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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA
EAST AND SOUTHERN AFRICA REGIONAL OFFICE

FINAL REPORT
Nº IA/2025-05

06 March 2025

TABLE OF CONTENTS

EXECUTIVE SUMMARY

1.   The Office of Audit and Investigation Services (OAIS) conducted an audit of the UNFPA East and Southern Africa Regional Office (ESARO or the Office). An audit field mission took place from 18 November to 6 December 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) Support to and oversight of Country Offices – Country programme strategic plan alignment, country programme preparation, monitoring of country office performance, provision of technical support, and resource mobilization;
   c) Programme Management – Regional programme planning and implementation, Implementing Partner management, and management of non-core funding; and
   d) Operations Management – Human resources management, procurement, financial management, general administration, information and communication technology, and staff safety and security management.

2.   The audit covered activities conducted by the Office from 1 January 2023 to 30 September 2024, which corresponded to the second year and the first three-quarters of the third year of the East and Southern Africa Regional Programme (2022-2025), approved by the Executive Board in its second regular session of 2021, with indicative resources of US$40.3 million.

3.   Expenses covered by the audit amounted to $25.9 million, executed by nine Implementing Partners ($1.5 million or six per cent), and by UNFPA ($24.4 million or 94 per cent) and funded from core resources ($14.1 million or 54 per cent) and non-core resources ($11.8 million or 46 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 Auditor (The IIA).

Overall audit rating

5.   OAIS issued an overall audit rating of **"Partially Satisfactory with Some Improvement Needed,"**[2] which means that 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. The issues 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.

6.   The audit provided recommendations to address the following issues: (a) non-completion of UNFPA mandatory trainings; (b) insufficient technical assistance to and oversight of Country Offices' programme planning, monitoring, evaluation, and reporting; (c) gaps in Implementing Partner management; (d) delays in donor reporting; (e) inadequate procurement planning; (f) erroneous classification of transactions and inconsistent activity coding and tagging; and (g) non-compliance with travel policy requirements.

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[1] Source: QuantumPlus Power BI Account Activity Analysis report.
[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**
Office management		*Satisfactory*
Organizational structure and staffing		*Satisfactory*
Risk management		*Satisfactory*
Support to and oversight over Country Offices		**Some improvement needed**
Country programme strategic plan alignment		*Satisfactory*
Country programme development		*Satisfactory*
Monitoring of country office performance		*Satisfactory*
Provision of technical assistance		*Some improvement needed*
Resource mobilization		*Satisfactory*
Regional Programme Management		**Some improvement needed**
Programme planning and implementation		*Satisfactory*
Implementing Partner management		*Some improvement needed*
Programme supplies management		*Some improvement needed*
Management of non-core funding		*Some improvement needed*
Operations Management		**Some improvement needed**
Human resources management		*Satisfactory*
Procurement		*Some improvement needed*
Financial management		*Some improvement needed*
General administration		*Some improvement needed*
Information and communication technology		*Satisfactory*
Staff safety and security		*Satisfactory*

Good practices identified

8. The Office established good internal coordination mechanisms evidenced by minutes of regular meetings at various levels of engagement. Senior management team meetings and programme and operations meetings were systematically held and well documented, enhancing the Office's ability to effectively monitor the status of programme delivery and operations, and to carry out timely decision-making.

9. To support Country Offices, ESARO established sound procedures for supporting and quality assuring the development of Country Programme Documents. It also standardized and documented its operating procedures for support and oversight activities.

10. To enhance its regional programme management, the Office created a workplan guidance note to facilitate annual workplan development. Further, it established systems to ensure that programme activities were closely monitored through the quarterly and annual programme review processes.

11. Following the Organization's post-pandemic adoption of flexible working arrangements that include remote and hybrid work modalities in certain settings, ESARO made extensive and effective use of AODocs, a document management system designed to improve the efficiency and effectiveness of controls and act as a document repository that leaves a clear electronic audit trail, for managing its programme and operational activities, records, and technical assistance and other support to Country Offices.

12. Lastly, the Office proactively performed evaluations of Security Risk Management and Minimum Operating Security Standards to establish baselines for managing office security.

Key recommendations Total = 7, high priority = 2

13. 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

14.   The Office should strengthen its human resource capacity to provide technical assistance to Country Offices in programme planning-particularly in designing and operationalizing multi-year country programme plans and complementary monitoring and evaluation plans to guide annual workplan preparation, monitoring-and to oversee programme monitoring, evaluation, and reporting by Country Offices.

Operational

15.   The Office needs to strengthen its Implementing Partner management processes by: (a) reviewing Protection from Sexual Exploitation and Abuse capacity self-assessments conducted by Implementing Partners and developing, as appropriate, capacity strengthening plans for subsequent monitoring; (b) performing micro-assessments of Implementing Partners and developing action plans to address any capacity gaps identified; (c) conducting planned spot-checks in a timely manner; and (d) ensuring that all Implementing Partners are registered in the United Nations Partner Portal.
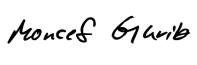
Implementation status of previous OAIS recommendations

16.   ESARO was last audited by OAIS in 2015.[3] All recommendations arising from the audit were fully implemented and closed.

