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OFFICE OF AUDIT AND INVESTIGATION SERVICES

**AUDIT
OF THE UNFPA EAST AND SOUTHERN AFRICA
REGIONAL OFFICE**

FINAL REPORT
N° ESARO 101

29 July 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
I. OBJECTIVES, SCOPE AND METHODOLOGY	4
II. BACKGROUND	5
III. DETAILED FINDINGS.....	7
A. OFFICE GOVERNANCE	7
<i>Good practices identified</i>	7
A.1 – OFFICE MANAGEMENT	7
A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING	7
<i>Assess the alignment of the Office’s structure and staffing level to programmatic, support and operations management needs</i>	8
<i>Expedite the recruitment of key vacant posts</i>	9
A.3 – RISK MANAGEMENT	10
<i>Complete the Fraud and Operational risk assessments at the start of each year</i>	10
B. SUPPORT TO AND OVERSIGHT OVER COUNTRY OFFICES	11
<i>Good practices identified</i>	11
B.1 – COUNTRY PROGRAMME STRATEGIC PLAN ALIGNMENT	11
<i>Enhance the review of country offices’ strategic alignment plans and activities</i>	12
B.2 – COUNTRY PROGRAMME PREPARATION	13
B.3 – COUNTRY OFFICE PERFORMANCE	13
<i>Improve the accuracy and use of the programme performance monitoring matrix</i>	14
B.4 – PROVISION OF TECHNICAL ASSISTANCE	15
<i>Expedite the shift from primary provider to a broker role for the delivery of technical assistance</i>	16
<i>Enhance the global consultant roster management process and promote its use by all offices</i>	17
<i>Define steps to promote an effective use of the Technical Assistance Management System</i>	19
B.5 RESOURCE MOBILIZATION	19
<i>Finalize the Regional Resource Mobilization and Partnership Strategy 2014-2017</i>	20
C. PROGRAMME MANAGEMENT	21
<i>Good practices identified</i>	21
C.1 – REGIONAL PROGRAMME PLANNING AND IMPLEMENTATION	21
<i>Define additional indicators to better measure the RIAP’s contribution towards the achievement of the UNFPA Strategic Plan outputs</i>	22
<i>Enhance quality assurance of ESARO workplans as regards their alignment to the RIAP</i>	23
<i>Revise the Regional Intervention Action Plan to provide estimates of non-core funds required to achieve the programme’s targets</i>	23
<i>Management and implementation of the RIAP would benefit from a four year high level plan indicating key milestones for achieving programme targets</i>	24
C.2 – NATIONAL EXECUTION	25
C.3 – INVENTORY MANAGEMENT	26
<i>Enhance the monitoring and oversight over regional projects</i>	26
C.4 – MANAGEMENT OF NON-CORE FUNDING	27

<i>Improve implementation efforts for non-core funded projects</i>	27
D. OPERATIONS MANAGEMENT	28
<i>Good practices identified</i>	28
D.1 – HUMAN RESOURCES MANAGEMENT	29
<i>Follow-up on the Global Staff Survey results for countries in the region</i>	29
<i>Enhance training management through comprehensive planning and monitoring</i>	30
D.2 – PROCUREMENT	30
D.3 – FINANCIAL MANAGEMENT	31
D.4 – GENERAL ADMINISTRATION	31
ANNEX 1	32
GLOSSARY	34

EXECUTIVE SUMMARY

1. The Office of Audit and Investigation Services (OAIS) performed an audit of the UNFPA East and Southern Africa Regional Office (ESARO or the Office). The audit covered programme delivery activities and related financial transactions in the period from 1 January to 31 December 2013. The audit also covered the design of the Regional Intervention Action Plan 2014-2017 and the planning of related programme activities to be implemented in the period from 1 January to 31 December 2014. Programme delivery activities and financial transactions pertaining to other periods were covered by the audit, as appropriate.

Background

2. Expenses covered by the audit, amounting to USD 22.7 million in the period 1 January to 31 December 2013, correspond primarily to the Africa Regional Programme Action Plan 2008-2011, part of the Global and Regional Programme 2008-2011 approved by the Executive Board in June 2008 and subsequently extended through 31 December 2013, in line with the extension of the UNFPA Strategic Plan 2008-2011.

3. The expenses covered by the audit were allocated to 24 projects executed by 15 implementing partners (USD 1.7 million) and by UNFPA (USD 21.0 million), funded by core resources of USD 7.6 million and non-core resources of USD 15.1 million. Approximately 70 per cent of the expenses corresponded to the Reproductive Health component. The Population and Development and Gender components accounted for 21 per cent of expenses. Expenses funded from the Institutional Budget and programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 9 per cent of expenses¹.

4. The audit also covered the design of the Regional Intervention Action Plan 2014 – 2017, part of the Global and Regional Interventions 2014-2017 approved by the Executive Board in May 2014, with estimated core resources of USD 21.5 million for the four-year period, and the planning of related programme activities scheduled for implementation in the period from 1 January to 31 December 2014 with an estimated budget of USD 12.2 million¹.

Methodology and scope

5. The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, 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 included reviewing and analyzing, on a test basis, information that provided the basis for the audit conclusions.

6. The scope of the audit included the review of the Office governance; support to and oversight over country offices in the region; programme management; and operations, with focus on the processes established to mitigate risks associated with external factors, people, processes, relationships and information technology.

¹ COGNOS project monitoring reports for the years end 31 December 2013 and 2014

Audit rating

7. The audit indicates that, for the period covered, the risk management performance of the Office was '**Partially Satisfactory**', which means that governance, risk management and internal control processes were adequately established and functioning well but that issues were identified that may negatively affect the achievement of the objectives of the Office, should they not be addressed by Management. Ratings by key audit area are summarized in the following table.

Audit ratings by key audit area		
Office Governance		Satisfactory
<i>Office management</i>		<i>Satisfactory</i>
<i>Organizational structure and staffing</i>		<i>Satisfactory</i>
<i>Risk management</i>		<i>Satisfactory</i>
Support to and Oversight over Country Offices		Partially Satisfactory
<i>Country programme strategic plan alignment</i>		<i>Partially satisfactory</i>
<i>Country programme preparation</i>		<i>Satisfactory</i>
<i>Country office programmatic and operational performance</i>		<i>Partially satisfactory</i>
<i>Provision of technical assistance</i>		<i>Partially satisfactory</i>
<i>Resource mobilization</i>		<i>Satisfactory</i>
Programme Management		Partially Satisfactory
<i>Regional programme planning and implementation</i>		<i>Partially satisfactory</i>
<i>National execution</i>		<i>Satisfactory</i>
<i>Inventory management</i>		<i>Partially satisfactory</i>
<i>Management of non-core funding</i>		<i>Partially satisfactory</i>
Operations Management		Satisfactory
<i>Human resources management</i>		<i>Satisfactory</i>
<i>Procurement</i>		<i>Satisfactory</i>
<i>Financial management</i>		<i>Satisfactory</i>
<i>General administration</i>		<i>Satisfactory</i>

Key findings and recommendations

8. The audit identified a number of good practices implemented by the Office, as well as areas that require management attention, some of a strategic nature and others related to operational, compliance and reporting. Overall, the audit report includes 13 high priority and 6 medium priority recommendations designed to help the Office improve its programme delivery and operations. Two of the high priority recommendations have been addressed to headquarters units. Of the 19 recommendations, 12 are of strategic nature and 7 are operational.

Good practices

9. The audit identified several good practices implemented by the Office, some of which could be considered for replication by other regional offices. Frequent Management Team meetings allowed a regular oversight over of the regional programme implementation and the performance of country offices in the region. A Programme Coordination and Quality Assurance unit was set up to assist the development of country programmes and quality-assure them. A country office focal point system was set up to enhance and facilitate communication between country offices and the ESARO, and tools, such as a Programme Performance Monitoring Matrix and an Operations Monitoring Report, were developed to support monitoring of country programme implementation and operations in the region. In addition, key performance indicators were used to help assess country office Representative performance.

