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OFFICE OF AUDIT AND INVESTIGATION SERVICES

AUDIT OF THE UNFPA COUNTRY OFFICE IN NIGERIA

FINAL REPORT No IA/2025-23

30 October 2025

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EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) conducted an audit of the UNFPA Country Office in Nigeria (the Office). An audit field mission took place from 2 to 13 June 2025. The audit aimed to assess the adequacy and effectiveness of the governance, risk management, and controls relating to the following areas:

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

2. The audit covered activities conducted by the Office from 1 January to 31 December 2024, which corresponded to the second year of the ninth Country Programme 2023-2027, approved by the Executive Board in its first regular session of 2023 with indicative resources of US\$145.1 million (\$32.5 million of core resources and \$112.6 million of non-core resources).

3. Expenses covered by the audit amounted to \$19.7 million, executed by UNFPA (\$14.4 million or 73 per cent) and 32 Implementing Partners (\$5.3 million or 27 per cent), and were funded from core resources (\$8.9 million or 45 per cent) and non-core resources (\$10.8 million or 55 per cent).¹ In addition, the audit covered the supply of reproductive health commodities amounting to \$26.9 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme.²

4. The audit was conducted in conformance with the Global Internal Audit Standards promulgated by The Institute of Internal Auditors (The IIA).

Overall audit rating

5. The overall audit rating is “**Partially Satisfactory with Major Improvement Needed**,”³ which means that the assessed governance arrangements, risk management practices, and controls were generally established and functioning but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. The issues identified could significantly affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.

6. This rating is mainly due to the following high-risk issues: (a) inaccurate baselines and unrealistic output indicator targets in the 2025 Results and Resources Plan; (b) ineffective programmatic monitoring; (c) noncompliance with policy procedures for engaging Implementing Partners and their subcontractors; (d) deficiencies in the financial monitoring of Implementing Partners; (e) absence of controls over programme supplies; and (f) non-compliance with procurement procedures.

¹ Source: QuantumPlus Power BI Account Activity Analysis report (internal financial report). Figures are rounded to the nearest tenth.

² Source: Cognos Inventory Issuance Report and Cognos Status Report (internal inventory report).

³ See the 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		Some improvement needed
<i>Office management</i>		<i>Some improvement needed</i>
<i>Organizational structure and staffing</i>		<i>Satisfactory</i>
<i>Risk management</i>		<i>Some improvement needed</i>
Programme Management		Major improvement needed
<i>Programme planning and implementation</i>		<i>Major improvement needed</i>
<i>Implementing Partner management</i>		<i>Major improvement needed</i>
<i>Programme supplies management</i>		<i>Unsatisfactory</i>
<i>Management of non-core funding</i>		<i>Some improvement needed</i>
Operations Management		Some improvement needed
<i>Human resources management</i>		<i>Some improvement needed</i>
<i>Procurement</i>		<i>Major improvement needed</i>
<i>Financial management</i>		<i>Satisfactory</i>
<i>General administration</i>		<i>Some improvement needed</i>
<i>Information and communication technology</i>		<i>Satisfactory</i>
<i>Safety and security management</i>		<i>Satisfactory</i>

Good practices identified

8. The Office fostered and maintained strong partnerships with other United Nations organizations, the Office of the United Nations Resident Coordinator in Nigeria, and the coordinating agency for the Government of Nigeria.

Key recommendations Total = 10; high priority = 6

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

Strategic level

10. The Office should review and, where necessary, update country programme the output indicator targets used to develop annual results and resources plans to ensure they reflect what can realistically be achieved with available and projected resources. It should also provide targeted training to relevant staff on results-based planning, emphasizing accurate baseline setting and realistic target formulation. In addition, it should strengthen its quality assurance controls by instituting periodic reviews of all output indicators during the annual planning cycle.

Operational level

11. The Office should train its staff and Implementing Partner personnel on effective use of the work planning module in QuantumPlus,⁴ establish and enforce clear timelines for workplan finalization, strengthen quality assurance and supervisory controls to minimize revisions of Implementing Partner workplans, and adhere to set deadlines for their timely finalization and signing.

12. Additionally, the Office needs to enhance its monitoring processes to objectively measure, track, and assess the achievement of expected results and, for financial integrity and programmatic effectiveness, significantly improve its Implementing Partner management processes by implementing rigorous controls over disbursed funds.

⁴ QuantumPlus is the Integrated Results and Resources Management platform, linked to Quantum (the UNFPA ERP system) for bidirectional real-time data exchange.

13. Lastly, the Office should strengthen the management and oversight of programme supplies to prevent wastage or loss of supplies and enhance programme effectiveness and accountability.

Compliance level

14. Office Management should strengthen compliance with applicable policies and procedures related to Implementing Partner selection, subcontracting, Protection from Sexual Exploitation and Abuse assessments, and micro-assessments, as well as UNFPA procurement procedures, contracting of individual consultants, and travel management processes.

Implementation status of previous OAIS recommendations

15. The Office was last audited by OAIS in 2019.⁵ All recommendations arising from the audit were fully implemented and closed.

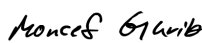
Management comments and action plan

16. Office Management thanks the audit team for its collaborative, professional, and high-quality work. The Office acknowledges and agrees with the audit recommendations, recognizing the need to strengthen several areas, including office management, risk management, programme planning and implementation, Implementing Partner management, programme supplies management, and the management of non-core funding, human resources, procurement, and general administration.

17. We have already begun implementing a corrective action plan in some areas and are committed to executing the full management action plan within the agreed-upon timelines. This will ensure that risks are mitigated, and programme delivery is enhanced. With support from the West and Central Africa Regional Office and Headquarters, we will follow all applicable policies and procedures to implement the recommendations. Concurrently, we will work to strengthen our human resources (i.e., staff skills) in the key areas highlighted in the report.

Acknowledgement

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

Signed by:

 50458A3AFD0C4EF...
 Moncef Ghrib
 Director
 Office of Audit and Investigation Services

⁵ Report No IA/2019-01 issued on 31 January 2019 with a 'Major Improvement Needed' rating.