Management comments and action plan

17.   Office Management takes this opportunity to thank the OAIS team for its professionalism and the rigor applied in reviewing and assessing the audit areas covered. The Office agrees with all the findings and recommendations put forward, including those requiring lead roles from other UNFPA business units in their implementation. ESARO will ensure implementation of the management actions put forward within the proposed timelines. This will require collaboration with some UNFPA Headquarter units.

Acknowledgement

18.   The OAIS team would like to thank Management and personnel of ESARO, Country Offices in the East and Southern Africa region, 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

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[3] Audit Report No: No ESARO 101 issued 29 July 2015 with a *"Partially Satisfactory"* overall audit rating.

I.   AUDIT BACKGROUND

1.   With an estimated population of 688 million in 2024,[4] of which 33 per cent were young people aged 10-24, the East and Southern Africa (ESA) region covers 23 countries, all at varying levels of development.[5] The Covid-19 pandemic adversely impacted economies, lives, and livelihoods across the region, exacerbating poverty and inequality levels, and exposing gaps in social protection systems. Women, adolescents, and young people, particularly those living in rural areas, with lower levels of education, fewer assets, and living with disabilities, have been disproportionately affected.[6] Further, the region, which accounts for less than eight per cent of the world's population, remains the epicenter of the Human Immunodeficiency Virus (HIV) pandemic with 55 per cent (20.7 million) of the number of people living with HIV globally,[7] resulting in some 15 per cent of preventable maternal acquired immunodeficiency syndrome (AIDS)-related deaths.[8]

2.   The maternal mortality ratio in the region was 360 deaths per 100,000 live births in 2020. In 2024, the modern contraceptive prevalence rate for women aged 15-49 was 33 per cent, and the unmet need for family planning at 15 per cent in the same year.[9]

3.   The region is further impacted by increased humanitarian emergencies resulting from conflict and climate change, including cyclone events, El Niño and La Niña, and armed conflicts that impact several countries in the Horn of Africa, the Great Lakes, and the Southern Africa regions.[10]

4.   As set out in the 2024 OAIS Annual Workplan, an audit of the UNFPA East and Southern Africa Regional Office was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing (promulgated by the IIA), which required 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) Support to and oversight of Country Offices – Country programme strategic plan alignment, country programme preparation, monitoring of country office performance, provision of technical support, and resource mobilization;
   c) Programme Management – Regional programme planning and implementation, Implementing Partner (IP) management, and management of non-core funding; and
   d) Operations Management – Human resources management, procurement, financial management, general administration, information and communication technology, and staff safety and security management.

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

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

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[4] Source: https://www.unfpa.org/data/world-population-dashboard.

[5] East and Southern Africa Regional Office Resource Mobilization and Partnership Plan 2022-2025.

[6] *Ibid.*

[7] Futures II: Towards Rights and Choices for all by 2030.

[8] Taking Stock: Sexual and Reproductive Health and Rights in Climate Commitments – An East and Southern Africa Review Summary.

[9] Source: https://www.unfpa.org/data/world-population-dashboard.

[10] East and Southern Africa Regional Office Resource Mobilization and Partnership Plan 2022- 2025.

6.   The audit covered activities conducted by the Office from 1 January 2023 to 30 September 2024, which corresponded to the second year and the first three-quarters of the third year of the East and Southern Africa Regional Programme (2022-2025), approved by the Executive Board in its second regular session of 2021, with indicative resources of $40.3 million. Expenses covered by the audit amounted to $25.9 million, executed by nine IPs ($1.5 million or six per cent), and by UNFPA ($24.4 million or 94 per cent) and were funded from core resources ($14.1 million or 54 per cent) and non-core resources ($11.8 million or 46 per cent).[11]

7.   Approximately 28 per cent of the expenses incurred in the period under review corresponded to the UNFPA Strategic Plan output 'Policy and Accountability', 20 per cent to the 'Adolescents and Youth' output, 13 per cent to the 'Gender and Social Norms' output, 11 per cent to the 'Quality of Care and Services' output, 10 per cent to the 'Population Change and Data' output, and 5 per cent to the 'Humanitarian Action' output. Costs related to organizational effectiveness and efficiency, and that were not allocated to any of the above Strategic Plan outputs, accounted for the remaining 13 per cent of expenditures.[12]

8.   The UNFPA East and Southern Africa Regional Office, located in Johannesburg, South Africa, provides strategic support and technical expertise to 23 Country Offices and partners who work on the ground to improve people's lives. At the time of the audit field mission, the Office was managed by a Regional Director, assisted by a Deputy Regional Director, 11 Regional Advisors and Coordinators, and an International Operations Manager *a.i.* The Office had 59 approved staff posts, including one permanent appointment and 58 fixed-term appointments.

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[11] Source: QuantumPlus Power BI Account Activity Analysis report.
[12] Source: QuantumPlus Power BI SFR Data Dump.

II.   AUDIT RESULTS

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

A. OFFICE GOVERNANCE	SATISFACTORY

10.   The Office established good internal coordination mechanisms evidenced by minutes of regular meetings at various levels of engagement. Senior management team meetings and programme and operations meetings were systematically held and well documented, enhancing the Office's ability to effectively monitor the status of programme delivery and operations, and to carry out timely decision-making.

A.1 – OFFICE MANAGEMENT	SATISFACTORY

11.   Audit procedures performed in this area included a review of the: (a) Office planning process in 2024; (b) relevance of the 2024 results and resources plan and the implementation level of activities; (c) alignment of 2024 individual performance plans of key personnel to Office priorities; (d) effectiveness of Management oversight of programme delivery and operational activities; (e) accuracy of the Office's 2023 annual report data; and (f) level of familiarization of Office personnel with UNFPA policies and procedures.

