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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA COUNTRY OFFICE IN CUBA

FINAL REPORT
No IA/2024-17

18 October 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 Cuba (the Office). The audit was undertaken remotely from 22 July to 2 August 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 from 1 January 2023 to 31 March 2024, which corresponded to the fourth year and the first quarter of the fifth year of the ninth Country Programme 2020-2024, approved by the Executive Board in its first regular session of 2020 with indicative resources of US\$4.6 million (\$2.3 million of core resources and \$2.3 million of non-core resources).

3. Expenses covered by the audit amounted to \$1.8 million, executed by UNFPA (\$1.6 million or 89 per cent) and seven Implementing Partners (\$0.2 million or 11 per cent), and were funded from core resources (\$1.1 million or 61 per cent) and non-core resources (\$0.7 million or 39 per cent).¹

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 **"Satisfactory"**,² which means that 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. The issues and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area's objectives.

6. The audit provided recommendations to address the following issues: (a) an inadequate results planning process; (b) non-compliance with Protection from Sexual Exploitation and Abuse requirements; (c) ineffective management of programme supplies; and (d) non-compliance with procedures on procurement planning and use of third-party consignees for programme supplies and other commodities.

¹ Source: Quantum Plus Power BI Account Activity Analysis report. Figures are rounded to the nearest tenth.

² 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		Satisfactory
<i>Office management</i>		<i>Some improvement needed</i>
<i>Organizational structure and staffing</i>		<i>Satisfactory</i>
<i>Risk management</i>		<i>Satisfactory</i>
Programme Management		Some improvement needed
<i>Programme planning and implementation</i>		<i>Satisfactory</i>
<i>Implementing Partner management</i>		<i>Some improvement needed</i>
<i>Programme supplies management</i>		<i>Major improvement needed</i>
<i>Management of non-core funding</i>		<i>Satisfactory</i>
Operations Management		Satisfactory
<i>Human resources management</i>		<i>Satisfactory</i>
<i>Procurement</i>		<i>Some improvement needed</i>
<i>Financial management</i>		<i>Satisfactory</i>
<i>General administration</i>		<i>Satisfactory</i>
<i>Information and communication technology</i>		<i>Not assessed</i>
<i>Safety and security management</i>		<i>Satisfactory</i>

Good practice identified

8. The Office engaged effectively with other United Nations organizations, including taking a lead role in the interagency group on Gender, fostering and sustaining positive partnerships with other organizations in Cuba.

Key recommendations Total = 4; high priority = 1

9. For the high priority recommendation, 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). The high priority recommendation is presented below.

Operational level

10. The Office needs to strengthen its programme supplies management process by: (a) engaging with the appropriate in-country partners to promote the establishment of a national commodity coordination mechanism involving all relevant national and development sector partners and stakeholders to assess reproductive health needs and to develop comprehensive, national level supply plans; (b) conducting quality assurance reviews of needs assessment reports and supply plans for relevance, accuracy, and completeness; and (c) signing Implementing Partner agreements and workplans that include, where applicable, the transfer of programme supplies prior to their handover to Implementing Partners.

Implementation status of previous OAIS recommendations

11. The Office was last audited by OAIS in 2002.³ All recommendations arising from the audit were fully implemented and closed. The Office has not previously been audited by the United Nations Board of Auditors.

Management comments and action plan

12. UNFPA Cuba Office Management agrees with the audit findings and related recommendations. The Office appreciates the comprehensive process and recognizes the contribution of the audit team in identifying areas for improvement. The action plans will contribute to improving the Office's performance

³ Report Number No RCP0066 issued on 1st November 2002 with a 'Partially Satisfactory' rating.

within the framework of national priorities and the United Nations System's role in Cuba. The action plans will be implemented in 2024 and 2025.

Acknowledgement

13. The OAIS team would like to thank Management and personnel of the Office, the Latin America & the Caribbean Regional Office, and various Headquarter units for their cooperation and assistance throughout the audit.