I. AUDIT BACKGROUND

1. Nigeria had an estimated population of 237.5 million in 2025.⁶ The country ranked 164 out of 193 countries and territories on the Human Development Index for 2023, and 171 on the Gender Inequality Index in the same year.⁷ In 2023, the maternal mortality ratio was at 993 deaths per 100,000 live births. In 2025, the contraceptive prevalence rate (i.e., modern methods) for all women aged 15-49 was 16 per cent, and the unmet need for family planning rate for all women in the same age bracket 15 per cent.⁸ Nigeria is classified as a Tier I programme country in the UNFPA Strategic Plan 2022-2025,⁹ and a priority country for the UNFPA Supplies Partnership programme.

2. As set out in the 2025 OASIS Annual Work Plan, an audit of the UNFPA Country Office in Nigeria was conducted in conformance with the Global Internal Audit Standards promulgated by the IIA, which require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management, and internal control processes in place. The audit aimed to assess the adequacy and effectiveness of the governance, risk management, and controls relating to the following areas:

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

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

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

4. The audit covered activities conducted by the Office from 1 January to 31 December 2024, which corresponded to the second year of the ninth Country Programme 2023-2027 (CP9), approved by the Executive Board in its first regular session of 2023 with indicative resources of US\$145.1 million (\$32.5 million of core resources and \$112.6 million of non-core resources). Expenses covered by the audit amounted to \$19.7 million, executed by UNFPA (\$14.4 million or 73 per cent) and 32 Implementing Partners (\$5.3 million or 27 per cent), and were funded from core resources (\$8.9 million or 45 per cent) and non-core resources (\$10.8 million or 55 per cent).¹⁰ In addition, the audit covered the supply of reproductive health commodities amounting to \$26.9 million, procured primarily with funding provided by the UNFPA Supplies Partnership programme.¹¹

5. The UNFPA Office in Nigeria is in the capital city of Abuja, with four decentralized offices located in the cities of Calabar, Kaduna, Lagos, and Maiduguri. At the time of the audit field mission, the Office was managed by a Representative, assisted by a Deputy Representative and an International Operations Manager. The Office had 96 approved staff posts – 16 international professional posts, 41 national professional posts, and 39 general service posts. Eight additional personnel were employed under the local service contract modality.

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

⁷ Source: <https://hdr.undp.org/system/files/documents/global-report-document/hdr2025reporten.pdf>

⁸ Source: <https://www.unfpa.org/data/world-population/NG>

⁹ Tier I comprises programme countries that have not achieved any of the strategic plan's three transformative results.

¹⁰ Source: QuantumPlus Power BI Account Activity Analysis report (internal financial report). Figures are rounded to the nearest tenth.

¹¹ Source: Cognos Inventory Summary Report (internal inventory report).

II. AUDIT RESULTS

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

A. OFFICE GOVERNANCE

SOME IMPROVEMENT NEEDED

7. The Office fostered and maintained strong partnerships with other United Nations (UN) organizations, the Office of the UN Resident Coordinator in Nigeria, and the coordinating agency for the Government of Nigeria.

A.1 – OFFICE MANAGEMENT

SOME IMPROVEMENT NEEDED

Issue 1 Inaccurate baselines and unrealistic output indicator targets in the 2025 Results and Resources Plan

8. Applicable policy on the development and approval of Country Programme Documents (CPD) requires, as part of the Results and Resources Plan (RRP), detailing of the Results and Resources Framework (RRF) through an operational multi-year programme plan with annual output indicator baselines and targets. The baselines and targets should be input in QuantumPlus⁴ to monitor and report programme results, as well as inform workplan deliverables.

9. A review of 15 output indicators in the 2025 RRP revealed that seven (47 per cent) had inaccurate baselines. In all the instances, the 2025 baselines were identical to the 2024 targets even though none of the 2024 targets were achieved. For example, the 2025 baseline for fistula repairs was set at 27,480 in the RRP – an inaccurate figure since only 17,906 repairs (cumulatively) were completed in 2024. Similarly, the 2025 baseline for the indicator measuring persons with disabilities receiving UNFPA-supported services was set at 200,000 against a significantly lower cumulative achievement of 112,000 in 2024.

10. Further, 9 of 15 (60 per cent) output indicator targets in the 2025 RRP tested were too ambitious and unachievable, based on the Office's historical performance trends and availability of resources (i.e., funding and staffing). For example, the 2025 target for the indicator 'New family planning users' was 10.7 million users – a figure significantly higher than the 4.9 million users reached in 2024, which fell short of the 7.8 million target for that year. Similarly, the 2025 target for 'UNFPA-supported fistula repairs' was set at 20,414 repairs, contrasting sharply with the 1,266 repairs accomplished in 2024 against a target of 10,790 in that year. As a third example, the 2025 target for 'Persons with disabilities receiving UNFPA-supported services' of 187,340 persons represented a substantial increase from the 12,660 persons served in 2024, when the target was 100,000.

11. Office Management explained that the 2025 output indicator targets aligned with annualized targets in the CP9 RRF and that they emphasized "what was supposed to be achieved" over "what was possible" for accountability and to support the overall five-year country programme goals. However, the audit team is of the view that, to be useful as programmatic tools, RRP annual targets must be realistic and attainable. They should, to the extent possible, be informed by the Office's recent performance trends and actual implementation capacity. Given that most 2024 targets were not achieved—a shortfall that Office Management attributed to overly ambitious CP9 goals that did not match its capacity—the 2025 targets should have been appropriately tempered.

ROOT CAUSE *Guidelines: Inadequate planning (setting of overly ambitious country programme targets and weak quality assurance controls over the annual planning process).*

Resources: Inadequate training (insufficient understanding of the annual planning process that led to the development of RRP with inaccurate baselines and unrealistic targets).