12.   No reportable matters were identified based on the audit work performed.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING	SATISFACTORY

Issue 1   Non-completion of UNFPA mandatory trainings

13.   The UNFPA Learning Management System and the UNFPA Learning Portal in Quantum[13] specify the requirement for all staff to complete 10 mandatory trainings within the first month of joining UNFPA. Further, mandatory training completion rates should be strictly monitored in Quantum and periodically reported on.

14.   At the time of the audit field mission, a training completion report generated from Quantum indicated that 17 Office staff members (22 per cent) did not complete the mandatory security training course. Similarly, completion rates for other mandatory courses, including those related to: (a) ethics, integrity, and anti-fraud; (b) human rights; (c) Protection from Sexual Exploitation and Abuse (PSEA); (d) environment; (e) gender; and (f) information security, ranged from 5 to 71 per cent.

15.   Staff members interviewed during the audit indicated that some of them completed the PSEA training but a configuration error in Quantum prevented updating of the completion status in the training report. Office Management stated that mandatory trainings were generally reflected in staff Career Performance Management documents and monitored through respective supervisors, and that the configuration error in Quantum may have impacted the accuracy of training reports, affecting the oversight or monitoring of training activities.

ROOT CAUSE	*Resources: insufficient technical resources (inaccurate reporting on training activities due to the system error prevented effective monitoring of mandatory training completion).*
IMPACT	*Failure to complete mandatory trainings may expose the Office to an array of risks such as reputational, safety and security, and fraud risks.*
CATEGORY	*Operational.*

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[13] UNFPA's enterprise resource planning system.

Recommendation 1	Priority: Medium
Enhance the existing supervisory controls to monitor timely completion of mandatory training and liaise with the Division for Human Resources (DHR) to address the system configuration error in Quantum that originates inaccuracies in training completion reports.	

Manager Responsible for Implementation: Regional Director, East and Southern Africa Regional Office (ESARO), in collaboration with Director, DHR.
Status: *Agree.*
Management action plan:
The management recognizes the need to engage with DHR to address the current reporting inaccuracies for training completion in the learning portal that pose a constraint to follow up actions by management in ensuring that all staff complete mandatory trainings. While awaiting actions on the Corporate Mandatory Training tracking tools, the Office will strengthen offline measures/controls to track the completion of mandatory courses by staff members. This offline interim measure will be reviewed periodically by supervisors and presented to the Office management. Further the Office will take the following specific actions: (a) ensure that all supervisors undertake dedicated follow up with individual staff members to ensure compliance, supported by the Regional HR team; (b) ensure completion of all mandatory training for new hires within the 90 day induction programme and ensure a sign off by the supervisor; and (c) where there are system complications such as the inability to generate evidence of completion, the Office will ensure clear documentation and communications are sent to DHR.
Estimated completion date: *September 2025.*

A.3 – RISK MANAGEMENT	SATISFACTORY

16.   Audit work performed in this area comprised a review of the latest fraud and operational risk assessments completed by the Office, the process followed for identifying and assessing risks, and the actions undertaken to respond to them. The audit also included testing of a sample of key controls identified by Management in the fraud and operational risk assessment for their operating effectiveness.

17.   One matter of low priority was identified based on the audit work performed and reported to Office Management in separate memorandum.

B. SUPPORT TO AND OVERSIGHT OF COUNTRY OFFICES	SOME IMPROVEMENT NEEDED

18.   UNFPA Regional Offices play a critical role in ensuring effective implementation of country programmes and use of corporate resources by providing integrated technical, operational, and programmatic support to Country Offices and overseeing their programmatic and operational performance. The support and oversight roles assigned to Regional Offices were articulated in Regional Office Terms of Reference first issued in 2007 and later reinforced and clarified in the Revised UNFPA Regional Office Terms of Reference issued in April 2015.

19.   As a good practice, the Office established sound procedures for supporting and quality assuring the development of Country Programme Documents (CPD). It also standardized and documented its operating procedures for support and oversight activities.

B.1 – COUNTRY PROGRAMME STRATEGIC PLAN ALIGNMENT	SATISFACTORY

20.   Audit work performed included an assessment of the processes and tools used to support and monitor the strategic alignment of Country Offices in the region. The audit included a survey of Heads of Country Offices in the region to obtain their views on the support provided by ESARO in strategic plan alignment.

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

B.2 – COUNTRY PROGRAMME DEVELOPMENT	SATISFACTORY

22.   Audit work performed included assessing the process followed by the Regional Programme Review Committee to review CPDs and testing, for evidence of review, of four CPDs developed in 2023. This included the review of evidence of missions undertaken and tools used to support the design of the four CPDs and a survey of Heads of Country Offices in the region to obtain their views on the support provided by ESARO in country programme preparation and development.

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

B.3 – MONITORING OF COUNTRY OFFICE PERFORMANCE	SATISFACTORY

24.   Audit work performed included assessing the processes and tools used to monitor Country Offices' operational and programmatic performance, in particular, how monitoring reports in use at ESARO were developed. A survey of Heads of Country Offices in the region was conducted to obtain their views on the adequacy and effectiveness of the processes in place at ESARO to monitor Country Office performance.