Signed by:
Moncef Ghrib
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Moncef Ghrib
Director
Office of Audit and Investigation Services

I. AUDIT BACKGROUND

1. Cuba has an estimated population of 11.2 million as of 2024.⁴ The country ranked 85th out of 193 countries and territories on the Human Development Index for 2022, and 73rd on the Gender Inequality Index in the same year.⁵ In 2020, the maternal mortality ratio stood at 39 deaths per 100,000 live births. In 2024, the contraceptive prevalence rate (all methods) for women aged 15-49 was 69 per cent, and the unmet need for family planning 8 per cent.⁶ Cuba is classified as a Tier III programme country in the UNFPA Strategic Plan 2022-2025.⁷ The Office did not receive any programme supplies under the UNFPA Supplies Partnership programme.

2. As set out in the 2024 OASIS Annual Work Plan, an audit of the UNFPA Country Office in Cuba 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 engagement was conducted remotely and, therefore, the audit procedures undertaken may have been impacted by the following:

- a) The audit team relied on scanned copies of documents provided by the Office;
- b) Meetings with Office staff and personnel were carried out virtually;
- c) Project visits (i.e., implementation site visits and in-person meetings with partners, and beneficiaries) were not conducted; and
- d) Physical verifications of programme supplies and assets were not performed.

5. The audit covered activities conducted from 1 January 2023 to 31 March 2024, which corresponded to the fourth year and the first quarter of the fifth year of the ninth Country Programme 2020-2024 (CP9), approved by the Executive Board in its first regular session of 2020 with indicative resources of US\$4.6 million (\$2.3 million of core resources and \$2.3 million of non-core resources). Expenses covered by the audit amounted to \$1.8 million, executed by UNFPA (\$1.6 million or 89 per cent) and seven Implementing Partners (\$0.2 million or 11 per cent), and were funded from core resources (\$1.1 million or 61 per cent) and non-core resources (\$0.7 million or 39 per cent).⁸

6. Approximately 38 per cent of expenditures incurred in 2023 corresponded to the Strategic Plan output 'Humanitarian Action',⁹ 25 per cent to the 'Quality of Care and Service' output, 12 per cent to the

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

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

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

⁷ Tier III comprises programme countries that have met at least two of the strategic plan's three transformative results.

⁸ Source: Quantum Plus Power BI Account Activity Analysis report. Figures are rounded to the nearest tenth.

⁹ incurred in response to the hurricane Ian that hit the country in 2022.

'Gender and Social Norms' output, 11 per cent to the 'Population Change and Data' output, 9 per cent to the 'Adolescents and Youth' output, and 5 per cent to the 'Policy and Accountability' output.¹⁰

7. The UNFPA Office in Cuba is in the capital city of Havana. During the period under review and at the time of the audit fieldwork, the Office was managed by a non-resident Country Director, assisted by a Head of Office. The Office had five approved staff posts – two national officer and three general service posts. Three additional posts were covered under the service contract modality.

¹⁰ Source: SFR Data Dump report for 2023. Data not yet available for 2024.

II. AUDIT RESULTS

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

A. OFFICE GOVERNANCE	SATISFACTORY
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9. The Office engaged effectively with other United Nations (UN) organizations, including taking a lead role in the interagency group on Gender, fostering and sustaining positive partnerships with other UN organizations in Cuba.

A.1 – OFFICE MANAGEMENT	SOME IMPROVEMENT NEEDED
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Issue 1 Inadequate results planning process

10. Applicable policy¹¹ 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 system¹² to monitor and report programme results, as well as inform deliverables expected from workplans.

11. A review of the 2023 results plan in SIS and the 2024 results and resources plan (RRP) in Quantum Plus indicated the following instances of misalignments with CP9’s RRF:

- a) One CP9 output indicator was not included in the 2024 RRP;
- b) One 2024 RRP output indicator target was inconsistent with the corresponding one specified in the CP9 RRF; and
- c) One output indicator in the 2023 SIS results plan did not reflect an adjustment made to the corresponding output indicator in the CP9 RRF made at the mid-term review of the country programme in 2022.

