misuse of cash.

79. There are safer modes of payments available in the country. For instance, UNFPA and other UN agencies in Togo used the services of payment service providers (PSP) such as telecom companies and banks offering cash payment facilities at pre-agreed transaction-based fees.

ROOT CAUSE *Guidelines: inadequate risk management process (risks not accurately assessed and mitigation measures not developed and implemented).*

IMPACT *Funds may not always be used for the intended purposes, resulting in financial losses to the Organization.*
Increased security risk to personnel, especially those handling and transporting cold cash.

CATEGORY *Operational.*

Recommendation 14	Priority: High
Discontinue the use of cash advances by Implementing Partner personnel and identify and engage appropriate payment service providers to process cash disbursements.	
Manager Responsible for Implementation: <i>Representative.</i>	
Status: <i>Agree.</i>	
Management action plan: The Office plans to take the following actions: a) Request IPs to limit the use of cash advances to only exceptional cases; b) Require Office staff to limit advances to activities that require use of cash by IPs; and c) Establish a control that will require reviewers of FACE and Direct Payment forms to inform and obtain approval from Office Management for any activities that require the use of cash.	
Estimated completion date: December 2024.	

Issue 15 Inadequate controls over cash disbursements

80. According to policy,³² adequate internal controls could contribute to the prevention of fraud in the process or allow for a timelier identification of potential red flags of the occurrence of fraud. Key anti-fraud controls include, among others: (a) clear individualization of payees and their identification and contact information through ‘authorized payee lists’; (b) obtention of payment receipt from payees; (c) validation and documentation of the identity and contact information of payees at the time of disbursement; and (d) review of disbursement reports for unusual, duplicate, unauthorized, or other potentially exceptional disbursements.

81. The Office used the services of a PSP for cash disbursements to individuals participating in programme activities. Review of a sample of seven transactions totalling \$66,855 indicated that the Office did not request and obtain from the PSP sufficient, appropriate evidence to verify that payments were made as planned to the intended beneficiaries.

ROOT CAUSE *Guidelines: inadequate risk management process (risks not assessed and mitigation measures not developed and implemented).*

IMPACT *Funds may be used for unintended purposes, resulting in financial losses and reputational risk to the Organization.*

CATEGORY *Operational.*

Recommendation 15	Priority: High
Enhance the monitoring of payments made by payment service providers to beneficiaries through consistent submission by the PSP and review by Office personnel of disbursement reports and other appropriate supporting documentation.	
Manager Responsible for Implementation: <i>Representative.</i>	
Status: <i>Agree.</i>	

³² Policy and Procedures on Management of Cash Disbursements

Management action plan:

The Office plans to take the following actions:

- a) Limit the use of the current PSPs for cash disbursements to exceptional cases duly approved by Office Management in writing; and
- b) Enhance internal control to ensure consistent submission by PSPs and review by Office personnel of disbursement reports and other adequate and sufficient supporting documentation.

Estimated completion date: December 2024

C.4 – GENERAL ADMINISTRATION

SOME IMPROVEMENT NEEDED

Issue 16 Ineffective controls over the management of motor vehicles and fuel

82. According to applicable policy³³ (a) daily log sheets, using a UNFPA template, must be reviewed each day and signed by the Vehicle Focal Point (VFP) and passed on to the Operations Manager monthly for verification; (b) the VFP must maintain a vehicle history record, using UNFPA template, for each UNFPA vehicle. This is the record of the vehicle’s service reliability and dependability. It also serves as a supporting document when a request for disposal of the vehicle is made. All information required in the form must be completed, including average fuel consumption per month, repairs, service, and maintenance. The record must be kept for the life of the vehicle; (c) the vehicle fuel tank must be filled completely at each refuelling so that the fuel consumption rate may be verified. Where petrol coupons are in use, a UNFPA register template must be maintained for petrol coupons providing data on acquisition and use, and the data must reconcile with vehicle records. Coupons must be stored in a safe place and their use controlled by administrative staff.