IMPACT *Inaccurate RRP baselines and unrealistic targets diminish their effectiveness to facilitate proper allocation of resources and track progress towards achieving country programme results.*

CATEGORY *Strategic.*

Recommendation 1	Priority: High
<p>Strengthen the annual results and resources planning process by:</p> <ul style="list-style-type: none"> a) Reviewing and, as necessary, updating the country programme output indicator targets used to develop annual results and resources plans to reflect what can realistically be achieved with available and projected resources; b) Providing targeted training to relevant staff on effective results planning practices with a focus on setting accurate baselines and realistic targets; and c) Instituting quality assurance controls through review of all output indicators during the Office's annual planning cycle. 	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> <i>Agree.</i>	
<p>Management action plan:</p> <p>Office Management acknowledges the recommendation and will take the following actions:</p> <ul style="list-style-type: none"> a) Review and update the country programme output indicator targets to align them with the Office's actual implementation capacity; b) Provide tailored training to staff on Results-Based Planning, focusing on accurate baseline setting, realistic target formulation, and quality assurance. The training will be integrated into the annual planning process; and c) Strengthen quality assurance by systematically reviewing baselines and targets for all output indicators at the start of each year. This process will be integrated into the new Country Office Results and Resources Planning, Monitoring, and Reporting Guideline, which is currently being finalized. 	
Estimated completion date: <i>November 2026.</i>	

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING**SATISFACTORY**

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

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

A.3 – RISK MANAGEMENT**SOME IMPROVEMENT NEEDED**

14. Audit work performed in this area included: (a) review of the latest corporate strategic and fraud risk assessment approved by the Regional Risk Committee in October 2024; (b) inquiries with Office Management to gain an understanding of the current risk exposure of the Office, and actions taken by the Office to mitigate those risks; (c) assessing whether issues reported in other audit areas stemmed from inadequate or ineffective risk management activities by Office Management.

15. Based on the work performed, one issue indicative of ineffective risk management was identified by the audit team in relation to severe deficiencies in IP management. The issue could have been mitigated had the Office properly managed risks associated with the IP management process. Accordingly, a

recommendation to mandate sufficient supporting documentation for material and high-risk IP transactions is included in section B.2 of the report. No additional recommendation is included in this section.

B. PROGRAMME MANAGEMENT

MAJOR IMPROVEMENT NEEDED

B.1 – PROGRAMME PLANNING AND IMPLEMENTATION

MAJOR IMPROVEMENT NEEDED

Issue 2 Delayed finalization and signing of Implementing partners' workplans

16. Applicable policy on preparation, management, and monitoring of workplans states that the workplan is a formal document signed by UNFPA and IPs. It captures the expected programme outputs, together with indicators, baselines, and annual targets, and the activities to be carried out towards the achievement of the expected programme outputs, the costed inputs (budgets) to be provided for each activity (e.g., supplies, contracts, travel, and personnel), the associated resources, and the time frame for undertaking planned activities. Workplans are the basis for requisitioning, committing, and disbursing funds for planned activities and for monitoring and reporting.

17. Despite the Office's prompt engagement with IPs and initial planning meetings starting as early as November 2023, the 2024 workplans were signed in mid-April 2024. As a result, programme activities were predominantly implemented in the second half of the year, with over 72 per cent of expenses incurred by IPs in the fourth quarter. Delayed finalization of workplans was identified by Office Management as the root cause of a low implementation rate of 80 per cent for IP activities in 2024. A similar issue was noted in 2023 with workplans signed between May and September 2023 – the delays were partially attributed to it being the first year of the new country programme that required competitive selection of IPs before developing workplans. A slight improvement in the timely signing of workplans was noted in 2025, as most workplans were finalized by mid-March 2025.

18. In addition to challenges arising from a transition to a new work-planning system (QuantumPlus) in 2024, Office Management attributed the delays in finalizing and signing workplans to poor quality of workplans submitted by IPs, which necessitated detailed review.

ROOT CAUSE	<i>Resources: Inadequate training and inadequate planning (limited familiarity with the QuantumPlus work-planning module among Office and IP personnel, insufficient quality of workplans submitted by IPs and absence of time-bound planning and review processes led to late finalization of workplans).</i>
IMPACT	<i>Delays in workplan finalization compresses implementation timelines, distorts expenditure patterns, heightens operational risk, and reduces programme efficiency.</i>
CATEGORY	<i>Operational.</i>

Recommendation 2	Priority: Medium
Enhance the planning process by:	
<ul style="list-style-type: none"> a) Providing targeted and practical training for both Office and Implementing Partner (IP) staff on the QuantumPlus work-planning module and results-based planning in line with policy requirements for a good workplan; b) Establishing, communicating, and enforcing clear deadlines for workplan review and approval; and c) Implementing quality assurance controls such as pre-submission orientation sessions to minimize revisions to IP workplans while ensuring compliance with deadlines for their timely finalization and signing. 	
<u>Manager Responsible for Implementation:</u> Representative.	

Status: *Agree.*

Management action plan:

Office Management acknowledges that delays in finalizing workplans negatively impacted timely programme implementation. While some delays were due to system transition and the first-year selection process for IPs, the Office recognizes the need to strengthen its planning, training, and quality assurance processes.

Therefore, the Office is committed to take the following actions:

- a) Deliver a comprehensive training session for its staff and IPs on using the QuantumPlus work-planning module;
- b) Develop user-friendly internal guidance to support accurate and timely workplan preparation. The guidance will include structured deadlines for workplan development, a review mechanism, and approval by the assigned Programme Manager; and
- c) Establish a structured internal review mechanism to ensure early detection of errors or gaps in workplans submitted by IPs.

Estimated completion date: *March 2026.*

Issue 3 Ineffective programmatic monitoring

19. The UNFPA policy on development and approval of CPDs requires the Office to document its monitoring and evaluation strategy with details on its approach to programme management for results, focusing on results monitoring, data collection, analysis, reporting, and planned evaluation.

20. Further, the UNFPA policy on preparation, management, and monitoring of workplans emphasizes a need for continuous, regular monitoring of programme activities implemented by IPs or by UNFPA directly. UNFPA programme managers are responsible for following up on all monitoring activity findings, including recommendations and action points listed in workplan monitoring reports. In addition, the policy requires that all IPs submit periodic workplan progress reports (WPR). The frequency and due dates of WPRs depend on IP risk profiles and the cash value of workplans.

Absence of a formalized monitoring plan and central oversight

21. A review of the Office's monitoring process revealed the absence of a formalized, comprehensive, and centrally managed monitoring framework - leading to fragmented monitoring efforts and significant gaps in oversight of the process. Specifically, the following issues were noted:

- a) The Office lacked formal guidelines to standardize programmatic monitoring processes across the country, resulting in inconsistencies in how monitoring activities were planned, implemented, and reported by the four decentralized offices. The decentralized approach was reflected in the absence of Office-level annual monitoring plans for 2024 and 2025 (noting that the 2025 monitoring plan was under development at the time of audit fieldwork). While sub-offices prepared their own plans, the lack of an overarching monitoring framework at the Office level hindered strategic oversight and consistency;
- b) The audit team was unable to verify the completeness of monitoring plans through linkage with corresponding workplan activities. The disconnect was due to the absence of clear criteria or a structured methodology to guide uniform selection of programmatic monitoring activities throughout the year, further highlighting the overall lack of a formalized monitoring framework; and
- c) Monitoring plans developed by sub-offices in both 2024 and 2025 were managed with little oversight by Office Management, contributing to significant omissions in coverage. For instance, a review of 2025 sub-office monitoring plans consistently revealed incompleteness. One sub-office's plan failed to include, in its monitoring activities, three IPs that collectively represented 60 per cent of its total 2025 IP workplan budget. Another sub-office's monitoring plan omitted two IPs that accounted for 48 per cent of its IP workplan budget.