25.   No reportable matters were identified based on the audit work performed.

B.4 – PROVISION OF TECHNICAL ASSISTANCE	SOME IMPROVEMENT NEEDED

Issue 2   Insufficient technical assistance to and oversight of Country Offices' programme planning, monitoring, evaluation and reporting

26.   In line with the UNFPA Strategic Plan and global and regional programmes, integrated technical assistance is delivered via the following modalities: (a) advocacy and policy dialogue; (b) technical and programmatic advisory support; (c) normative guidance; (d) knowledge management; (e) capacity development; and (f) coordination, partnerships, and the South-South and triangular cooperation.

27.   A survey of Country Offices in the ESA region indicated dissatisfaction with ESARO's oversight of programme monitoring, evaluation, and reporting. Additionally, the Country Offices were dissatisfied with the technical assistance provided by ESARO. Out of 21 respondents, 9 (43 per cent) relayed overall dissatisfaction with ESARO's oversight and an additional three (14 per cent) with ESARO's technical assistance in programme planning. In particular, many of the Country Offices indicated a need for more technical support in designing and operationalizing multi-year country programme plans and complementary monitoring and evaluation plans to guide annual workplan preparation, monitoring, and reporting.

28.   The results of the survey were corroborated by audit observations made in recent audits of Country Offices in the region, as all 11 Country Offices audited in the last three years had weaknesses in programme planning, monitoring, and reporting.

29.   According to Office Management, following a previous survey undertaken in 2020 (covering technical assistance delivery in 2019 and 2020), ESARO and its Country Offices co-created a technical assistance strategy for the region, which covers normative guidance and demand-driven technical assistance by the Office.

30.   The audit team noted that all technical assistance requests by Country Offices, programme planning arrangements, and approvals were managed through an online technical assistance system in AODOCS (designed in 2021 and fully operationalized in 2022). Further, Regional Office Management actions were taken, including through individual performance management of Office staff, to bridge gaps in the provision of technical assistance to and oversight of Country Offices' programme planning, monitoring, evaluation and reporting.

ROOT CAUSE	*Resources: insufficient human and technical resources (inadequate capacity (skills) to support Country Offices).*
IMPACT	*Insufficient Regional Office oversight of and technical assistance to Country Offices may prevent timely identification and resolution of issues that impact the effectiveness of programme delivery and operational activities.*
CATEGORY	*Strategic.*

Recommendation 2	**Priority: High**
Strengthen the Office's human resource capacity to provide technical assistance to Country Offices in programme planning-particularly in designing and operationalizing multi-year country programme plans and complementary monitoring and evaluation plans to guide annual workplan preparation, monitoring-and to oversee programme monitoring, evaluation, and reporting by Country Offices.	

Manager Responsible for Implementation: Regional Director, ESARO

Status: *Agree.*

Management action plan:
ESARO takes note of the audit recommendation and commits to continue ongoing actions to address gaps in regional capacity on programme monitoring, evaluation, and reporting. This will complement other areas of technical assistance to Country Offices in the areas of normative guidance, thought leadership and policy advice, capacity development, and knowledge management.
Specifically, the Office will undertake the following actions: (a) leverage the development of the new regional programme action plan 2026 – 2029 to address human resource capacity gaps in regional monitoring, evaluation, and reporting; (b) systematically work with Country Offices to design and operationalize multi-year country programme plans with complementary monitoring and evaluation plans to guide annual and mid-term review monitoring and reporting, including Country Programme Evaluations and thematic evaluations, as applicable; and (c) guided by corporate procedures, systems, and timelines, strengthen analyses of country performance and complementary technical assistance for country programme planning, monitoring, evaluation, and reporting.

Estimated completion date: *October 2025.*

B.5 – RESOURCE MOBILIZATION	**SATISFACTORY**

31.   Audit work performed in this area comprised: (a) an assessment of the process used to develop the resource mobilization and partnership strategy for the Regional Programme Action Plan (2022-2025); (b) an assessment of the process in place to support resource mobilization efforts at Country Offices in the region; and (c) a survey of Heads of Country Offices in the region to obtain their views on the resource mobilization and partnership support provided by ESARO.

32.   No reportable matters were identified based on the audit work performed.

C. REGIONAL PROGRAMME MANAGEMENT	SOME IMPROVEMENT NEEDED

33.   The Office created a workplan guidance note to facilitate annual workplan development. Further, it established systems to ensure that programme activities were closely monitored through the quarterly and annual programme review processes.

C.1 – REGIONAL PROGRAMME PLANNING AND IMPLEMENTATION	SATISFACTORY

34.   Audit work performed in this area focused on the design of the ESARO Regional Programme Action Plan (RPAP) 2022-2025, including assessing: (a) the alignment of RPAP with the Global and Regional Initiatives Programme and the UNFPA Strategic Plan 2022-2025; (b) the relevance of the RPAP Results and Resource Framework and its alignment with the UNFPA Strategic Plan; (c) the process used by the Office to set up the indicators, baselines, and targets reflected in the RPAP Results and Resource Framework; and (d) the process used to select programme strategies and activities that would allow the Office to achieve the output indicator targets reflected in the RPAP Results and Resource Framework.

35.   In addition, the audit covered the process followed to estimate resources required to implement RPAP, including an assessment of the adequacy of the monitoring and reporting process in place to track progress towards achieving output indicator targets.