12. Further, in three instances, defined output indicator targets in the 2024 RRP, which should have been cumulative ascending taking into account the updated baselines, were below the reported results for the same indicators in the 2023 SIS results plan.

13. The above issues, subsequently corrected in the 2024 RRP following the audit observations, stemmed from ineffective quality review of results plans.

ROOT CAUSE	<i>Guidance: inadequate supervision at the Country Office level (inadequate oversight to ensure development of quality results planning documents).</i>
IMPACT	<i>Inadequate results planning may impair the Office’s ability to track and meet its programme targets.</i>
CATEGORY	<i>Strategic.</i>

Recommendation 1	Priority: Medium
Strengthen the results planning process by: (a) aligning output indicators in annual results plans to those in the Country Programme Document’s results and resources framework; (b) formulating quality output indicator targets taking into consideration previously achieved results; and (c) enhancing the quality assurance controls over the results plans.	
<u>Manager Responsible for Implementation:</u> Country Director, with support from the Head of Office.	

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

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

Status: *Agree.*

Management action plan:

The following actions will be taken to implement the audit recommendation:

- a) Carry out an annual planning meeting to review the formulation and definition of baselines, targets, and milestones, with the participation of the Monitoring & Evaluation (M&E) Regional Advisor;
- b) Establish a control mechanism with the Country Director, Head of Office, and the M&E Regional Advisor to ensure alignment and quality assurance of the results planning process; and
- c) Train programme staff on Results-Based Management with the support from the M&E Regional Advisor.

Estimated completion date: *March 2025.*

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

SATISFACTORY

14. Audit work performed in this area included a review of: (a) alignment of the Office’s organizational structure and staffing arrangements with its programme delivery and operational needs; (b) appropriate use of personnel contractual modalities; (c) the effectiveness of the Office’s performance planning and appraisal process; and (d) the relevance and sufficiency of staff development activities undertaken during the period under review.

15. Based on the work performed in this area, the audit identified one low-risk issue that was reported to Management and disposed of during the audit.

A.3 – RISK MANAGEMENT

SATISFACTORY

16. Audit work performed in this area included: (a) review of the latest corporate strategic and fraud risk assessments completed by the Office in 2019, and subsequently updated in 2023; (b) inquiries with Office Management to gain an understanding of the Office’s current risk exposure and any mitigating actions taken; (c) assessing whether issues reported in other audit areas stemmed from inadequate or ineffective risk management activities.

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

B. PROGRAMME MANAGEMENT

SOME IMPROVEMENT NEEDED

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION

SATISFACTORY

18. Audit work performed in this area included: (a) an assessment of the process followed to prepare, cost, and approve the 2024 workplans; and (b) review of processes for implementing and monitoring the 2023 and 2024 workplans.

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

B.2 – IMPLEMENTING PARTNER MANAGEMENT

SOME IMPROVEMENT NEEDED

Issue 2 Non-compliance with Protection from Sexual Exploitation and Abuse (PSEA) requirements

20. Per applicable guidance,¹³ it is required to assess and score the capacity of the partners to prevent and respond to sexual exploitation and abuse based on a set of eight core standards on PSEA organizational policies and procedures to prevent and respond to SEA. For partners who score less than full capacity, the Office is required to develop and monitor implementation of capacity strengthening implementation plans aimed at reaching “full capacity level” within six months maximum. Six months after the partner and UNFPA complete an implementation plan, the UNFPA workplan manager must reassess any partner who received a medium or low capacity PSEA capacity rating during the initial assessment, assign a new PSEA capacity rating to the partner, and adopt the course of actions outlined in the applicable policy as a result of the re-assessment.

21. In 2021, the Office assessed and scored the capacity of the only two non-governmental organization (NGO) IPs engaged during the period under review. The first partner received a low PSEA capacity rating, and the second a medium rating. As a result, a capacity strengthening implementation plan was established by the Office’s PSEA focal point, with action plans to be implemented by the second quarter of 2022. However, the Office did not reassess and score the PSEA capacity of the two partners, as required by policy.