Strategic

10. The Office should assess its structure and staffing to ensure they are aligned to regional programme delivery; technical, strategic and operational support; regional oversight; and operations management needs. There is a need to enhance the review of the alignment of country programmes in the region to the UNFPA Strategic Plan 2014-2017. Monitoring of country programme implementation throughout the region should be further enhanced through a more effective use of the Programme Performance Monitoring Matrix. The Office should undertake efforts to expedite the shift from a role of primary provider to broker of technical assistance, in line with UNFPA's corporate strategy in this area. Finally, the Regional Resource Mobilization and Partnership strategy should be promptly finalized.

Operational

11. The timely Implementation and monitoring of regional level projects funded from non-core funds should be made a priority and improved. Appropriate steps should be taken to follow-up on the Global Staff Survey results, and staff development and training should be enhanced through comprehensive planning and monitoring.

Management response

12. The Office Management agrees with the audit findings and has already started taking actions to address the findings and implement the recommendations included in the audit report from the time of the audit exit meeting.

13. The OAIS team would like to thank the management and staff of the Office, the country offices in the East and Southern Africa region and the different Headquarters units for their cooperation and assistance throughout the audit.

I. OBJECTIVES, SCOPE AND METHODOLOGY

1. The audit covered programme delivery activities and related financial transactions in the period from 1 January to 31 December 2013. The audit also covered the design of the Regional Intervention Action Plan 2014-2017 and the planning of related programme activities scheduled for implementation in the period from 1 January to 31 December 31 2014. Programme delivery activities and financial transactions pertaining to other periods were covered by the audit, as appropriate.

2. The objective of the audit, conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, was to provide reasonable assurance about the effectiveness of the governance, risk management and internal control processes implemented at UNFPA's ESARO.

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

- a) The effectiveness of the technical, operational and programmatic support to and oversight over country offices in the East and Southern Africa region;
- b) The effectiveness and efficiency of the Office's programme delivery and operations;
- c) The conformity of expenses with the purposes for which funds were appropriated;
- d) The safeguarding of assets entrusted to the Office;
- e) The level of compliance with applicable legislative mandates, regulations, rules, policies and procedures; and
- f) The reliability of the Office's financial and operational reporting.

4. The scope of the audit included the review of the Office governance; support to and oversight over country offices in the region; programme management; and operations, and focused on the processes established to mitigate risks associated with external factors, people, processes, relationships and information technology.

5. The engagement was conducted by a team of OASIS audit specialists supported by staff from an external audit firm based in Johannesburg, South Africa, starting on 15 September 2014; a field mission took place from 3 to 21 November 2014. Preliminary findings and recommendations resulting from the audit were discussed with the Office management at an exit meeting held on 21 November 2014 and with headquarters management at meetings held on 9 January and 18 May 2015. Comments and clarifications provided by Management at and subsequently to the exit meeting were reflected in a draft report submitted to the Office on 4 June 2015, and a final management response received on 20 July 2015.

II. BACKGROUND

6. Five regional offices, including the Africa Regional Office, located in Johannesburg, South Africa, were established by UNFPA as part of a regionalization process rolled-out as from 2008. The Africa Regional Office was subsequently divided, in 2013, into the East and Southern Africa Regional Office (ESARO), located in Johannesburg, South Africa, and the West and Central Africa Regional Office, located in Dakar, Senegal (previously the site of a sub-regional Office).

7. The audit of the ESARO took place at a time of a significant transition for UNFPA's regional offices. Changes in country offices focus and activities as a result of the implementation of the new UNFPA business model will necessitate changes in how regional offices operate. Management initiatives to address issues that impacted the regionalization process², such as those related to the regional offices roles and responsibilities (including the clarification of the distribution of labor with Headquarters); oversight; quality assurance; human resources management; and engagement with regional entities, were still under implementation at the time the ESARO audit was performed, including enhancing regional offices' monitoring and evaluation capacity, appointing dedicated human resources and resource mobilization regional advisors, and updating the UNFPA Organizational Handbook to clarify regional offices' roles and responsibilities, to name a few. In addition, 2014 was the first year of implementation of the new Regional Interventions Actions Plans (RIAP), part of the Global and Regional Interventions (GRI) 2014 – 2017 approved by the Executive Board in May 2014.

8. ESARO oversees 23 UNFPA offices which deliver programmes worth approximately USD 171.9 million³ per year in challenging environments. With a population estimated at 528 million⁴, the East and Southern Africa (ESA) region has experienced significant economic growth in the last two decades without a commensurate impact on poverty reduction and key maternal health and family planning indicators. The region's fertility rate stands at 4.8 children per woman. Contraceptive prevalence rate has averaged over 50 per cent in Southern Africa and 30 per cent in Eastern Africa, partially attributable to an increased condom use as a response to the HIV/AIDS epidemic⁵. The maternal mortality ratio stood at 367 maternal deaths per 100,000 live births in 2013⁶, compared to 380 in 2010⁷. Fewer than 50 per cent of women make the recommended four or more antenatal visits during pregnancy⁸. Average HIV prevalence rate in 2013 was 8.8 per cent across the region⁹.

9. Activities undertaken by the Office in the period 1 January to 31 December 2013, with related expenses covered by the audit amounting to USD 22.7 million, corresponded primarily to the Africa Regional Programme Action Plan 2008-2011, part of the Global and Regional Programme 2008-2011 approved by the Executive Board in June 2008 and subsequently extended through 31 December 2013, in line with the extension of the UNFPA Strategic Plan 2008-2011. The expenses were allocated to 24 projects executed by 15 implementing partners (USD 1.6 million) and by UNFPA (USD 21.1 million), funded by core resources of USD 7.6 million and non-core resources of USD 15.1 million. Approximately 70 per cent of the expenses corresponded to the Reproductive Health component. The Population and Development and Gender components accounted for 21 per cent of expenses. Expenses funded from the Institutional Budget and programme coordination and assistance costs, not allocated to any of the above thematic areas, accounted for the remaining 9 per cent of expenses¹.

² Annex 3 to the UNFPA Strategic Plan 2014-2017 – Business model, Section III.B, paragraph 36

³ Actual 2014 expenses for country offices in the East and Southern Africa region

⁴ World Population Prospects: The 2012 revision, <http://esa.un.org/unpd/wpp/index.htm>

⁵ Regional Interventions Action Plan (2014-2015) - East and Southern Africa Regional Office

⁶ Trends in Maternal Mortality: 1990 to 2013; WHO, UNICEF, UNFPA and The World Bank estimates

⁷ Trends in Maternal Mortality: 1990 to 2010; WHO, UNICEF, UNFPA and The World Bank estimates

⁸ Regional Interventions Action Plan (2014-2015) - East and Southern Africa Regional Office

⁹ <http://data.worldbank.org/indicator/SH.DYN.AIDS.ZS/countries?display=default>

10. Activities undertaken by the Office as from 1 January 2014 correspond primarily to the RIAP 2014 – 2017, part of the Global and Regional Interventions 2014-2017 approved by the Executive Board in May 2014, with estimated core resources of USD 21.5 million for the four-year period.

11. The ESARO is located in the city of Johannesburg, South Africa. During the period under review, the Office was managed by a Regional Director, until his retirement in May 2013, by the Deputy Regional Director, who acted as Officer-in-Charge between May and October 2013, and by a newly appointed Regional Director who joined the Office on 1 October 2013, assisted by a Deputy Regional Director and by an International Operations Manager who rotated in early 2015 to another Regional Office.

III. DETAILED FINDINGS

A. OFFICE GOVERNANCE

SATISFACTORY

Good practices identified

1. The audit identified the following good practices in the area of office governance, which were in line with established policies and procedures:
 - a) Monthly Management Team meetings were conducted consistently to discuss programme implementation progress, identify issues hindering programme implementation and agree on recommended action plans;
 - b) Monthly Programme Team meetings were held consistently to discuss and implement decisions made at the Management Team meetings;
 - c) Operations Team meetings were held on an as needed basis. In addition, the International Operations Manager attended both the Management and Programme Teams meetings;
 - d) Performance appraisal and development process activities reflected a high on-time completion rate; and
 - e) The fraud and operational risks assessments were completed based on a consultative approach involving both operations and programme staff.