Weak workplan progress reporting process

22. A review of WPRs submitted by five IPs revealed deficiencies in workplan progress reporting and verification processes, leading to use of unreliable and untraceable data on programme performance. The key weaknesses noted were:

- a) A majority of the 2024 WPRs (i.e., 9 out of 14, or 64 per cent) were submitted late, with delays ranging from 31 to 181 days. Three reports were not submitted at all. Office Management attributed the issue primarily to the transition to QuantumPlus and unfamiliarity among Office staff and IP personnel with its functionalities; and
- b) While IPs provided various documents (e.g., activity reports, training agendas, etc.) to support WPRs, the audit team was unable to link reported achievements to the underlying supporting documents, indicating weak verification procedures and insufficient documentation – a situation exacerbated by an absence of formal monitoring reports to validate the accuracy and completeness of WPRs submitted by IPs.

ROOT CAUSE	<i>Guidelines: Absence of written procedures to guide staff in performing their functions (absence of an Office-level monitoring framework and written procedures to guide staff in performing their monitoring and verification functions).</i>
IMPACT	<i>Ineffective programmatic monitoring and unreliable progress reporting diminish the Office's ability to objectively measure, track, and assess the achievement of expected results, hindering timely corrective actions, impacting strategic decision-making, and undermining accountability for programme achievements.</i>
CATEGORY	<i>Operational.</i>

Recommendation 3	Priority: High
Strengthen the Office's programme monitoring processes by:	
<ol style="list-style-type: none"> a) Standardizing monitoring activities across the Office and its sub-offices, including clear criteria for linking workplan activities to monitoring plans; b) Finalizing and implementing an Office annual monitoring plan that consolidates all planned monitoring activities across the country, ensuring appropriate coverage of Implementing Partners activities; c) Instituting Office-level oversight of sub-office monitoring plans for completeness, alignment with workplans, and effective implementation; and d) Providing targeted training for Office staff and relevant IP personnel on use of QuantumPlus for workplan progress reporting and validation of results reported by Implementing Partners. 	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
Management action plan:	
Office Management acknowledges the recommendation and will take the following actions:	
<ol style="list-style-type: none"> a) Finalize the development of the comprehensive Results Planning, Monitoring, and Reporting Guideline for the Office and Sub-Office. The guideline will provide a standardized framework for programme planning, monitoring, oversight, and reporting, and will include clear criteria for linking workplan activities to monitoring plans; b) Ensure effective implementation of the new, comprehensive annual monitoring plan, with progress to be monitored quarterly. The Office will also formalize a results validation process and integrate it into the draft guideline. This process will specify requirements for supporting documentation and outline verification procedures to enhance the data quality and reliability of IP-reported results; and c) Institutionalize and incorporate refresher training on QuantumPlus for all Office and IP personnel. 	

Estimated completion date: April 2026.

B.2 – IMPLEMENTING PARTNER MANAGEMENT

MAJOR IMPROVEMENT NEEDED

Issue 4 Noncompliance with policy procedures for engaging Implementing Partners and their subcontractors

23. According to the UNFPA policy on selection, registration, and assessment of IPs, competitive selection is the preferred and strongly recommended method for selecting non-governmental organization (NGO) IPs. Regardless of whether a partner is engaged through a non-competitive or competitive process, if it is expected to receive more than \$100,000 cumulatively during the unit's programme cycle, it must be assessed using the micro assessment questionnaire and terms of reference. If the micro assessment cannot be completed prior to implementation, and the estimated amounts exceed the established threshold, the unit must schedule an assessment as soon as reasonable and apply high risk assurance measures to the partnership until then.

24. Per applicable protection from sexual exploitation and sexual abuse (PSEA) guidance,¹² UNFPA must assess partners' capacity to prevent and respond to sexual exploitation and abuse (SEA) using eight core standards. If capacity gaps are identified, UNFPA must justify partner engagement and develop an implementation plan for risk mitigation, capacity strengthening, and monitoring. Six months after the plan's completion, the workplan manager must reassess the partner's SEA capacity and update the rating.

25. The Office used a competitive process via invitation for proposals (IFP) with set criteria to select NGO IPs. However, there were no documented scores against the IFP selection criteria to demonstrate that objective evaluations were undertaken. Instead, recommendations for IP selection by the panel were based solely on advice received from thematic leads and heads of sub-offices, with no evidence that the Representative reviewed and/or approved of the panel's decisions.

26. Further, the selection process resulted in the identification of entities to be used by IPs as subcontractors. However, the resultant Memorandums of Understanding (MOU) between the IPs and subcontractors did not contain the mandatory clauses on the prohibition of proscribed practices, protection from sexual exploitation and abuse, and assurance activities by UNFPA.

27. The audit noted that 10 IPs that received more than \$100,000 in 2024 had not undergone micro-assessments for more than 5 years (i.e., they were last assessed in 2017 and 2019), contrary to policy requirements. Additionally, an IP engaged in March 2023 that incurred \$129,573 in expenses in 2024 was not micro-assessed. The IP was assigned an adjusted 'Moderate Risk' risk rating for purposes of planning assurance activities (i.e., spot-checks and audits), instead of the 'High Risk' rating required by policy when a micro-assessment has not been taken. In mitigation of the lapse, spot-checks were nonetheless conducted on the IP's activities in 2024, consistent with policy requirements for a 'High Risk' rating.

28. In addition, a review of PSEA records for 10 NGO IPs engaged in 2024 revealed significant non-compliance for five IPs that had less than full PSEA capacity. For instance, justifications were not provided for engaging three of the five IPs. Further, Capacity Strengthening Implementation Plans were not developed and reassessments not conducted for any of the five IPs.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the Office level (insufficient oversight and compliance controls to ensure adherence to applicable policies and procedures and complete documentation of assurance procedures).</i>
IMPACT	<i>IPs engaged may not sufficient capacity to deliver the required interventions, thereby increasing UNFPA exposure to financial, legal, and reputational risks.</i>
CATEGORY	<i>Compliance.</i>

¹² UNFPA Operationalization of the United Nations Protocol on Allegations of Sexual Exploitation and Abuse Involving Implementing Partners.