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

IMPACT *Risk of continued engagement of IPs notwithstanding their limited PSEA capacity, increasing UNFPA’s exposure to reputational risk.*

CATEGORY *Compliance.*

Recommendation 2	Priority: Medium
Promptly conduct PSEA capacity reassessments of the two Implementing Partners and, based on the capacity levels identified, follow the applicable policy requirements.	
<u>Manager Responsible for Implementation:</u> Country Director, with support from the Head of Office.	
<u>Status:</u> <i>Agree.</i>	
<p>Management action plan:</p> <p>The following actions will be taken to implement the audit recommendation:</p> <ul style="list-style-type: none"> a) Reassess the PSEA capacity of the two NGO IPs; b) Use the results of the reassessments to determine whether to continue engaging the IPs, increase monitoring, or employ other risk mitigation measures, as necessary; and c) Update the relevant information in the UN Partner Portal (UNPP). 	
Estimated completion date: <i>March 2025.</i>	

¹³ UNFPA Operationalization of the United Nations Protocol on Allegations of Sexual Exploitation and Abuse Involving Implementing Partners

B.3 – PROGRAMME SUPPLIES MANAGEMENT

MAJOR IMPROVEMENT NEEDED

Issue 3 Ineffective management of programme supplies

Lack of Office’s involvement in the needs assessment process and forecasting of programme supplies

22. Per applicable policy,¹⁴ the determination of the programme supplies to be provided by UNFPA to address relevant country needs and contribute to the achievement of programme results must be informed by rigorous needs assessments and forecasts. Moreover, the determination of reproductive health (RH) commodities to be provided in countries where UNFPA provides RH commodities on a regular basis, must be made based on comprehensive, national level supply plans reviewed and approved by the Head of Office, to ensure complementarity of efforts, and to minimize overlaps in supplies provided by different programme stakeholders. RH commodities forecasts are typically developed under the guidance and supervision of Commodity Coordinating Committees, or similar in-country coordination mechanisms created to improve the availability of commodities in national health supply-chains, and quality assured, for relevance, accuracy, and completeness, and approved by both the budget holders and by the regional Reproductive Health Commodity Security Advisors.

23. During the period under review, the Office supplied RH commodities and other inventory items to a government partner at a total cost of \$0.5 million. The inventory items supplied comprised mainly contraceptives, RH kits, dignity kits, medical devices, and pharmaceutical products.

24. A review of the country’s needs assessment and forecasting processes indicated that a national RH commodity coordinating mechanism incorporating the typical relevant stakeholders such as national and development sector partners and UNFPA, did not exist. Such a mechanism would have ensured that the actions of all relevant parties are synchronized and complementary of each other.

25. Office Management explained that RH commodity needs were estimated and forecasted by a committee of the Ministry of Health. However, the resultant needs assessment reports were not shared with the Office for review to inform the programme supplies to be provided by UNFPA. Based on Management inquiry, some RH commodities (e.g. condoms) are also supplied to the country by other stakeholders, albeit without visibility to the Office on their volume and distribution.

Workplan signed with partner does not include programme supplies

26. Policy¹⁵ stipulates that UNFPA programme supplies can only be provided to partners that have valid IP agreements with UNFPA and signed workplans or other appropriate programme documents specifying: (a) the types and estimated volumes of the programme supplies to be provided by UNFPA; (b) their estimated values; (c) any responsibilities of and costs to be assumed by IPs for customs clearance and transportation of the programme supplies from their point of destination to IP facilities; (d) a description of the intended use of the supplies provided, including, when appropriate and as feasible, the service delivery points and target populations to which they should be provided; (e) any foreseen collaboration with other development or humanitarian partners, if any, in distributing the programme supplies; and (f) the activities to be undertaken by the IPs to ensure the programme supplies are used for the intended purposes.

27. The Office signed an IP agreement and annual workplans with the Government IP that received UNFPA-donated programme supplies for an aggregate amount of \$0.5 million. However, the workplans did not include details on the above policy-specified activities in relation to the subsequent non-cash transfers of the programme supplies.