A.1 – OFFICE MANAGEMENT

SATISFACTORY

2. Audit procedures performed in this area included the review of: (i) the Office's planning process in 2014; (ii) the relevance of the 2014 Office Management Plan and the level of implementation of its activities; (iii) the alignment of the performance plans of key personnel to the Office's priorities; (iv) the effectiveness of the Management oversight over programme delivery and operational activities; (v) the accuracy of the 2013 Office's annual report; and (vi) the level of familiarization of the Office personnel with UNFPA policies and procedures.
3. No reportable issues were identified based on the audit work performed in this area.

A.2 – ORGANIZATIONAL STRUCTURE AND STAFFING

SATISFACTORY

4. At the time of the field audit mission, the Office had a total of 50 posts, including 29 international and 21 national posts. The current Regional Director joined the Office on 1 October 2013. The Office was managed by the Deputy Regional Director following the departure of the previous Regional Director in May 2013. The Deputy Regional Director post became vacant in September 2014, when the incumbent transferred to a new position within UNFPA and was temporarily filled by a Deputy Regional Director a.i., who joined the Office in October 2014.
5. Following the split of the Africa Regional Office (ARO) and since the establishment of the Office, staffing was improved through the creation of several new posts, including those of Resource Mobilization Advisor (position created in October 2013); Strategic Human Resources Partner (i.e., human resources advisor - position created in October 2013 and filled in October 2014, with the candidate expected to assume duties in early 2015); as well as several programme and operations posts (details provided in paragraph 11).

6. Audit work performed in this area included a review of: (i) the alignment of the organizational structure and staffing arrangements in place with the requirements for the delivery of the Office programme and operational activities; (ii) the use of proper contractual modalities; (iii) the effectiveness of the performance assessment process, and (iv) the relevance and sufficiency of staff development activities conducted during the period under review.

7. Based on the audit work performed in this area, the audit noted two matters that need management attention.

Assess the alignment of the Office's structure and staffing level to programmatic, support and operations management needs

8. The current ESARO organizational structure, developed by the ARO Second Restructuring (AROX2) project team in May 2013, following the split of the ARO into the East and Southern Africa and West and Central Africa Regional Offices, has been operational since January 2014.

9. As previously mentioned in paragraph 5, the Office's structure and staffing have been undergoing adjustment throughout the period under review. Nevertheless, as mentioned in paragraph 8 in the Background section, there are multiple initiatives that impact regional offices' activities, including the implementation of the new UNFPA business model; the updating of the UNFPA Organizational Handbook to clarify the regional offices' roles and responsibilities and the distribution of labor with Headquarters (the new *Regional Office Terms of Reference* were released in April 2015); and the start of the implementation of the new GRI 2014-2017. These significant changes, and their pace of implementation, create the risk that the Office's structure and staffing may lose its alignment to programme delivery; technical, operational and programmatic support; and operations management needs.

10. In addition, several Office management and staff members interviewed in the course of the audit expressed concerns about the heavy workload they manage to meet programme implementation demands and the Office's technical, operational and programmatic support role. In addition, human resources gaps were identified as the root cause of some of the audit findings raised in this report, such as those related to monitoring of country office programmatic performance (section III.B.3 of the report) and provision of technical assistance (section III.B.4 of the report).

IMPACT	<i>The Office may not be able to implement its Regional Programme and provide effective support to and oversight over country offices in the ESA region.</i>
ROOT CAUSE	<i>Guidelines (Inadequate management structure).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 1

PRIORITY: HIGH

Assess the Office's current organizational structure and staffing as a basis for providing the Office with the capacity required to implement its programme and perform its technical, operational and programmatic support role effectively, in line with the requirements of the new Regional Office Terms of Reference issued in April 2015.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2015*

At the time of adopting the new regional office structure in May 2013 and the matching process in December 2013, it was anticipated that after 12 months of implementation the structure would be reassessed and an enhanced structure proposed should the agreed structure be inadequate to deliver on the approved Regional Programme deliverables. By late 2014, during the review of 2014 and planning

for 2015, a consultative process to define an enhanced structure was put in place, with each unit team leader asked to define an optimal staff need to deliver their required function. This reiterative process took place over the first quarter of 2015 culminating in a revised structure and reporting lines by April 2015.

An in-depth review of the current organizational structure has been undertaken as of June 2015 and gaps identified in Policy and Political analysis, Operations - finance management as well as programme support. In light of the findings the establishment of two new posts has been submitted to the Executive Director: NOB Finance/Administration and G7 Programme Associate. The post of Political Advisor has been placed on hold because of the 2015 austerity and until such a time as adequate co-financing (non-core) resources are mobilized to fund the post.

Expedite the recruitment of key vacant posts

11. The audit noted that, at the time of the field audit mission, there were seven vacant posts at the Office (14 per cent of the approved posts) including those of: (i) Health Systems Specialist; (ii) national HIV Prevention Specialist; (iii) Evidence and Research Specialist; (iv) Innovation and Knowledge Management Programme Specialist (all created in January 2014, based on the approved structure); (v) Monitoring and Evaluation (M&E) Specialist; (vi) Administration and Finance Associate (both of them created in March 2014 as project posts, funded from non-core resources), as well as the Deputy Regional Director position, which became vacant in September 2014 when the incumbent rotated to take a leadership role at a country office.

12. The prolonged vacancy periods were attributed by Office Management primarily to challenges in finding the required skills and the advertising of vacant posts primarily through the UNFPA website and internal channels.

IMPACT	<i>The Office may not able to implement the Regional Office programme and provide effective support to country offices in the ESA region.</i>
ROOT CAUSE	<i>Guidelines (Inadequate corporate policies and procedures).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 2

PRIORITY: HIGH

Expand the human resource search channels to enhance the Regional Office's ability to identify candidates with the right skill sets.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *July 2015*

The Strategic Human Resources Partner took up his assignment in ESARO in January 2015. An ESA Action Plan for human resources management will be developed for 2015 and 2016, including the diversification of platforms for advertising vacancies, partnership with head hunting firms, academic institutions and professional search engines. Discussions and an enhanced agreement will be reached with UNDP on the local Contract Review Board (CRB) for national positions in order to address delays that have occurred in this step of the recruitment process (National HIV Prevention and M&E Specialists and Administration/Finance Associate).

All vacant positions referred to at the time of the audit were filled as at 30 June 2015. The deputy Regional Director position has been placed under an overall Institutional freeze because of global austerity cuts. ESARO has now expanded its advertisement of positions to source candidates through LinkedIn, and the first pilots demonstrate that this increases by one third the number of applicants applying for the first time to UNFPA. Further, social media sites such as Twitter have been used to expand access to new UNFPA ESARO vacancy announcements. Overall number of

candidates increased considerably for newly vacant posts. For example, for a recent P2 post, ESARO has hit a new record of 300 applications. In coherence with the human resources transformation process whereby recruitment is decentralized, a regional CRB has been established and ESARO is piloting new selection tools to complement the competency-based interviews.

A.3 – RISK MANAGEMENT

SATISFACTORY

13. Audit work performed in this area consisted of the review of the Office’s most recent fraud and operational risk assessments, the process followed for identifying risks, and the actions undertaken to mitigate them. The audit also confirmed that the 2013 UN Board of Auditors report did not contain any recommendations addressed to the ESARO.

14. The following issue was identified based on the audit work performed.

Complete the Fraud and Operational risk assessments at the start of each year

15. Operational and fraud risk assessments were prepared and finalized in September 2014. The assessments were comprehensive, covering all main potential fraud and operational risks, assessed inherent risk ratings, applicable control activities, and the resulting control and residual risk ratings.

16. The risk assessments were developed following a consultative process which involved the Office’s key staff. Completion of the assessments was however delayed, partly due to the need to devote staff efforts on preparations for the International Conference on Population and Development and the United National General Assembly Special Session on ICPD beyond 2014. In September 2014, upon the arrival of the Deputy Regional Director a.i., additional efforts were made to allow the completion of both assessments.

17. It is pertinent to note that while the risk assessments were finalized later in the year, a robust managerial oversight contributed to partially mitigate the potential impact of their late finalization.