Recommendation 4	Priority: High
<p>Strengthen compliance with IP selection, assessment, and subcontracting procedures by:</p> <ul style="list-style-type: none"> a) Establishing an objective, transparent, and fully documented selection process for non-governmental organization IPs, using standardized score sheets based on established criteria; b) Timely conducting micro-assessments and periodic re-assessments of Implementing Partner capacities using the micro-assessment questionnaire and terms of reference and, where assessments are pending, applying a provisional 'High Risk' rating to guide the type and frequency of assurance activities; c) Enforcing the requirement for all Implementing Partner subcontractor agreements to include mandatory clauses on protection from sexual exploitation and abuse (PSEA), fraud, corruption, and UNFPA assurance activities; and d) Documenting justifications for engaging partners with PSEA capacity gaps, developing and implementing plans to strengthen their capacity, and re-assessing their capacity within policy mandated timeframes. 	
<p><u>Manager Responsible for Implementation:</u> Representative.</p>	
<p><u>Status:</u> <i>Agree.</i></p>	
<p>Management action plan:</p> <p>Office Management acknowledges the audit observation and is committed to the following actions:</p> <ul style="list-style-type: none"> a) For future selection of NGO IPs, to properly document the process and results based on established criteria. This includes using score sheets to evaluate the IPs; b) Finalize all ongoing micro-assessments and ensure subsequent assessments are completed before the current ones expire; c) Review the risk ratings of all IPs, especially those not yet assessed, to ensure that the ratings align with policy; d) Review all IP subcontractor contracts to ensure the inclusion of PSEA clauses; and e) Review all IP PSEA assessments to correct any errors. The Office will also document justifications for working with partners who have PSEA capacity gaps and implement a plan to address those deficiencies. 	
<p>Estimated completion date: <i>June 2026.</i></p>	

Issue 5 Deficiencies in financial monitoring of Implementing Partners

29. UNFPA policy and procedures^{13 14 15} mandate rigorous controls over funds disbursed to IPs to ensure financial integrity and programmatic effectiveness. This includes: (a) meticulous review of IP transaction lists and supporting documents for potential "red flags" of fraud or other financial irregularities; (b) engagement of an independent engineering consultant to monitor construction activities on UNFPA's behalf, review progress reports, provide status updates, and certify construction-related activities on Funding Authorization and Certificate of Expenditure forms before payment release; and (c) limiting the use of cash payments by utilizing Payment Service Providers for cash disbursements unless exceptional and properly justified situations (e.g., lack of reliable services or payee access) prevent it.

30. The audit tested 27 transactions amounting to \$1.4 million executed by 10 IPs and identified the following exceptions across multiple areas of IP management:

¹³ Policy and Procedures for Management of Cash Transfers to Implementing Partners.

¹⁴ Procurement procedures.

¹⁵ Policy and Procedures on Management of Cash Disbursements.

Unreliable procurement documents

31. Supporting documents for 16 transactions (\$907,000) relating to six IPs were unreliable as they included: (a) inexplicable similarities in formats and contents of bid documents, invoices, and handwriting across documents from different vendors, indicating a lack of open bidding; (b) inconsistent letterheads and addresses from the same vendors, raising concerns about their authenticity; and (c) visible alterations of procurement documents, compromising their integrity.

No independent certification of renovation works

32. There was no evidence of independent certification of renovation works by qualified professionals prior to payments made for three transactions in the total amount of \$175,000 by three different IPs.

Excessive use of cash

33. Four transactions totalling \$123,000 executed by three IPs showed an excessive use of cash for making payments. These included daily subsistence allowances (DSA) paid to training participants, allowances for fistula survivors, fees paid to local artisans, and procurement of building supplies. Large sums of cash were withdrawn from banks and entrusted to IP staff for distribution at activity sites, increasing the risk of loss, misuse, and weak accountability.

Absence of supporting documents for an IP transaction

34. Payments amounting to \$15,746 made to various parties for the procurement of land and premises could not be verified from one IP's primary bank statements because the funds were transferred to the IP's secondary bank account. The IP did not provide evidence of movement of the funds from the secondary account to the vendors, preventing the audit team from verifying and validating the actual cash outflows for the reported expenditure.

ROOT CAUSE	<i>Guidelines: Inadequate risk management processes (the risks associated with financial management by IPs were not adequately assessed and mitigated).</i>
IMPACT	<i>The risk of unsupported and/or ineligible expenses is highly elevated, which may result in financial loss or damage to the Organization's reputation.</i>
CATEGORY	<i>Operational.</i>

Recommendation 5	Priority: High
<p>Strengthen financial monitoring and assurance over Implementing Partners (IPs) by:</p> <ul style="list-style-type: none"> a) Assessing IP procurement capacities; b) Mandating sufficient, verifiable supporting documentation for all transactions, and implementing a more rigorous financial review of IP expense reports and direct payment requests; c) Providing targeted training to Office staff on conducting detailed reviews of IP financial reports and the accompanying supporting documentation; d) Minimizing IP cash payments by transitioning to more secure payment modalities such as direct bank transfers or Payment Service Providers, with any exceptions formally justified and tightly controlled in line with policy; and e) Requiring all IPs to use bank accounts for UNFPA funds and ensuring full transparency and documentation of all fund movements from the accounts to the ultimate payees. 	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	

Management action plan:

Office Management commits to the following actions:

- a) Integrate a rigorous assessment of IP procurement capacity into the workplan approval process. Procurement-related activities will only be included when a partner's capacity is assured;
- b) Train relevant staff to improve the quality of reviews of eFace, the Detailed Transaction Listing, and all supporting documentation for IP transactions, using a standardized checklist;
- c) Officially recommend that IPs minimize cash payments by using a Payment Service Provider. Cash will only be used when standard payment methods are not feasible, such as in remote areas with limited banking options. All exceptions shall be formally justified, well-documented, and controlled in line with UNFPA policies; and
- d) Mandate and verify, quarterly, that IPs use traceable bank accounts for all UNFPA funds. This will ensure complete documentation and transparency of all funds from IP accounts to vendors or beneficiaries. Additionally, the frequency of assurance activities will be increased based on risk.