ROOT CAUSE *Resources: inadequate training (inadequate knowledge of applicable policies and procedures).*

IMPACT *The absence of a commodity coordinating mechanism in the country could lead to stockouts and/or oversupply of reproductive health commodities.*

¹⁴ Policy and Procedures on Management of Programme Supplies.

¹⁵ Ibid.

The omission, from workplans, of activities related to non-cash transfers of programme supplies restrict the Office’s ability to effectively plan for and monitor the supply and distribution of programme supplies and can be a source of disagreements with IPs.

CATEGORY *Operational.*

Recommendation 3	Priority: High
<p>Strengthen the programme supplies management process by: (a) engaging with the appropriate in-country stakeholders for the establishment of a national commodity coordination mechanism involving all relevant national and development sector partners and stakeholders to conduct needs assessments and forecasting; (b) requesting the Government to provide to the Office the needs assessment and forecasting reports it prepares for review so as to inform the programme supplies to be provided by UNFPA; and (c) including the relevant details on non-cash transfers of programme supplies in workplans.</p>	
<p><u>Manager Responsible for Implementation:</u> Country Director, with support from the Head of Office.</p>	
<p><u>Status:</u> <i>Agree.</i></p>	
<p>Management action plan:</p> <p>The following actions will be taken to implement the audit recommendation:</p> <ul style="list-style-type: none"> a) Lead an internal United Nations Country Team coordination committee on Sexual and Reproductive Health (SRH) supplies to ensure an integrated approach and quality assurance for SRH supplies in the country; b) Engage with the country’s health authorities and other relevant stakeholders to advocate for the creation of a national commodity coordination mechanism to assess reproductive health needs and develop national supply plans; c) Obtain the resulting needs assessment reports and supply plans and conduct quality assurance for relevance, accuracy, and completeness. d) Provide training opportunities to the Ministry of Health to improve its capacity in commodity security (i.e., forecasting, tracking supply plans, monitoring stock status, quality assurance, and surveillance). e) Sign supplies distribution plans with the IP during the formulation of annual workplans. These should include distribution milestones, target populations and territories, as well as linkages with other workplan activities on the workplan cover page. 	
<p>Estimated completion date: <i>October 2025.</i></p>	

B.4 – MANAGEMENT OF NON-CORE FUNDING

SATISFACTORY

28. 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 donors of the Office.

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

C. OPERATIONS MANAGEMENT

SATISFACTORY

C.1 – HUMAN RESOURCES MANAGEMENT

SATISFACTORY

30. Audit work performed in this area included testing the recruitment of a sample of local staff, service contracts, and individual consultancies for linkage to the corresponding workplans, compliance with applicable policies and procedures, and operating effectiveness of controls in the areas of: (a) recruitment; (b) contract award; and (c) contract management.

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

C.2 – PROCUREMENT

SOME IMPROVEMENT NEEDED

Issue 4 Non-compliance with procedures on procurement planning and use of third-party consignees

32. According to UNFPA procurement procedures: (a) each business unit is required to complete an annual procurement plan, using the online UNFPA Procurement Planning Tool, and review it on a quarterly basis; (b) in situations where other parties serve as consignees, logistics focal points must still be present at customs clearance, and receiving inspection to ensure that these processes are handled properly and any discrepancies promptly reported; and (c) for all shipments in excess of \$100,000, written confirmation on the rationale for designating a third-party consignee, measures for timely customs clearance, and measures to ensure inspection of goods on arrival must be forwarded to the procurement focal point and the Finance Branch inventory team for joint review and approval.

33. A review of the Office’s procurement process indicated the following:

- a) The Office developed comprehensive procurement plans for 2023 and 2024 outside the corporate planning tool. The tool was used to record only part of the planned purchases for the years. For instance, out of a total 160,800 units of contraceptives included in the procurement plans, only 39,000 were recorded in the planning tool;
- b) Third parties served as consignees for shipments of programme supplies and other commodities procured by the Office at a cost of \$0.5 million. The shipments included one for commodities costing over \$0.2 million. However, the Office did not seek and obtain the policy-mandated joint review and approval of the procurement focal point and the Finance Branch inventory team; and
- c) The Office’s logistics focal point did not consistently attend customs clearance, receiving, and inspection of shipments of programme supplies and other commodities consigned to third-party entities.