IMPACT	<i>Delays in the completion of the risk assessments could expose the Office to risks for which mitigating controls may not be in place.</i>
ROOT CAUSE	<i>Resources (Lack of or insufficient human resources).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 3

PRIORITY: MEDIUM

Complete the fraud and operational risk assessments by the end of the first quarter of each year as part of the annual planning process and update it regularly to ensure all risks are timely identified and mitigated.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2015*

The Office will finalize the fraud and operational risk assessments in the first quarter of each year with full engagement of the whole team contributing to the exercise. The Fraud and Operation Risk Assessments for 2015 had been drafted as of 30 June 2015 and were being reviewed by the management team. It will then be discussed with the entire ESARO team before finalization. ESARO has incorporated and is trying to align with corporate discussions on Enterprise Risk Management (ERM) for which it has engaged and for which it will be a part of its implementation going forward.

B. SUPPORT TO AND OVERSIGHT OVER COUNTRY OFFICES**PARTIALLY SATISFACTORY**

18. Regional offices play a critical role towards ensuring an effective implementation of country programmes and use of UNFPA resources, by providing integrated technical, operational and programmatic support and overseeing country office programmatic and operational performance. The role assigned to regional offices is articulated in the related Terms of Reference issued in 2007, and further reinforced and clarified in the revised Terms of Reference issued in April 2015.

Good practices identified

19. The audit identified the following good practices in this area, which could be considered for replication by other regional offices:

- a) The Office established a Programme Coordination and Quality Assurance Unit (PCU), consisting of programme staff and the M&E Adviser, to support the development, implementation, monitoring and evaluation of the regional and country programmes within the region through quality assurance, capacity building and coordination interventions;
- b) The Office established a country office focal point system, staffed with either Regional Advisers or Programme or Technical Specialists. The main role of the focal points, which are expected to be well informed about their assigned country offices, is to enhance and facilitate communication between the offices and ESARO and facilitate support as and when needed;
- c) A bi-weekly Operations Monitoring Report (OMR) is used to monitor the performance of country offices, based on a portfolio of programmatic and operational indicators (refer to section III.B.3 for details). The OMR is shared with ESARO management during the monthly Management Team meetings, as well as with the country offices' focal points for follow-up on areas determined to be at risk during the Management Team meetings;
- d) A Programme Performance Monitoring Matrix (PPMM) is used to monitor progress towards country programme results and identify country offices facing implementation challenges that may be in need of assistance. The introduction of the PPMM in 2014 is a significant step towards a more effective monitoring of country office programmatic performance. The audit noted, however, some issues related to the completeness and reliability of the PPMM information that need to be addressed to enhance the reliability of the tool, as discussed in paragraphs 35 and 36 and Recommendation N° 7 of this report; and
- e) The Regional Director has agreed with country office Representatives on a portfolio of 16 key performance indicators to be included in their 2014 performance plans reflected in the Performance Appraisal and Development (PAD) system, which refer to the following areas: political acumen; programme development and delivery; knowledge management and innovation; human resources; resource mobilization; and security.

B.1 – COUNTRY PROGRAMME STRATEGIC PLAN ALIGNMENT**PARTIALLY SATISFACTORY**

20. According to the UNFPA Strategic Plan (SP), each business unit is required to prepare a plan, to be reflected in a specific Office Management Plan (OMP) output, describing the steps to be taken to align its programme to UNFPA's strategic direction and the new UNFPA SP 2014-2017 business model. These plans will be monitored closely by UNFPA management to ensure that alignment is completed by the end of 2015¹⁰.

¹⁰ UNFPA Strategic Plan, 2014-2017. Paragraph 93, page 23

21. According to the SP alignment guidelines¹¹, regional offices are expected to: (i) review and approve a mandatory SP alignment plan output to be included in the country office OMPs; (ii) ensure the completeness and quality of alignment activities; (iii) facilitate timely alignment plan updates by country offices; and (iv) quality assure new country programmes to support alignment.

22. Audit work performed in this area consisted of the assessment of the process and tools used to support and monitor the strategic alignment process for country offices in the region. The following issue was identified based on the audit work performed.

Enhance the review of country offices' strategic alignment plans and activities

23. The ESA region encompasses 21 countries with active programmes. Four of these countries had new country programmes starting either in 2014 or 2015 and their corresponding country programme documents, including the SP alignment, were reviewed by the Office's PCU and the Headquarters' Programme Review Committee (PRC). Another two countries had their programmes extended to 2015 and 2016, and the corresponding programme extension documents and SP alignment were also assessed by the Office's PCU and the HQ PRC. Another five offices have new country programmes starting in 2016 and the corresponding country programmes are scheduled for review by the PCU and the HQ PRC in 2015. The risk of insufficient country programmes SP alignment is therefore restricted to the remaining 10 country offices.

24. The audit noted that the activities undertaken by the Office to support country offices in this area included training sessions on the alignment process. In addition, the performance plans of country office Representatives included an indicator related to the development and implementation of plans to align their country programme to the new SP outcomes and outputs, including their corresponding theories of change and the new SP business model. However, quality assurance activities performed were limited primarily to ensuring that alignment activities were reflected in the CO OMPs, without a detailed assessment of the completeness and quality of said alignment plans.

25. The audit of a sample of country office OMPs for 5 of the 10 country offices with higher risk of SP alignment noted that three of them included a reasonable number of activities to be conducted in 2014 and that implementation of such activities was progressing as planned. One country office planned only two activities in 2014 which were subsequently canceled and replaced with a different activity. The audit was unable to assess the progress made on the alignment plan and activities for another country office (impacted by large humanitarian response activities) as its mid-year OMP review was not available in the OMP system.

IMPACT	<i>In the absence of a robust quality assurance and monitoring process, certain country programmes may not complete their SP alignment by the established deadline of December 2015.</i>
ROOT CAUSE	<i>Guidelines (lack of or inadequate Regional Office procedures).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 4 **PRIORITY: HIGH**

Enhance the SP alignment quality assurance process to assess the completeness and relevance of alignment activities for country offices with higher alignment risk and monitor implementation progress.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

¹¹ Aligning to the Strategic Plan, 2014-2017: Toolkit for UNFPA Offices

MANAGEMENT ACTION PLAN:**DUE DATE:** December 2015

The Office will enhance the oversight role of the Strategic Plan alignment process through detailed review of the information submitted by country offices through the Strategic Information System.

As of 30 June 2015, the review and analysis of the status of the country commitment to and implementation of Strategic Plan alignment was in progress and based on a comprehensive review of the information in the Strategic Information Systems 2015 annual planning phase for countries that have not already aligned in 2013-2014. Effective feedback and consultation with the country offices is on-going and all offices will have effectively aligned by December 2015.

B.2 – COUNTRY PROGRAMME PREPARATION**SATISFACTORY**

26. The role of regional offices as regards country programme preparation is envisaged to include, but not limited to, support to the country programme preparation and the review and quality assurance of the draft Country Programme Documents (CPD)¹². To fulfil this role, the ESARO relies on its PCU, which is responsible to support and provide quality assurance over the development of country programmes within the ESA region, as well as to monitor their implementation.

27. The PCU reviewed two CPDs in 2013 and another four in 2014. Four of the CPDs received a rating of “good”, while two received ratings of “poor” from the HQ PRC. The “poor” ratings corresponded to CPDs that were submitted late to the PCU for reasons beyond the control of UNFPA, such as the timeline for finalization of the United Nations Development Assistance Framework (which provides the framework for the development of country programmes) and, hence, were forwarded to the HQ PRC without the in-depth review normally conducted by the PCU in order to the PRC deadline.

28. Audit work performed in this area consisted of assessing the process used by the PCU to review CPDs and testing supporting evidence for two of the CPD reviews performed in 2014.

29. No reportable issues were identified based on the audit work performed. The audit noted that approximately two-thirds of country offices in the ESA region operate in Delivering-as-One environments, for which United Nations Development Action Plans (UNDAPs) may be used in lieu of Country Programme Action Plans (CPAPs). While current policies and procedures¹³ mandate that CPAPs be reviewed and quality-assured by the Regional Offices, no similar requirement had been previously defined for UNDAPs. The audit noted, however, that the revised Terms of Reference for Regional Offices released in May 2015 include a requirement for UNDAP review, therefore no recommendation is provided as regards this matter. The Office is nevertheless encouraged to devote appropriate attention to ensure that UNDAP results matrices include all relevant UNFPA outputs and interventions.