Estimated completion date: *June 2026.*

B.3 – PROGRAMME SUPPLIES MANAGEMENT**UNSATISFACTORY****Issue 6** Absence of controls over programme supplies

35. UNFPA policy¹⁶ mandates robust controls for managing programme supplies. Budget holders are responsible for ensuring that supplies are not provided to IPs prior to signing of workplans, that deliveries valued at \$50,000 or more are approved by the Head of Office, and that goods are recorded in the shipment tracker within one week of receipt. The policy emphasizes the need for robust monitoring mechanisms to ensure proper safeguarding, storage, and use of supplies for their intended purposes, and requires commodities to be always insured. Further, warehouses must maintain adequate storage conditions, including proper air circulation and manufacturer-approved temperatures.

36. The audit examined the management of programme supplies provided by the Office in 2023 and 2024, including visits to the central warehouse, two decentralized warehouses, and five service delivery points (SDP). The following exceptions, indicative of systemic weaknesses, were noted:

- a) In 9 out of 20 commodity shipments received, valued at \$8.7 million, recording in the shipment tracker was beyond the prescribed seven-day period, with delays ranging from one to four months. This hindered real-time visibility and control over inventory movements;
- b) In 2023 and 2024, six shipments totalling \$8.5 million in value were handed over to IPs prior to signing of workplans, which occurred five to eight months later;
- c) In six instances, programme supplies valued at \$7.2 million were handed over to the central warehouse before receiving approval from the Head of Office, which was granted between 9 and 36 days after delivery of the supplies;
- d) There was limited or no physical monitoring of programme supplies worth \$13.4 million distributed to 19 out of the 36 states that received UNFPA-donated supplies in 2023 and 2024. This lack of post-distribution verification created a significant control gap over high-value commodities, increasing the risk of loss, misuse, and product diversion;
- e) At the time of the audit field mission in June 2025, there was no tracking system to monitor programme supplies through the entire supply chain, from the central warehouse to SDPs. While two government systems—electronic Warehouse Management Information System (eWMIS) in the central warehouse and National Health Logistics Management Information System (NHLMIS) at the SDP level—captured bits of relevant information, they were neither

¹⁶ Policy and Procedures on Management of Programme Supplies

aligned nor integrated and did not use a shared tracking mechanism (e.g. batch number) for end-to-end visibility in the supply chain. This hindered accountability and efficient management of programme supplies;

- f) Programme supplies provided to the central and decentralized warehouses were not insured. Further, the warehouses visited lacked the necessary temperature controls, adequate lighting, and sufficient space, exposing high-value commodities to the risks of loss, damage, and degradation;
- g) Distribution records relating to three decentralized warehouses (other than the two visited by the audit team), which received supplies with a value of \$5.0 million in 2023 and 2024, were not made available for review. This impeded verification of their distribution; and
- h) Analyses of NHLMIS data used to manage the receipt and distribution of programme supplies at the SDP level showed differences between monthly inventory closing balances in the system and the quantities on hand reported by SDPs. The cumulative differences noted for the two-year period for one commodity product were 30,691 units valued at \$0.3 million and 15,296 units valued at \$0.1 million for another.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the Office level (oversight controls were not operational to ensure effective management of programme supplies, exacerbated by the lack of an integrated commodity tracking system).</i>
IMPACT	<i>There is increased risk of commodity wastage and loss, compromising programme effectiveness.</i>
CATEGORY	<i>Operational.</i>

Recommendation 6	Priority: High
<p>Strengthen the management and oversight of programme supplies by:</p> <ul style="list-style-type: none"> a) Promptly recording all commodity movements in the corporate shipment tracker within the prescribed period; b) Distributing programme supplies to Implementing Partners based on signed workplans; c) Handing over programme supplies to Implementing Partners only after obtaining the approvals specified in policy; d) Expanding physical monitoring and verification of programme supplies to cover all states, warehouses, and service delivery points that receive UNFPA commodities; e) Collaborating with relevant partners to implement an integrated logistics management system capable of tracking supplies through the supply chain; and f) Ensuring that all UNFPA supplies are insured in accordance with policy requirements. 	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
<p>Management action plan:</p> <p>Office Management commits to the following actions:</p> <ul style="list-style-type: none"> a) Review and update the Office's current procurement and logistics standard operating procedures (SOP). The review will clearly define roles, responsibilities, and timelines for each step to ensure timely recording of supply movements in the shipment tracker and to secure Office Management approval before distributing supplies to IPs; b) Ensure that IP workplans are appropriately signed before any programme supplies are distributed to ensure alignment with planned activities; c) Conduct a risk assessment to develop a tailored, risk-based monitoring plan. The plan will cover all states and warehouses across the country's six geopolitical zones where UNFPA commodities are delivered. The Office will also support expanding last-mile assurance activities, such as quarterly stock review reports, to more states based on their risk levels; 	

- d) Expand monitoring visits to all states and warehouses that store or receive UNFPA-supplied commodities. This includes conducting regular spot-checks to verify proper storage and distribution;
- e) Collaborate with national and sub-national governments and other partners to roll out and institutionalize the upgraded Contraceptive Logistics Management System, which includes a batch number tracking system from the central warehouse to SDPs; and
- f) Support a cost evaluation for commodity insurance and advocate to both national and sub-national governments to insure UNFPA programme supplies. Where resources are available, the Office will also support insurance costs during the advocacy and transition period to mitigate loss or damage.

Estimated completion date: *August 2026.*

B.4 – MANAGEMENT OF NON-CORE FUNDING

SOME IMPROVEMENT NEEDED

Issue 7 Outdated resource mobilization plan and funding shortfalls for the country programme cycle

37. Applicable policy requires the development and approval of CPDs to be designed as critical tools for resource mobilization, advocacy, policy dialogue, and partnerships. Each CPD should include resource mobilization targets reflected in the RRF and the Integrated Partnership, Resource Mobilization and South-South Cooperation Plan.

38. The proposed indicative UNFPA assistance for CP9 is \$145.1 million, including a non-core resource target of \$112.6 million. The Office prepared an Integrated Partnership and Resource Mobilization Plan with multi-year resource mobilization targets totalling \$104.7 million.