83. The Office operated a fleet of seven vehicles. Review of the Office’s vehicle management process indicated that daily log sheets are not consistently reviewed by the VFP and verified by the Operations Manager, leading to incomplete records, specifically missing fuel consumption records. Further, vehicle history records were not maintained for any of the Office vehicles. These records are key to the vehicle management process as they capture critical data for each vehicle, including average fuel consumption per month, repairs, service, and maintenance.

84. In 2023, the Office procured fuel worth \$50,248 for UNFPA and IP vehicles. A review of the fuel management process indicated the following exceptions:

- a) The Office was unable to provide analyses to allow an assessment of the reasonableness of fuel usage by both the Office and IPs;
- b) While the vehicle refuelling system at the Office allowed for partial refuelling of vehicles using coupons, the Office did not use the standard UNFPA register template prescribed in policy, limiting the availability of data on acquisition and usage of fuel, resulting in the inability to reconcile the data with vehicle records, as required by policy; and
- c) Coupons issued to IPs were not based on planned programme activities. Office Management was unable to provide any information on the number of coupons used by IPs or evidence of use of the coupons for programmatic purposes.

³³ Policies and Procedures Manual Vehicle Management Policy.

ROOT CAUSE *Guidance: inadequate supervision at the Office level (lapses in supervisory controls, particularly with respect to the review and approval of vehicle management records).*

IMPACT *There is increased risk of unauthorized use of Office vehicles and/or fuel pilferage.*

CATEGORY *Operational.*

Recommendation 16	Priority: Medium
Strengthen review and supervisory controls to ensure the systematic documentation, completeness, and accuracy of vehicle management records, and enforce compliance with applicable policy requirements.	
<u>Manager Responsible for Implementation:</u> <i>Representative.</i>	
<u>Status:</u> <i>Agree.</i>	
<p>Management action plan:</p> <p>The Office plans to take the following actions:</p> <ul style="list-style-type: none"> a) Establish dialogue with fuel providers to assess the conditions for card-operated fuelling; b) Maintain an accurate and complete daily logbook control and historical records for each vehicle to allow reconciliation between fuel consumption and vehicle usage; c) Separate the fuel supply function from the accounts reconciliation function; and d) Strengthen review and supervisory controls to ensure systematic documentation, completeness, and accuracy of vehicle management records and enforce compliance with applicable policy requirements. 	
Estimated completion date: December 2024.	

C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY

NOT ASSESSED

85. The area was assessed as low risk during the audit and, therefore, not tested.

C.6 – SAFETY AND SECURITY MANAGEMENT

SATISFACTORY

86. Work performed in this area included: (a) a review of the most recent security debriefing, the Security Risk Management Area, and Residential Security Management documents; (b) an assessment of compliance with mandatory security training requirements; and (c) a review of the Office Business Continuity Plan.

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

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 2016,³⁴ 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:

³⁴ 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

- 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.

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 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
CP7	Seventh Country Programme
CP8	Eighth Country Programme
CPD	Country Programme Document
CPM	Career and Performance Management
CSE	Comprehensive Sexuality Education
FACE	Funding Authorization and Certificate of Expenditure
FASB	Facilities and Administrative Services Branch
GPS	Global Programming System
HR	Human Resources
IIA	Institute of Internal Auditors
IP	Implementing Partner
IPAS	Implementing Partner Assurance System
LCRC	Local Contracts Review Committee
LMIS	Logistics Management Information System
M&E	Monitoring and Evaluation
NGO	Non-Government Organization
NPO	National Programme Officer
OAIS	Office of Audit and Investigation Services
PSDA	Programme Supplies Distribution Agreement
PSEA	Prevention of Sexual Exploitation and Abuse
PSP	Payment Service Providers
Quantum	UNFPA's Enterprise Resource Planning system
Quantum Plus	UNFPA's Results-Based Planning and Management System
RFQ	Request for Quotations
RH	Reproductive Health
RHCS	Reproductive Health Commodity Security
RIR	Receiving and Inspection Report
RRP	Results and Resources Plan
SCMU	Supply Chain Management Unit
SDP	Service Delivery Point
UN	United Nations
UNFPA	United Nations Population Fund
UNPP	United Nations Partner Portal
US\$	United States Dollars
VFP	Vehicle Focal Point
WCARO	West and Central Africa Regional Office