B.3 – COUNTRY OFFICE PERFORMANCE**PARTIALLY SATISFACTORY**

30. Audit work performed in this area consisted of the assessment of the process and tools used to monitor country offices’ operational and programmatic performance, including assessing the process followed to develop monitoring reports in use at ESARO as well as testing the accuracy of monitoring reports for five country offices in the region.

31. The following issue was identified based on the audit work performed.

¹² Policy and Procedures for Development and Approval of Country Programme Document. June 2012. Section 1, page 10

¹³ Policy and procedures on development and approval of Country Programme Action Plan (CPAP)

Improve the accuracy and use of the programme performance monitoring matrix

32. The Office uses the previously mentioned OMR and PPMM to monitor the operational performance and programme implementation of country offices in the ESA region.

33. The OMR is prepared on a bi-weekly basis by the International Operations Manager, to report on progress made on the following indicators: implementation rates for core and non-core funds expiring within the year; number of finalized National Execution (NEX) audits; number of qualified NEX audits; number of NEX audit compliance issues; balance of non-cleared NEX audit unsupported expenditures; Operating Fund Account (OFA) ageing; OFA reconciliation differences; OFA policy violations; year of last internal audit; rating of last internal audit; number of internal and external audit recommendations issued; number of recommendations implemented; number of staff posts; number of filled posts and number of vacancies. The report is shared with ESARO Management during the monthly Management Team meetings as well as with the country offices' focal points to follow up on areas that were deemed to be at risk during Management Team meetings.

34. While there is an opportunity to further enhance the indicator portfolio used, the OMR is a valuable tool for the Office's management to monitor operational performance throughout the region and to identify potential risks at country offices.

35. The PPMM, having just been introduced, has not yet been consistently used. It is prepared on a semi-annual basis by the M&E Advisor, based on information provided by country offices. The PPMM identifies progress made on each output indicator, providing information on annual baselines and targets; mid-year and year-end progress; planned activities and progress on completion; as well as challenges encountered and achievements throughout the year.

36. The audit noted that the 2014 mid-year PPMM included data only for 13 of the 21 countries with active programmes within the region. Testing of the 2014 mid-year matrix for the five country offices selected for review revealed exceptions such as 2014 baselines understated compared to prior year country office annual reports or equal to baselines at the time of country programme inception in 2012 and 2013. The audit team noted that data reported by country offices was not validated and there had been no follow-up with country offices on indicators revealing progress below expectations; this limits the usefulness of the PPMM for programmatic monitoring purposes. Based on enquiries with the Office's management and staff, these issues can be attributed to lack of sufficient monitoring resources.

IMPACT	<i>The effectiveness of the monitoring process could be impaired by data completeness and/or accuracy issues and/or by the lack of timely follow-up on exceptions identified.</i>
ROOT CAUSE	<i>Guidelines (Lack of or inadequate regional office policies or procedures), and Resources (Lack of or insufficient human resources).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 5

PRIORITY: HIGH

Include in the performance plans of country office Representatives an indicator related to the timeliness, completeness and accuracy of data provided for inclusion in the Programme Performance Monitoring Matrix.

RESPONSIBLE MANAGER: Director, ESARO

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2015

The Regional Director will include as part of the 2015 key performance indicators an indicator related to the PPMM. ESARO will include the requirement for country offices to submit complete and accurate data for the PPMM as a criterion for monitoring country performance as part of the regional portfolio review. In addition, the PPMM will be required of all offices in 2015, and monitored by the Regional M&E Adviser on a monthly basis for accuracy and completeness. The M&E Adviser will further analyze the data regularly (at a minimum quarterly) and present to the Programme Management meeting quarterly for appropriate and timely actions as required.

The PPMM has been utilized in the first quarter of 2015 to report on Regional and Country Programme Performance Summaries of Country Programmes for the regular monthly consultation of the Regional Director and regional management team with country management. A data collation and analysis matrix is being developed and populated for effective feedback to all offices.

RECOMMENDATION 6

PRIORITY: HIGH

Reconcile and validate for accuracy all data provided by country offices for inclusion in the Programme Performance Monitoring Matrix.

RESPONSIBLE MANAGER: Director, ESARO

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2015

The validation of the accuracy of the data provided by the country offices will be part of the functions of the M&E Advisor and monitored through the M&E Advisor's performance appraisal.

Data quality checks have been performed as of 30 June 2015, in terms of accuracy, timeliness, completeness, relevance and precision of the data entered into the Strategic Information System by the relevant units, as the basis for regional review prior to finalization and approval of the 2015 Strategic Information System planning. In collaboration with the Programme Division, a concept note has been produced to harmonize collective approaches in this regard across regions. Further, accountability for this recommendation has been incorporated in the M&E Advisor's 2015 PAD.

RECOMMENDATION 7

PRIORITY: HIGH

Use the Programme Performance Monitoring Matrix to identify challenges to successful programme implementation by country offices in the region. Follow up with the concerned country offices on the nature and root cause of problems identified and identify the support required to allow them to achieve programme targets.

RESPONSIBLE MANAGER: Director, ESARO

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2015

The Office will introduce the review of the Programme Performance Monitoring Matrix as a mandatory agenda item every quarter at the programme meetings. This was already done at the end of the first quarter of 2015 and will be done in subsequent quarters throughout 2015 and beyond.

B.4 – PROVISION OF TECHNICAL ASSISTANCE

PARTIALLY SATISFACTORY

37. Following the roll-out of the regionalization process in 2008, UNFPA began a shift from primary provider to broker of technical assistance, a role under which UNFPA is charged with managing and facilitating access to technical assistance, through a network of institutions, individuals and internal

UNFPA resources¹⁴.

38. The shift is also emphasized in the UNFPA SP 2014-2017, which acknowledges the challenges created by increasingly specialized demands which require UNFPA to shift from direct provision of support to a brokering role, a process entailing building relationships at regional level with academic institutions, think-tanks, and other civil society partners, as well as a change in mindset and adjustments to the skill set possessed by UNFPA staff¹⁵.

39. Audit work performed in this area consisted of the assessment of the process and tools used to identify technical assistance needs and manage the delivery of quality-assured technical assistance to country offices, and included inquiries of Representative of five country offices in the region, selected randomly, to assess their views of the efficiency and quality of support provided by the Regional Office. The following issues were identified based on the audit work performed.

Expedite the shift from primary provider to a broker role for the delivery of technical assistance

40. Technical assistance is managed primarily through the Office’s Policy Advisors, who are also responsible for policy advocacy and programme management. Technical assistance needs communicated by country offices are assessed in December or January of each year and reflected in the Office’s OMP.

41. The audit noted, based on discussions with Policy Advisors and the Office management, that the envisioned shift from primary provider to broker of technical assistance has not yet been fully implemented by the Office. While lists of consultants have been maintained by the different Policy Advisors, there was no formalized roster of consultants that could properly support country offices’ needs. A mapping of institutions that could provide technical assistance was initiated in 2011, but it had not been completed and a roster of institutions was not yet in place at the time of the field audit mission. A new mapping across the region was underway at the time of the field audit mission. In addition, at the time of the audit, the Office had begun mapping internal staff capacity at country offices in order to increase cooperation between offices in the region.

42. Further, the Office’s staff and management indicated that, while the UNFPA SP and the Guidelines for the Management of Quality-Assured technical Assistance clearly require shifting from direct support to a brokerage role, they believe that existing guidelines could be enhanced to provide clearer directions on how to operationalize the process and deal with its impact, including the human resources alignment.

IMPACT	<i>Delays in shifting towards a technical assistance brokerage role may not allow the Office to satisfy the region’s technical assistance requirements in a cost effective manner.</i>
ROOT CAUSE	<i>Guidelines (Inadequate corporate policies or procedures), and Resources (Lack of or insufficient human resources).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 8

PRIORITY: HIGH

Consult with Headquarters and other regional offices and identify appropriate approaches that would help the ESARO in its shift from direct provider to broker of technical assistance.