39. Based on the multi-year plan, the Office was expected to raise \$41.88 million (\$20.94 million a year for 2023 and 2024). According to Office Management, the resource mobilization targets were revised to \$13.5 and \$10.0 million for 2023 and 2024, respectively, in consultation with the Regional Office, without updating the Integrated Partnership and Resource Mobilization Plan. The revision reduced the overall amount expected to be raised by the Office to \$23.5 million (56 per cent of the original target of \$41.88). Actual funds raised in both 2023 and 2024 were \$19.9 million—\$3.6 million (15 per cent) below the revised target agreed with the Regional Office for the two-year period (i.e., \$23.5 million) and far below the targets in the original multi-year plan for the period by \$28.38 million (52 per cent).

40. Office Management attributed the revision of targets and shortfalls in funds raised to shifts in the broader development assistance landscape. The new funding context necessitated setting of realistic, achievable annual targets. Consequently, the Integrated Partnership and Resource Mobilization Plan will be reviewed and updated to align with the new realities during the mid-term review of the CPD.

ROOT CAUSE *Guidelines: Inadequate planning (the Office did not timely update its resource mobilization plan to reflect new realities in the development assistance landscape).*

IMPACT *The effectiveness of resource mobilization and fundraising efforts may be impeded, increasing the risk of missed funding opportunities and hindering the achievement of CPD resource targets.*

CATEGORY *Strategic.*

Recommendation 7

Priority: Medium

Review and update the Integrated Partnership and Resource Mobilization plan to align it with current programme priorities and the evolving development assistance landscape. The updated plan should include realistic, risk-informed funding targets, donor engagement strategies, and a monitoring mechanism to track progress.

Manager Responsible for Implementation: Representative.

Status: *Agree.*

Management action plan:

The Office will update its resource mobilization plan to reflect the revised needs of the programme and the new development assistance landscape, along with reviewing and updating its country programme's output indicator targets.

Estimated completion date: *November 2026.*

A. OPERATIONS MANAGEMENT

SOME IMPROVEMENT NEEDED

C.1 – HUMAN RESOURCES MANAGEMENT

SOME IMPROVEMENT NEEDED

Issue 8 Noncompliance with individual consultancy contracting requirements

41. The UNFPA policy on contracting individual consultants requires that any waiver of competitive selection processes should be justified in writing through a waiver form, signed by both the requesting and approving officers in the hiring office. The policy further requires individual consultants whose assignments involve travel or services performed at UNFPA premises submit a health statement, valid for one year unless otherwise indicated, from a recognized medical practitioner confirming medical fitness for duty. In addition, the Office's terms of reference for individual consultants require preparation of monthly reports detailing work performed for review and certification by the consultant's supervisor. Payments are to be made in arrears upon completion of services, contract phases, or submission of agreed deliverables.

42. The review of five individual consultants engaged by the Office indicated the following exceptions:
- a) The Office did not provide the required justification for waiving the competitive selection process for one individual consultant;
 - b) Attendance registers and performance evaluations for all five consultancies reviewed that formed the basis for payments to consultants were completed before the end of the month, when payments were made for a full month's work. Performance evaluations were completed between 5 and 17 days early, while attendance registers were approved from 7 to 12 days in advance – making the payment supporting records incomplete;
 - c) Monthly progress reports for three of the five consultants reviewed were not signed off by both the consultants and their supervisors, as required; and
 - d) Health statements were not on file for all five individual consultancies for which services were performed at UNFPA premises.

ROOT CAUSE *Guidance: Inadequate supervision at the Office level (inadequate oversight of compliance with the policy and procedures for contracting individual consultants).*

IMPACT *The risks of making payments for unverified or incomplete work and engagement of consultants without confirmed medical fitness are heightened, exposing UNFPA to financial, legal, and reputational vulnerabilities.*

CATEGORY *Compliance.*

Recommendation 8

Priority: Medium

Enhance supervisory and compliance controls over individual consultancy contracting by:

- a) Providing written justifications for waiving competitive selection processes is the policy-designated waiver form template;
- b) Individual consultants' attendance sheets are completed for the full period for which they are used as a basis for payment;
- c) Requiring the signing, by individual consultants and their supervisors, monthly reports detailing the work performed, contractual phase completed, and deliverables; and
- d) Requiring and filing health statements from individual consultants before commencing or renewing contracts, as required by policy.

Manager Responsible for Implementation: Representative.

Status: Agree.

Management action plan:

Office Management acknowledges the audit observation and commits to the following actions to implement the recommendation:

- a) Issue a guide on processing payments for individual consultants. The guide will include instructions for properly completing attendance sheets and the requirement for both the consultant and their supervisor to sign monthly reports;
- b) Strengthen the review of consultant selections to ensure compliance with all applicable policies, including those on waivers. A checklist will be developed and attached to all selection process documentation to facilitate a thorough review; and
- c) Make valid health statements a prerequisite for renewing contracts. Additionally, all individual consultants with ongoing contracts will be required to submit health statements, as required by policy.

Estimated completion date: May 2026.

C.2 – PROCUREMENT

MAJOR IMPROVEMENT NEEDED

Issue 9 Noncompliance with procurement procedures

43. UNFPA procurement procedures mandate competitive solicitation and selection processes, timely issuance of purchase orders and fully documented receipt and inspection processes to ensure transparency, fairness, and best value for money in procurement activities. Key requirements include allowing sufficient solicitation (tender) periods, obtaining at least three quotations in response to requests for quotations from five invited suppliers, including clear technical and qualification criteria in solicitation documents, using the shopping modality only for procurements below \$5,000, issuing purchase orders within three working days of contract award to serve as official contracting tools before supplier activities commence, and ensuring that receiving and inspection processes are comprehensively documented in a standard report.

44. Additionally, field office managers are delegated the authority to award contract amendments up to \$50,000 or 20 per cent of the original contract amount, whichever is less, provided the original contract was previously recommended by a Contracts Review Committee.

45. A review of 40 procurement transactions amounting to \$596,703 indicated the following instances of non-compliance with UNFPA procurement procedures:

- a) Ten procurement transactions (\$145,573) conducted using informal methods such as requests for quotations and shopping had shortcomings that limited effective competition. The specific issues noted from the review included low bid response rates (\$37,438), unclear item specifications (\$13,193), and use of the shopping modality for one transaction (\$6,428) that exceeded the allowable threshold;

- b) Two procurement transactions in the total amount of \$17,470 involved direct vendor selection, with no evidence of competitive processes having been followed.
- c) Purchase orders relating to four procurement transactions (\$26,069) were issued retroactively, after the corresponding invoices were received and goods and services delivered.
- d) Receipt and inspection procedures conducted for goods procured in the amount of \$262,125 (11 procurement transactions) were not documented in Receiving and Inspection Reports required by policy. Consequently, it was unclear if the goods met the required quality and quantities.