36.   Further, the audit covered programme implementation activities in 2023 and 2024, with a focus on two selected programme outputs with $11.3 million (20 per cent of programme implementation expenses) in aggregate expenses during the period under review. Audit work in this regard included the review of: (a) the workplan relevant to the selected outputs; (b) the process followed to prepare, cost, and approve the workplan, as well as monitor its implementation; and (c) monitoring reports and other evidence of programme implementation.

37.   No reportable matters were identified based on the audit work performed.

C.2 – IMPLEMENTING PARTNER MANAGEMENT	SOME IMPROVEMENT NEEDED

Issue 3   Gaps in Implementing Partner Management

Missing components of PSEA capacity assessments in the United Nations Partner Portal

38.   Applicable guidance[14] requires completion of IP self-assessments and their submission to the Office together with the relevant supporting documents. The Office is required to review the self-assessments, determine each IP's capacity and, where lacking, develop a capacity strengthening implementation plan (CSIP). Appropriate monitoring of the CSIP and support activities should then be carried out, after which a final determination of partner capacity is made.

39.   Based on review of the United Nations Partner Portal (UNPP), six instances of outstanding IP PSEA actions were noted, including missing preliminary PSEA assessments, pending CSIP executions, and no final determination of IP PSEA capacity.

40.   According to Office Management, PSEA assessments were performed for all the concerned IPs and all components of the assessments completed, but not all the supporting documents were uploaded in UNPP.

Micro-assessments not performed

41.   According to policy,[15] if an IP is expected to receive more than $100,000 cumulative in a programme cycle, it must be assessed using the micro assessment questionnaire and terms of reference. The assessment covers the IP's control framework and identifies gaps, if any, resulting in a risk rating (i.e., low,

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

[15] Policy and Procedures for Selection, Registration and Assessment of Implementing Partners.

moderate, significant, or high), which UNFPA uses, along with other available information (e.g., materiality, previous assurance results), to determine the type and frequency of assurance activities (e.g., spot-checks and HACT[16] audits). The micro assessment should take place before the start of programme implementation. If it cannot be completed prior to implementation and the estimated amounts received exceed the established threshold, the concerned UNFPA business unit must schedule an assessment as soon as reasonably possible and apply assurance activities designed for a high-risk rating to the partnership until then.

42.   Further, a micro assessment is valid for a period of five years. An IP must be re-assessed after a period of five years and should be re-assessed sooner if there are significant changes to its management structure or major staff turnover that would impact its capacity.

43.   Additionally, policy[17] states that the choice of an appropriate cash transfer modality to an IP is primarily informed by the IP's micro-assessment, experience working with the IP, complexity of the programme being implemented, and the cost-benefit implications of each cash transfer modality both to the IP and the UNFPA business unit. The policy also states that provision of cash advances (direct cash transfers)[18] to IPs assessed as presenting significant or high-risk must be approved in writing by the heads of the concerned units, clearly documenting the rationale for the decision and the additional monitoring controls to be put in place to manage the risk exposure.

44.   There were two instances where IP micro-assessments were not performed. One of the IPs received $110,000 in 2024 and the other a total of $223,944 over the programme cycle. The former was correctly rated in the Implementing Partner Assurance System (IPAS) as presenting a high risk and the latter incorrectly rated as presenting low risk and marked as "not subject to micro-assessment" in the same system since its workplan budget was not expected to exceed $100,000 in the programme cycle. Notwithstanding the inaccurately assessed/adjusted risk of the second IP, both were on the "direct cash transfer" disbursement modality, with no documented rationale for the decision or additional monitoring controls to manage the risk exposure, as required by policy.

Deficiencies in IP assurance activities

45.   IP Assurance Guidance[19] requires conducting micro assessments for existing IPs per the date of 'next micro assessment planned' and follow-up on any identified findings or recommendations to be undertaken in subsequent spot-checks or audit. Guidance further notes that HACT spot-checks should be finalized and submitted in IPAS by April of the subsequent year.

46.   There was no review process in place to quality assure entries in IPAS. In one instance, the 'next micro assessment planned' date was incorrectly reflected as August 2023, instead of May 2027, in the system. Consequently, the IP incorrectly appeared overdue for a micro-assessment. In two other instances, unsigned micro-assessment reports were uploaded in IPAS.

47.   Additionally, recommendations from an IP micro-assessment were not tracked and addressed in a timely manner. Although the Office conducted a spot-check to follow up on the recommendations, its review objectives did not cover all the micro-assessed areas. Consequently, six out of eight recommendations issued were neither addressed nor followed up. Also, the audit firm that conducted the spot-check did not complete all sections of the spot-check template, as required by applicable policy. Following the spot-check, the Office adjusted the IP's risk rating from moderate to significant in IPAS, but without a documented rationale for the decision, as required for such a rating.

48.   Further, four planned spot-checks were not executed in a timely manner. According to Office Management, they were planned for the fourth quarter of 2022, but year-end workloads necessitated their rescheduling to the first quarter of 2023. This effectively negated their usefulness as sources of IP assurance in 2022. Additionally, five planned IP spot-checks were not performed, one in 2022, three in 2023 and another in 2024. According to Office Management, these were not performed because the concerned IPs

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[16] Harmonized Approach to Cash Transfers.

[17] Policy and Procedures for Management of Cash Transfers to Implementing Partners.

[18] Direct cash transfer modality – UNFPA advances funds to the IPs ahead of the implementation of the activities, prior to the IPs incurring any related obligations and expenses.