RESPONSIBLE MANAGER: Director, ESARO

STATUS: Agree

¹⁴ Guidelines for Management of Quality-Assured Technical Assistance, Page 4

¹⁵ UNFPA Strategic Plan, 2014-2017, Annex 3 – Business Model, Page 8, Para. 38

MANAGEMENT ACTION PLAN:DUE DATE: December 2015

Organization-wide, there has been no review or evaluation of the shift from the Country Support Teams (CSTs) that formed the basis of UNFPA's technical assistance mechanism to countries prior to regionalization. Similarly, a lack of consistency and good examples of how this has been accomplished by the Technical Division or other Regions makes it challenging to determine an optimal model. That said, ESARO will continue to look into alternative modalities for provision of technical support and continue to accelerate a mind-shift among the Regional Policy Advisors, many of whom were part of the CST, to move towards a brokering role. Culture change will be accelerated with offices not to expect the CST type modality of technical assistance. The mapping matrix of staff capacities in-country and regional offices will be further analyzed and validated. The mapping of institutions will be continued; the regional roster of consultants will be reviewed, vetted and uploaded to the global consultants' roster by December 2015, and then continuously updated throughout the year.

As of 30 June 2015, the Consultancy Vetting Committee had already been established and institutionalized and consultancy vetting was ongoing. Experts at Headquarters are requested to support the analysis and validation process of staff capacities in the region so that the skills mapping can be completed. The mapping of institutions is ongoing and some have already been identified, e.g. signing of letters of understanding with AFIDEP to provide technical assistance to countries on the Demographic Dividend and with PSRI of Nairobi University for Population Situation Analysis – both Institutions have provided technical assistance to countries in the region. Moreover, a group of experts have been identified through a joint effort with the United Nations Economic Commission for Africa, African Development Bank, UNICEF, WHO and UNFPA to support country offices on Civil Registration and Vital Statistics. The updated policy for individual consultancies to be used in the field and headquarters has just been issued for comments and will be implemented once it is endorsed. ESARO will review the draft policy and provide comments.

Enhance the global consultant roster management process and promote its use by all offices

43. As previously indicated, the Office does not have a formal roster of consultants to support country offices' technical assistance needs. Policy Advisors maintain lists of consultants with whom they have worked in the past and whom they recommend to country offices. Some country offices have built their own local consultant rosters.

44. Based on discussions with the Office's Policy Advisors and five country office Representatives, the audit noted that there is limited use of the Global Consultant Roster (global roster). The limited global roster use is the result of a combination of limited awareness that the roster is in place, the belief that it does not include a sufficient number of vetted consultants matching country offices' needs, and the perception that hiring consultants through the global roster is a time consuming process.

45. There are no comprehensive procedures or other guidelines relative to the global roster management process. While the usefulness of the global roster is dependent on it offering a wide selection of vetted candidates with the required competencies, there is no defined process to ensure that the global roster is systematically updated when consultants are engaged.

46. A proposed individual consultant policy released in May 2015 only requires that all consultants selected by waiving competitive recruitment be included in the global roster, but there is no defined process to enforce this requirement. Noticeably, no similar requirement has been defined to include in the global roster consultants that were selected competitively.

47. Similarly, there is no defined process to ensure that consultant performance assessments be reflected in the global roster and that they can be easily accessed by the users seeking consultants. While the roster provides functionality to assess consultant performance in the projects for which they were

engaged, the new individual consultant policy mandates the use of a different online form for that purpose, which is not integrated with the global roster.

48. Another factor that would contribute to the global roster reliability and relevance is a strong vetting process. Currently, consultants can be vetted by country and regional offices, although this is rarely done. At the time of the field audit mission, ESARO did not have a vetting panel to vet consultants or a focal point with appropriate access rights to the global roster system. In addition, there are no clear guidelines as to how the vetting process should work and which tools to use to document it. Further, there are no guidelines on how to quality-assure vettings.

49. The audit noted that the new individual consultant policy recommends but does not mandate the establishment of regional office vetting panels. This could diminish the reliability of the vetting process as a whole.

IMPACT	<i>The absence of a widely used robust global consultant roster may impair the effectiveness of technical assistance to country offices.</i>
ROOT CAUSE	<i>Guidelines (Inadequate corporate policies or procedures).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 9

PRIORITY: HIGH

In consultation with regional and country offices as well as Headquarters units, enhance the global consultant roster functionality and content and define a more effective roster management process, integrated with the individual consultant management process.

RESPONSIBLE MANAGER: *Directors, Programme Division and Division for Human Resources*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2015*

Management takes note of the observation and the recommendation made and agrees with the recommendation. Individual consultant management and the consultant roster are issues that are being discussed by the Division for Human Resources and the Programme Division. Progress has been made but more plans are being put in place for an increased and more effective use of the current Atlas-based Global Consultant Roster.

Limited awareness of the Roster will be addressed in 2015 through capacity development for country offices. The anticipated release of the new Policy on Individual consultants is expected to generate a lot of interest in the use of the roster, so capacity development will meet this increased demand. Guidelines on the use of the roster, training materials and user guides exist; but these will be reviewed, updated if warranted, and made more visible and accessible to staff. Capacity building efforts will not only train staff how to use the roster but will also address the wrong perception that it takes longer to hire a consultant through the roster.

Most of the consultants in the roster have been vetted in the previous (pre-Atlas) version. However, during the migration of data to Atlas, the vetting status was not carried over because the vetting features of the old and the new roster were not compatible. The new Atlas-based roster has more detailed vetting information, thus the need for a new round of vetting. The continued growth and quality of the information in the roster is mainly driven by the work of the vetting panels in the regional offices and in selected units in headquarters. In the past, not all regional offices have conducted vetting of consultants; and, for those that did, there was not a standardized process to integrate the results of vetting into the global roster. This deficiency will be addressed by the policy and through coordination and support that will be provided by the Programme Division and the Division for Human Resources. An oversight panel will provide quality assurance of the vetting process.

Define steps to promote an effective use of the Technical Assistance Management System

50. During most of the period under review, country offices in the ESA region used the ESARO developed Integrated Technical Operations and Programme Support (ITOPS) system to submit technical support requests. The use of ITOPS was discontinued following the roll-out of the Technical Assistance Management Software (TAMS), which was developed by the Headquarters Technical Division and was launched in November 2014.

51. Based on discussions with the Office’s Policy Advisors and five country office Representatives, the audit noted that there is limited awareness of TAMS within the ESA region. In addition, the audit noted that in the past, the use of ITOPs was not systematic, with many technical assistance requests formulated through phone calls or emails to Policy Advisors.

52. Discussions held by the OAIS team throughout the report preparation period with the Deputy Executive Director, Programme; the Technical Division Director and Deputy Director, and the Regional Office indicate that there is a need to establish a more clear shared understanding of the adequacy of TAMS functionality and agreement on the process to be undertaken to enable an effective use of the system and the respective roles and responsibilities.

IMPACT	<i>Field offices may not use TAMS, preventing an effective management of technical assistance.</i>
ROOT CAUSE	<i>Guidelines (Lack of or inadequate corporate policies or procedures).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 10

PRIORITY: HIGH

Assess the functionality and use of the Technical Assistance Management System, define appropriate steps, and the related roles and responsibilities, to enable an effective use of the system in support of the technical assistance process, and update the Guidelines for Management of Quality Assured Technical Assistance as appropriate.

RESPONSIBLE MANAGER: *Deputy Executive Director, Programme*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2015*

Management will convene a process involving TD, PD and the Regional Offices to establish both a shared view of the adequacy of TAMS functionality and a shared agreement on concrete steps to enable more effective use of the system and further clarify associated respective roles and responsibilities. Guidelines will be updated as appropriate.

B.5 RESOURCE MOBILIZATION

SATISFACTORY

53. UNFPA funding is increasingly dependent on non-core resources, which have reached 51 per cent of total contribution revenue in 2014. Regional offices have a critical role in supporting efforts to ensure a more stable and predictable funding base by increasing resource mobilization for UNFPA and assisting country offices in building and coordinating resource mobilization, partnership and private sector outreach efforts.

54. The ESARO fulfils its role through its Office’s Communication, Resource Mobilization & Partnership Unit, currently staffed with a Communication Advisor and a Resource Mobilization and Partnership Advisor (RM Advisor). The unit is charged with a number of expected outputs, including the finalization of a regional Resource Mobilization and Partnership Strategy for the period 2014-2017.