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

IMPACT *Procurement planning outside the prescribed corporate planning tool limits visibility of the plans to all relevant UNFPA business units and may impact the efficiency and effectiveness of procurement activities, including the achievement of best value for money.*

Using a third-party consignee for UNFPA programme supplies without prior approval of the designated officials increases reputational, legal, and financial risks for UNFPA.

The absence of logistics focal points at customs clearance, reception, and inspection of goods shipped to a third-party consignee diminishes the Office’s responsibilities in

the management of programme supplies set forth in policy and any discrepancies in the process may not be timely detected and remediated.

CATEGORY *Compliance.*

Recommendation 4	Priority: Medium
Enhance compliance with procurement procedures by:	
<ul style="list-style-type: none"> a) Training relevant staff on: (i) the requirement to use the online UNFPA Procurement Planning Tool to develop procurement plans and review them on a quarterly basis; and (ii) applicable procedures on prior review and approval by designated UNFPA officials for shipments in excess of \$100,000 consigned to third parties and attendance, by logistics focal points, at customs clearance, reception and inspection of goods shipped through third-party consignees; and b) Establishing supervisory controls to monitor compliance with procurement procedures. 	
<u>Manager Responsible for Implementation:</u> Country Director, with support from the Head of Office.	
<u>Status:</u> <i>Agree.</i>	
Management action plan:	
The following actions will be taken to implement the audit recommendation:	
<ul style="list-style-type: none"> a) Provide in-house training to the Administrative and Finance Associate on use of the Procurement Planning Tool; b) Liaise and coordinate with the Ministry of Health to ensure that the Office’s logistics focal point participates in customs clearance and receiving inspection of shipments consigned to third parties; and c) Quarterly monitor the procurement planning tool. 	
Estimated completion date: <i>February 2025.</i>	

C.3 – FINANCIAL MANAGEMENT

SATISFACTORY

34. 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; (f) budget management process; and (e) effectiveness of the financial management accountability process.

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

C.4 – GENERAL ADMINISTRATION

SATISFACTORY

36. Work performed in this area focused on travel management and included a walk-through of the travel process and testing of a sample of travel-related transactions for appropriateness of business purpose, compliance with policies and procedures, and operating effectiveness of controls over: (a) the procurement of travel services; and (b) authorization, calculation, and payment of daily subsistence allowances. Based on the work performed in this area, the audit identified operational matters considered to be of low risk, which were reported to Management in a separate memorandum.

37. Asset management was assessed as low risk during the audit and, therefore, not tested.

C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY

NOT ASSESSED

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

C.6 – SAFETY AND SECURITY MANAGEMENT

SATISFACTORY





39. Work performed in this area included: (a) an assessment of compliance with mandatory security training requirements; and (b) a review of the Office Business Continuity Plan.

40. 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 2016,¹⁶ are explained below:

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

B. CATEGORIES OF ROOT CAUSES AND AUDIT ISSUES

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

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

Guidance: inadequate or lack of supervision by supervisors

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

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

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

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

Intentional: intentional overriding of internal controls.

Other: factors beyond the control of UNFPA.

¹⁶ 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

Acronym	Descriptions
CP9	The ninth Country Programme
CPD	Country Programme Document
CPM	Career and Performance Management
ERM	Enterprise Risk Management
IIA	Institute of Internal auditors
IP	Implementing Partner
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
OAIS	Office of Audit and Investigation Services
PSEA	Protection from Sexual Exploitation and Abuse
RH	Reproductive Health
RRF	Results and Resources Framework
RRP	Results and Resources Plan
SIS	Strategic Information System
SRH	Sexual and Reproductive Health
UN	United Nations
UNCT	United Nations Country Team
UNFPA	United Nations Population Fund
UNPP	United Nations Partner Portal
US\$	United States Dollars