[19] Implementing Partner Assurance Guidance, June 2023.

were selected for HACT audits in the respective years. It should be noted that the objectives of spot-checks are different from those of HACT audits. Hence, in accordance with relevant assurance guidelines, spot-checks should be undertaken as planned, regardless of whether IP audits are planned.

49.   Lastly, two HACT audits planned for 2024 were delayed. Office Management attributed the delays to a lengthy procurement process for a professional services provider, occasioned by a lack of long-term agreements.

Implementing Partner profiles not verified in UNPP

50.   Applicable policy[20] requires the registration of all UNFPA IPs in UNPP prior to commencement of partnerships. UNPP registration and verification processes are intended to capture relevant partner information, including legal status, eligibility, and required documentation. As part of the verification process, UNFPA workplan managers must carefully review partner profiles and related supporting documentation.

51.   Four IP profiles were not verified in UNPP. In two other instances, IP codes were not indicated in UNPP. According to Office Management, verification of the IPs' local office profiles was pending since the UNFPA Programme Division was yet to verify their (IPs) global or headquarter profiles in UNPP, a prerequisite for local office profile verification. Management also explained that the missing IP codes were occasioned by system misconfigurations.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (inadequate IP management processes).*
IMPACT	*UNFPA is exposed to reputational risk, financial loss, and nonachievement of expected results*
CATEGORY	*Operational.*

Recommendation 3	**Priority: High**
Strengthen the Implementing Partner management process by: (a) reviewing Protection from Sexual Exploitation and Abuse (PSEA) self-assessments and developing, as appropriate, capacity strengthening implementation plans for subsequent monitoring of PSEA capacity and uploading same in the United Nations Partner Portal (UNPP); (b) performing micro-assessments when required, developing action plans to address capacity gaps, and following up on their implementation; (c) conducting planned spot-checks in a timely manner; (d) ensuring all Implementing Partners are properly registered in UNPP, including verification of their profiles and specifying their codes in the system; and (e) implementing supervisory controls to ensure compliance with these requirements.	

Manager Responsible for Implementation: Regional Director, ESARO.

Status: *Agree.*

Management action plan:

The Office will undertake the following actions to address the recommendation:

  a) Develop a monitoring tool to track IPs' PSEA compliance, registration of IPs in UNPP, status and validity of micro assessments, and scheduled spot-checks. This action will be monitored quarterly as part of Regional Programme quarterly reviews;

  b) As part of HACT assurance activities, leverage existing coordination platforms with Country Offices to monitor the execution of micro assessments and spot-checks to ensure compliance in a timely manner; and

  c) Assign an additional overall IP focal point from operations to join the Programme Coordination Unit to support all IP management actions in collaboration with all ESARO IP focal points.

Estimated completion date: *October 2025.*

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[20] Policy and Procedures for Selection, Registration and Assessment of Implementing Partners.

C.3 – MANAGEMENT OF NON-CORE FUNDING	SOME IMPROVEMENT NEEDED

Issue 4   Delays in donor reporting

52.   According to policy,[21] UNFPA offices should count co-financing contributions as part of the country, regional, or global programme and clearly spell out their fundraising targets in a resource mobilization plan. Further, policy emphasizes UNFPA's accountability to its co-financing donors, including timely submission of quality substantive (narrative) progress reports and financial reports. Compliance with reporting requirements, as set out in signed co-financing agreements is crucial to UNFPA, both in terms of maintaining credibility with donors and ensuring continued scope for fundraising.

53.   During the period under review, the Office was late in submitting eight donor reports under five co-financing agreements, with the delays ranging from 26 to 276 days. Additionally, six reporting requirements relating to four of the five co-financing agreements were not included in the corporate reporting tracking system, contributing to the delays.

54.   Further, review of the corporate reporting tracking system indicated: (a) an instance where a co-financing agreement had multiple reporting statuses for the same report i.e., different report due dates; and (b) four projects that had commencement dates preceding the corresponding co-financing agreement dates.

ROOT CAUSE	*Guidance: Inadequate supervision at the Office level (inadequate coordination with relevant headquarter units to ensure timely donor reporting).*
IMPACT	*The Office's ability to fundraise may be diminished, negatively impacting UNFPA's reputation, programme delivery, and operations.*
CATEGORY	*Operational.*

Recommendation 4	Priority: Medium
Comply with reporting requirements under co-financing agreements by improving coordination with relevant headquarter units regarding the requirements and implementing supervisory controls over timely submission of donor reports.	
Manager Responsible for Implementation: Regional Director, ESARO, with support from the Director, Division for External Relations (DER).	
Status: *Agree.*	
Management action plan: ESARO, in collaboration with DER, will undertake the followings actions to implement the recommendation: a) Strengthen monitoring and reporting of timelines in the corporate reporting tracking system. To this end, the Resource Mobilization and Partnership team will use offline tools and existing management platforms to track and highlight non-compliance by the Office and Country Offices with pending deadlines; and b) Ensure documentation of all system glitches in the corporate reporting tracking system and contact UNFPA Headquarters to resolve any system related issues.	
Estimated completion date: *October 2025.*	

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[21] Policy and procedures for Earmarked Resources, October 2024.