55. To expand the donor base, the RM Advisor is leading efforts to map private sector donors across the ESA region. In addition, since there is no system in place at UNFPA to capture intelligence on private sector relationships, the RM Advisor has defined requirements and is working with the Management Information Services Branch to develop functionality within the Donor Agreement Report Tracking System (DARTS) to gather data on potential private sector donors.

56. Audit work performed in this area consisted of: (i) the assessment of the process used to develop the regional Resource Mobilization and Partnership Strategy; (ii) the assessment of the process in place to support resource mobilization efforts at country offices in the region; and (iii) interviews with the Representatives of five country offices in the region to obtain their views on the resource mobilization and partnership support provided by the ESARO.

Finalize the Regional Resource Mobilization and Partnership Strategy 2014-2017

57. Based on discussions with the RM Advisor, the audit noted that the regional Resource Mobilization and Partnership Strategy had not been finalized at the time of the field audit mission, pending the quantification of regional funding gaps and the completion of the Global Resource Mobilization and Partnership Strategy, to which the regional strategy must be aligned and which was in the process of being finalized at the time of preparing the audit report.

58. The RM Advisor also developed guidelines for country offices in the region in order for them to design their own resource mobilization and partnership strategies for successful fundraising and to manage donor funding at country level. In addition, the RM Advisor conducted missions to three large country offices in the region to help them design their resource mobilization strategies.

IMPACT	<i>Lack of a regional resource mobilization and partnership strategy may prevent the timely mobilization of the resources required for programme implementation in the ESA region.</i>
ROOT CAUSE	<i>Guidelines (Lack of or inadequate corporate policies or procedures).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 11

PRIORITY: MEDIUM

Finalize the regional resource mobilization and partnership strategy, ensuring that it is aligned to the UNFPA global resource mobilization strategy.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2015*

A draft resource mobilization and partnership strategy has been developed. Its finalization will be informed by the private sector mapping and comprehensive work plan that has been initiated. The Strategy will be finalized to ensure alignment with the UNFPA global Resource Mobilization and Partnership Strategy once the latter is finalized.

As of 30 June 2015 the ESA regional resource mobilization strategy was in its final draft, to be finalized once the global strategy has been presented and approved by the UNFPA Executive Board, thereby ensuring alignment.

C. PROGRAMME MANAGEMENT**PARTIALLY SATISFACTORY**Good practices identified

59. The audit identified the following good practices in the area of programme management, which are in line with established policies and procedures:

- a) A consultative and timely process was followed to design and develop the Regional Interventions Action Plan (RIAP);
- b) The team responsible for the development of the RIAP prepared a roadmap to plan key activities such as consultation with country offices and collection of indicator data (baselines and targets) through a survey to country offices; and
- c) There is a good level of alignment between the RIAP and the UNFPA SP integrated results framework. Planned programme interventions and activities, for the most part, align to the intended outputs. Guidelines provided by Headquarters were adhered to and supplementary guidelines developed. The feedback provided by the Headquarters PRC, in particular to reconsider the “ambition” of the programme and reduce total outputs in the four year plan, was reflected in the final version of the RIAP.

C.1 – REGIONAL PROGRAMME PLANNING AND IMPLEMENTATION**PARTIALLY SATISFACTORY**

60. In 2013 the Office finalized implementing the Regional Programme Action Plan 2008 - 2011, part of the Global and Regional Programme 2008-2011 approved by the Executive Board in June 2008 and extended through 31 December 2013, in line with the extension of the UNFPA SP 2008-2011. Programme implementation expenses incurred in that year amounted to USD 22.7 million¹⁶, with a financial implementation rate of 90 per cent (measured based on budgets allocated in Atlas).

61. The implementation was managed through 15 workplans, executed by 15 implementing partners (USD 1.7 million) and by UNFPA (USD 21.0 million), funded from core resources of USD 7.6 million and non-core resources of USD 15.1 million. A large part of the 2013 expenses related to UNFPA implemented activities corresponded to the procurement of reproductive health commodities for nine countries in the ESA region (refer to section C.3).

62. In 2014, the Office commenced the implementation of the ESARO RIAP 2014 – 2017, part of the GRI 2014-2017, with estimated resources of USD 21.5 million for the four-year period, and a programme implementation budget of USD 12.2 million¹⁷ in 2014, corresponding to activities to be implemented primarily by UNFPA, funded from budgeted core resources of USD 7.9 million and budgeted non-core resources of USD 4.3 million.

63. Audit work performed as regards to programme implementation activities in 2013 focused on one programme output with aggregate expenses of USD 10.9 million during the period under review (48 per cent of programme implementation expenses) and included: (i) the review of the workplan related to the output selected; (ii) the assessment of the process followed to prepare, cost and approve the workplan, as well as monitor its implementation; and (iii) the review of monitoring reports and other evidence of programme implementation, including a visit to one country to track assets procured as part of the implementation of the output.

¹⁶ COGNOS project monitoring reports for the year ended 31 December 2013

¹⁷ COGNOS project monitoring reports for the year ended 31 December 2014

64. Audit work performed as regards to the design of the ESARO RIAP 2014-2017 focused on six outputs with aggregated estimated core resources of USD 15.9 million for the four-year programme cycle (74 per cent of total estimated RIAP core resources), and included assessing: (i) the alignment of the RIAP to the GRI and the SP 2014-2017; (ii) the relevance and alignment of the RIAPs' Results and Resources Framework (R&RF); (iii) the process used by the Office to set up the indicators, baselines and targets reflected in the RIAP's R&RF; and (iv) the process used to select the programme strategies and activities that would allow the Office to achieve the output indicator targets reflected in the R&RF.

65. In addition, the audit entailed a walk-through of the process followed to estimate the resources required to implement the RIAP and the assessment of the adequacy of the monitoring and reporting process use by the Office to track progress made towards achieving the output indicator targets. Furthermore, the audit assessed the alignment of the 2014 ESARO workplans to the RIAP.

66. Based on the audit work performed in this area, the audit noted the following matters that need Management attention.

Define additional indicators to better measure the RIAP's contribution towards the achievement of the UNFPA Strategic Plan outputs

67. There is a risk that the portfolio of indicators used in the ESA RIAP, which are for the most part based on the indicators prescribed in the SP Integrated Results Framework, may not be appropriate to measure the incremental or 'catalytic' impact to be achieved through the implementation of the RIAP's strategies over the four year strategic period. For example, the audit noted that the indicator 'number of countries that have a costed integrated national sexual and reproductive health action plan', linked to Output 1 of the RIAP (*Increased national capacity to deliver integrated sexual and reproductive health services*) is the same indicator reflected in the Strategic Plan's Integrated Results Framework.

68. While the practice followed helps ensure that there is consistency in UNFPA's strategic reporting framework, it may not always be necessary or sufficient for ESARO to use the SP indicators to measure the actual impact of regional support, as these may not capture the incremental contribution made by the regional programme interventions towards the achievement of SP outputs over and above what is achieved through the country programmes.

IMPACT *The Office may not be able to measure the true impact of the RIAP.*
 ROOT CAUSE *Guidelines (inadequate planning).*
 CATEGORY *Strategic.*

RECOMMENDATION 12

PRIORITY: MEDIUM

Review the ESARO RIAP Resources and Results Framework to include additional indicators or milestones appropriate to measure the incremental contribution of the regional interventions towards achieving the UNFPA Strategic Plan outputs.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2015*

The Office will undertake a review of the theory of change that underpins the regional programme together with lessons learned from the implementation of the 2014 ESARO workplans. This will lead to a critical look at activities undertaken and their contribution to RIAP indicator changes. Milestones will be identified for easier tracking of change, and captured in the Programme Performance Monitoring Matrix.

The review of the RIAP resources and results framework had been completed as of 30 June 2015, aligned with the introduction of the Strategic Information System and milestones for all RIAP indicators have been developed and are being monitored on a quarterly basis.

Enhance quality assurance of ESARO workplans as regards their alignment to the RIAP

69. The audit noted a risk that ESARO workplans may not be fully aligned to the RIAP, potentially preventing the achievement of RIAP targets.