ROOT CAUSE *Guidance: Inadequate supervision at the Office level (ineffective oversight of compliance with UNFPA procurement procedures).*

IMPACT *The efficiency and transparency of procurement activities is diminished, increasing the risk of fraud, financial loss, and reputational damage while undermining the ability to achieve best value for money.*

CATEGORY *Compliance.*

Recommendation 9	Priority: High
Comply with UNFPA procurement procedures by:	
<ul style="list-style-type: none"> a) Providing targeted refresher training on solicitation, contracting and receipt procedures for all staff involved in procurement, emphasizing the use of competitive methods, the required documentation standards, and need to adhere to prescribed timelines; b) Using appropriate solicitation methods, preparing quality bid solicitation documents that clearly outline the required specifications, and allowing sufficient time for potential suppliers to submit their bids; c) Conducting supervisory review and approval of all procurement transactions before contract awards and making payments to ensure compliance with applicable policies; and d) Using the standard Receiving and Inspection Report template to verify the quality and quantities of goods received and to document the receipt and inspection procedures undertaken. 	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
Management action plan: Office Management acknowledges the audit observations and commits to the following actions: <ul style="list-style-type: none"> a) Prepare a concise guide on the Office's procurement processes, clearly defining timelines to avoid issues like short solicitation periods and post-facto purchase orders. The guide will explicitly state that post facto purchase orders are not permitted; and b) Reinforce the use of the standard receiving and inspection reports to ensure all goods and services are properly documented upon receipt and inspection. 	
Estimated completion date: April 2026.	

C.3 – FINANCIAL MANAGEMENT

SATISFACTORY

46. Audit work performed in this area included a review of: (a) the 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) the value added tax control arrangements in place; (e) the Office's budget management process; and (f) the effectiveness of the Office's financial management accountability process.

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

C.4 – GENERAL ADMINISTRATION

SOME IMPROVEMENT NEEDED

48. Work performed in this area focused on the Office's asset management and travel management processes. The audit included a walk-through of the processes and testing of a sample of 25 travel-related transactions (15 DSA and 10 travel procurement) for appropriate business purposes, compliance with policies and procedures, and operating effectiveness of controls.

49. Based on the work performed in this area, the audit did not identify any reportable matters in asset management, but noted the following issue in travel management:

Issue 10 Noncompliance with UNFPA travel policy

50. The UNFPA duty travel policy requires that all official travel organized and paid for by the Organization be approved in advance, prior to travel or the release of any prepayments. Travelers must prepare and submit their travel claims to the authorizing unit within two weeks of completing their trip, ensuring that all expenses incurred are fully accounted for. Any difference between the travel advance and the actual expenses is adjusted at the time of claim settlement.

51. Of the 15 DSA-related travel transactions tested in the amount of \$127,613, three advances (\$7,450) remained unsettled for an average of 64 days after travel completion - significantly exceeding the two weeks period mandated by policy. Office Management explained that in two of these cases, the failure to retire the advances was an oversight by the travel focal point, even though the travellers had submitted the necessary documentation. The third instance involved a government official sponsored by the Office, who failed to submit the required supporting documents despite follow-up by the Office.

52. Further, DSA payments amounting to \$82,928 for workshops and training events were supported only by lists of participants who received payments. Pre-approved lists of eligible participants from the planning stage were not available, weakening controls designed to ensure that payments are made only to authorised and intended attendees.

ROOT CAUSE	<i>Guidance: Inadequate supervision at the Office level (inadequate supervisory controls to ensure the timely accounting for travel advances and validation of DSA payments against pre-approved participant lists).</i>
IMPACT	<i>The risk of ineligible DSA claims and payments and misuse of funds is heightened.</i>
CATEGORY	<i>Compliance.</i>

Recommendation 10	Priority: Medium
Timely accounting for and review of daily subsistence allowances (DSA), in line with policy requirements, and preparation of pre-approved lists of event participants as an added control for making DSA payments only to authorized and intended attendees.	
<u>Manager Responsible for Implementation:</u> Representative.	
<u>Status:</u> Agree.	
Management action plan: Office Management acknowledges the audit observation and will implement the following measures: <ul style="list-style-type: none"> a) Finalize and issue travel SOPs to serve as a guide for all travel matters, including the timely submission, review, and approval of travel claims through the UNall system;¹⁷ b) Provide additional training to all travel focal points (arrangers and processors) on conducting regular monthly monitoring. They will be responsible for reporting and sending reminders to staff about pending travel claims, including those for IPs and government officials; and 	

¹⁷ UNFPA's travel and claims processing system.

- c) Issue an administrative instruction to inform staff that the approved participant lists must be included in event concept notes and memos. The list should be the basis for all invitations. Any changes to the participant lists must be officially communicated and included in the DSA retirement documents when payments are made.

Estimated completion date: *March 2026.*

C.5 – INFORMATION AND COMMUNICATION TECHNOLOGY

SATISFACTORY

53. Work performed in this area focuses on assessing the Office's encryption of laptops.
54. No reportable matters were identified based on the audit work performed.

C.6 – SAFETY AND SECURITY MANAGEMENT





SATISFACTORY

55. 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.
56. No 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 2016,¹⁸ are explained below:

▪ 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>
▪ 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>
▪ 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>
▪ 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.

¹⁸ 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	Ninth Country Programme
CPD	Country Programme Document
DSA	Daily Subsistence Allowance
IFP	Invitation for Proposals
IIA	Institute of Internal auditors
IP	Implementing Partner
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
OAIS	Office of Audit and Investigation Services
PSEA	Protection from Sexual Exploitation and Abuse
QuantumPlus	UNFPA's ERP system (referred throughout as QuantumPlus system)
RRF	Results and Resources Framework
RRP	Results and Resources Plan
SEA	Sexual Exploitation and Abuse
SDP	Service Delivery Point
SOP	Standard Operating Procedures
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNall	UNall system (travel and claims processing system)
US\$	United States Dollars
WPR	Workplan Progress Report