D.	OPERATIONS MANAGEMENT	SOME IMPROVEMENT NEEDED

55.   Following the Organization's post-pandemic adoption of flexible working arrangements that include remote and hybrid work modalities in certain settings, ESARO made extensive and effective use of AODocs, a document management system designed to improve the efficiency and effectiveness of controls and act as a document repository that leaves a clear electronic audit trail, for managing its programme and operational activities, records, and technical assistance and other support to Country Offices.

56.   In addition, the Office proactively performed evaluations of Security Risk Management and Minimum Operating Security Standards to establish baselines for managing office security.

D.1 – HUMAN RESOURCES MANAGEMENT	SATISFACTORY

57.   Audit work performed in this area included testing of a sample of three staff recruitments and five individual consultancies awarded by the Office 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.

58.   No reportable matters were identified based on the audit work performed.

D.2 – PROCUREMENT	SOME IMPROVEMENT NEEDED

Issue 5   Inadequate procurement planning

59.   According to corporate procurement procedures,[22] during the period from 1st November to 31st December of each calendar year, no additions/amendments should be made to the year's procurement plans and new Quantum requisitions should not be accepted by procurement focal points. They should accept new requisitions during this period only if they fall under emergency procurement or where shipments are expected in the following year with the related budgets valid until 30th June of the following year at the least.

60.   The review of 11 selected procurement transactions indicated the following exceptions.

Delays in planning and executing procurement

61.   In two instances, additions (i.e., promotional materials) were made to the 2022 procurement plan in December, contrary to policy requirements. Consequently, although required for use in 2022, their procurement only commenced in January 2023, with actual deliveries taking place in May and June 2023. In another case, planned delivery and installation of solar panels in 2022 took place in December 2023.

Unrealistic budgeting

62.   In one instance, procurement of goods and services for a project (i.e., producing podcasts, coffee table books, and photo essays) was budgeted at $10,000 for all three items. However, the final cost of the coffee table books alone amounted to $39,543, indicating that budgeting for the items was unrealistic particularly since Office Management did not provide a reason or justification for the significant budget overspend or indicate whether the other two items were procured.

ROOT CAUSE	*Guidance: inadequate supervision at the Office level (inadequate oversight of the procurement process).*
IMPACT	*The Office's ability to achieve best value for money in a timely basis is diminished and there is increased exposure to financial loss and reputational risk.*
CATEGORY	*Operational.*

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[22] Procurement Procedures, Revision 5, 15 June 2019.

Recommendation 5	Priority: Medium
Train relevant staff on effective procurement planning and budget preparation and establish supervisory controls to monitor compliance with procurement procedures.	
<u>Manager Responsible for Implementation</u>: Regional Director, ESARO.	
<u>Status:</u> *Agree.*	
Management action plan: The Office will undertake the following actions to address the recommendation: (a) revise its procurement standard operating procedures to include provisions for eligible and non-eligible amendments to procurement plans within specified timelines in any given year; and (b) conduct periodic market research for frequently requested services. This will be useful in providing pricing estimates in the procurement plan across the quarters of the year.	
Estimated completion date: *October 2025.*	

D.3 – FINANCIAL MANAGEMENT	SOME IMPROVEMENT NEEDED

Issue 6   <u>Erroneous classification of transactions and inconsistent activity coding and tagging</u>

Erroneous coding of transactions in Quantum

63.   Applicable financial regulations and rules[23] require recording of all financial transactions in accounts based on International Public Sector Accounting Standards. Further, the UNFPA Internal Control Framework outlines the three lines model upon which effective application of internal control within UNFPA rests. The first level outlines functions that own and manage risks and controls by applying existing policies and procedures in their daily work to ensure that objectives are met and resources properly managed.

64.   Out of 22 expenses tested in procurement, travel, and asset management, 9 amounting to $82,666 were misclassified in the general ledgers. Office Management attributed the Office misclassifications to challenges in transitioning from the legacy (Atlas) enterprise resource planning system to Quantum. Some general ledger accounts were mapped to incorrect United Nations Standard Product and Service Codes at the launch of Quantum.

65.   According to Office Management, the UNFPA Finance Branch took note of the issue and undertook a review of transactions to correct erroneous postings during the transition period from Atlas to Quantum.

Inconsistent activity coding and tagging

66.   Guidance for implementation of the UNFPA Strategic Plan 2022-2025[24] requires results reporting in line with the Integrated Results and Resources Framework, which includes three outcomes and six outputs, as well as additional reporting criteria. Results reporting should be based on mandatory activity tagging system applicable to all activities and include the attributes Strategic Plan Outcome, Output, Programme Cycle Output, Thematic Area, Mode of Engagement, Innovation and Digitalization, Humanitarian, Gender Marker, and Furthest Behind Factor.

67.   In addition, policy[25] states that each workplan activity is created under a project identity and identified through a unique activity identity.

68.   A review of activity and project identities into which Office expenditures were posted revealed that six out of nine project identities tested, and their associated expenditures, were not tagged to relevant

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[23] The UNFPA Financial Regulation & Rules.
[24] Activity Tagging User Guide.
[25] Policy and Procedures for Preparation, Management and Monitoring of Workplans, Revision 4, September 2022.

mandatory attributes in Quantum and QuantumPlus, making it difficult to attribute them to UNFPA Strategic Plan outcomes and outputs.

69.   According to Office Management, some of the project identities were created by Headquarter business units for various global and regional activities and hence the Office did not have the necessary access rights to tag them to the relevant mandatory attributes. However, the audit team notes that this fact did not preclude the requirement for tagging costs to outputs and outcomes.

ROOT CAUSE	*Guidance: inadequate supervision at the Office level (erroneous coding and tagging of transactions in Quantum).*
IMPACT	*Erroneous recording of transactions creates a risk of inaccurate financial reporting.*
CATEGORY	*Reporting.*

Recommendation 6	Priority: Medium
Establish supervisory review procedures to ensure systematic coding and tagging of transactions and project identities in Quantum and QuantumPlus to the relevant mandatory attributes and the UNFPA Strategic Plan outcomes and outputs.	

Manager Responsible for Implementation: Regional Director, ESARO.

Status: *Agree.*

Management action plan:

The Office will follow up with the UNFPA Programme Division on tagging of legacy corporate projects and continue the tagging of activities in QuantumPlus on an annual basis.

Estimated completion date: *October 2025.*

D.4 – GENERAL ADMINISTRATION	SOME IMPROVEMENT NEEDED

Issue 7   Noncompliance with travel policy requirements

70.   According to policy,[26] travel claims are post-travel reports that all personnel are required to submit within two weeks of completing official travel. Further, travel itineraries are to be confirmed as early as possible and airline tickets purchased in advance of travel (at least 21 days in advance when traveling in business class and 14 days when traveling in economy class). According to UNFPA Travel Unit estimates, two per cent of travel costs are lost in savings for each day that planned travel is not booked within the policy provisions.

71.   In addition, it is mandatory for United Nations system personnel and their eligible family members to obtain security clearance for all official travel, regardless of location. They cannot commence official travel without obtaining the clearance except in compelling cases such as immediate medical evacuation or other life-threatening situations where time may not allow.

72.   The following exceptions were noted from the review of 11 travel-related transactions.

        Late submission of travel claims

73.   In 4 out of the 11 transactions reviewed, travel claims were submitted late with the delays ranging from 22 to 150 days following completion of travel. In two other cases, travel claims were not submitted at all.

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[26] UNDP's travel policy

Security clearance not obtained

74.   In two instances, staff members did not obtain the requisite security clearance before embarking on or during their travel.

Travel not procured in a timely manner

75.   In five cases, tickets were purchased close to the travel dates, ranging from one to seven days before travel – outside policy minimum requirements.

ROOT CAUSE	*Guidance: inadequate supervision at the Office level (inadequate supervisory controls to ensure timely booking of travel, processing of security clearance, and submission of travel claims and their review and approval).*
IMPACT	*Late submission of travel claims increases the risk of financial loss to UNFPA.*
	Travel without security clearance increases safety and security risks for Office personnel and legal liability risk for UNFPA.
	Late procurement of travel may prevent the Office from obtaining the lowest fares available.
CATEGORY	*Compliance.*

Recommendation 7	Priority: Medium
Implement supervisory controls to ensure timely submission of travel claims, compliance with mandatory security clearance requirements, and better planning of non-emergency travel within applicable policy requirements.	
Manager Responsible for Implementation: Regional Director, ESARO.	
Status: *Agree.*	
Management action plan: The Office will undertake the following actions to address the recommendation: (a) amend its travel standard operating procedures to include the need for separate management approval for all travel requests with acceptable ration being undertaken less than the specified 21 days; and (b) implement internal controls to ensure the travel unit only process daily subsistence allowance for travellers with security clearance.	
Estimated completion date: *October 2025.*	

D.5 – INFORMATION AND COMMUNICATION TECHNOLOGY	SATISFACTORY

76.   Work performed in this area included testing for compliance with Quantum [27] access rights requirements and a walk-through of the Office backup policy and disaster recovery plan.

77.   No reportable matters were identified based on the audit work performed.

D.6 – STAFF SAFETY AND SECURITY MANAGEMENT	SATISFACTORY

78.   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.

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[27] UNFPA's Enterprise Resource Planning system.

79.   Besides the issue reported in section D.4 above on the need for personnel to obtain security clearance for official travel, no other reportable matters were identified based on the audit work performed.

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 2016,10F[28] are explained below:

▪ **Satisfactory**	🟩	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 issue(s) and improvement opportunities identified, if any, did not affect the achievement of the audited entity or area's objectives.
▪ **Partially satisfactory with some improvement needed**	🟨	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. 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.
▪ **Partially satisfactory with major improvement needed**	🟧	The assessed governance arrangements, risk management practices and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
▪ **Unsatisfactory**	🟥	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.

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.

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[28] 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 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
AODocs	Online Document Management System
AIDS	Acquired Immunodeficiency Syndrome
CPD	Country Programme Document
CSIP	Capacity Strengthening Implementation Plan
DER	Division for External Relations
DHR	Division of Human Resources
ESA	East and Southern Africa
ESARO	East and Southern Africa Regional Office
HACT	Harmonized Approach to Cash Transfer
HIV	Human Immunodeficiency Virus
IIA	Institute of Internal Auditors
IP	Implementing Partner
IPAS	Implementing Partner Assurance System
OAIS	Office of Audit and Investigation Services
PSEA	Prevention of Sexual Exploitation and Abuse
Quantum	UNFPA's Enterprise Resource Planning system
QuantumPlus	UNFPA᾽s Results-Based Planning and Management System
RPAP	Regional Programme Action Plan
UNFPA	United Nations Population Fund
UNPP	United Nations Partner Portal
US$	United States Dollars