70. For example, RIAP Output 9 (*Strengthened national capacity for use of data in humanitarian settings and fragile contexts [abbreviated]*) includes as an indicator the ‘*number of ESA countries that have humanitarian contingency plans that include elements for addressing sexual and reproductive health needs [abbreviated]*’. The RIAP’s R&RF indicates a baseline of 14 countries and a target of 16 countries for 2014. However, the 2014 ESARO workplans did not reflect any activities which could contribute to a change in this indicator, creating the doubt as to whether the required activities were not planned in 2014 or the achievement of the RIAP target was deferred for a future year, or whether there is any actual contribution from the implementation of the RIAP towards the results expected to be achieved in 2014 (the two countries considered in the 2014 target are not identified in the R&RF). It is also possible that activities planned under other outputs may contribute to the achievement of the target, but the ESARO workplans do not indicate those relationships.

IMPACT *The Office may not be able to achieve the ESARO RIAP targets.*

ROOT CAUSE *Guidance (lack of or inadequate guidance at the Office).*

CATEGORY *Strategic.*

RECOMMENDATION 13

PRIORITY: HIGH

Enhance the workplan quality assurance process to ensure that planned activities align to the results and targets set out in the ESARO RIAP Resources and Results Framework.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Completed*

MANAGEMENT ACTION PLAN:

DUE DATE: *N/A*

Completed as of 30 June 2015. During the 2015-2016 work plan retreat held in December 2014, a collective review of the proposed activities and its relevance to RIAP indicators took place. Further, as part of the Strategic Information System process for 2015 and during the internalization of the system this was again reviewed for quality assurance purposes.

OAIS COMMENTS ON THE MANAGEMENT RESPONSE:

A follow-up review will be performed to validate the status of implementation of this recommendation reported by Management.

Revise the Regional Intervention Action Plan to provide estimates of non-core funds required to achieve the programme’s targets

71. The RIAP’s R&RF does not include a comprehensive costing of the interventions considered in the RIAP that would reflect both regular resources provided through the GRI allocation process as well as the additional non-core resources (including those provided by thematic trust funds) required to achieve the expected programme results. While the audit acknowledges that it is more difficult to estimate non-core resource requirements at the time of programme development, these funds could constitute a significant portion of the RIAP’s total implementation cost.

72. For example, the audit noted that RIAP Output 2 (*Increased national capacity to improve quality family planning services*) reflects a large number of key interventions but a GRI resource allocation of only USD 228,000 for the four-year programme cycle, including USD 50,000 allocated for 2014 activities. The audit noted, however, that the 2014 Output 2 workplan reflects a significantly larger estimated budget of USD 0.9 million, which considers the non-core funds required to achieve the planned 2014 indicator targets, to be provided primarily by the Global Programme to Enhance Reproductive Health Commodity Security, a funding source mentioned in the RIAP's R&RF but without specifying the estimated contributions to be received.

73. Since only regular resources provided through the GRI allocation process were known at the RIAP planning stage, these are the only funds reflected in the RR&F. This could potentially be misleading in the sense that planned targets could be achieved on regular resources alone.

IMPACT	<i>The cost of achieving the RIAP's targets may be understated. The Office may not be able to estimate the resources to be mobilized to achieve planned results.</i>
ROOT CAUSE	<i>Guidelines (inadequate corporate policies and procedures – as regards programme design).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 14

PRIORITY: HIGH

Estimate the additional non-core funding required over the four-year programme cycle to implement the RIAP's strategies and achieved the targets reflected in the RIAP Resources and Results Framework.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *: December 2015*

Future work plans will be based on the total funding needs to achieve targets, and will clearly identify core resources, mobilized non-core resources and funding gaps. This will ensure that resource estimates are need based rather than funding driven.

As of 30 June 2015, activities integrated in the comprehensive 2015-2016 work plan were identified as fully funded; partially funded; and not funded yet. The total RIAP funding gap amount will be reflected in the resource mobilization strategy expected in to be finalized in the fourth quarter of 2015.

OAIS COMMENTS ON THE MANAGEMENT RESPONSE:

The management response partially addresses the recommendation. Additional information on how a comprehensive costing of the RIAP will be developed and reflected in the corresponding Resources and Results Framework is welcomed as part of the recommendation follow-up process.

Management and implementation of the RIAP would benefit from a four year high level plan indicating key milestones for achieving programme targets

74. No programme documents were provided to the audit team explaining the timeline and milestones for the implementation of the different key interventions and activities described in the ESARO RIAP. While 2014 workplans activities are in general aligned with the RIAP's key interventions and objectives, they only provide a one-year view, and it is not clear when other RIAP activities would be implemented.

75. For example, one of the specific activities mentioned for RIAP Output 3 (*Increased national capacity to deliver comprehensive maternal health services, including in humanitarian settings*) is to perform a mapping, documentation and dissemination exercise of good practices in midwifery

programmes, including south-south cooperation. However, this activity is not reflected as a key intervention in the RIAP's R&RF and is not part of the 2014 workplan for the output.

76. A high level indicative plan, indicating key milestones to achieving each of the outputs in the RIAP over the four-year period would help ensure that intended activities and interventions are planned and implemented as desired. Such a plan will also help ESARO identify critical path dependencies and opportunities for coordination and allow ESARO to 'tell the story' of how the activities and interventions are 'cumulative' and intended to build on prior activities related to knowledge sharing, capacity building efforts etc.

IMPACT	<i>The Office may not be able to implement the RIAP as intended.</i>
ROOT CAUSE	<i>Guidelines (inadequate corporate policies and procedures – as regards programme design).</i>
CATEGORY	<i>Strategic.</i>

RECOMMENDATION 15

PRIORITY: MEDIUM

Develop an indicative high level plan indicating key milestones for each output in the RIAP to further support planning and implementation efforts.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

MANAGEMENT ACTION PLAN:

DUE DATE: *December 2015*

The Office will develop the work plans for the implementation of the RIAP on a rolling two-year basis. The introduction of the rolling 2-year work plan will allow ESARO to update the corresponding milestones on a regular basis throughout the course of the 4 years RIAP. The two-year planning, together with the utilization of the PPMM, will strengthen the management of the RIAP.

The 2015 / 2016 ESARO work plan was already available as of 30 June 2015 and the Programme Performance Monitoring Matrix was being utilized as of that date to ensure effective monitoring of the RIAP.

C.2 – NATIONAL EXECUTION

SATISFACTORY

77. National Execution (NEX) expenses amounted to USD 1.7 million (7 per cent of programme implementation expenses) in the year ended 31 December 2013, representing activities executed by 15 IPs with a financial implementation rate of 92 per cent. Per the general ledger information, expenses incurred by IPs corresponded primarily to the engagement of contract personnel (USD 0.7 million or 44 per cent of NEX expenses) and daily subsistence allowance costs (USD 0.2 million or 13 per cent of NEX expenses).

78. NEX audits performed in 2014 covered 4 IPs with expenses of USD 1.2 million (75 per cent of total NEX expenses) in 2013. Unqualified opinions were expressed for three audit reports, while one audit report was qualified for unsupported expenses amounting to USD 73,000. Operating Fund Account balances, representing funds transferred to IPs for activities not yet implemented, averaged USD 0.4 million quarterly in 2013 and amounted to USD 0.1 million as at 31 December 2013.

79. Audit work performed in this area included the review of: (i) the IP selection and capacity assessment processes; (ii) the existence of appropriate Letters of Understanding signed with the IPs; (iii) the controls implemented for the review, authorization and processing of fund advance requests and expense reports submitted by the IPs through the use of Funding Authorization and Certificate of Expenditure forms; (iv) the controls implemented over the Operating Fund Account used to record and control funds advanced to the IPs; and (v) the process followed to monitor IP activities, for a sample of

five IPs engaged by the Office which reported aggregated programme implementation expenses of USD 1.3 million (approximately 81 per cent of NEX expenses) in the period under review.

80. No reportable issues were identified based on the audit work performed in this area.

C.3 – INVENTORY MANAGEMENT

PARTIALLY SATISFACTORY

81. During the period under review, the Office coordinated the procurement of contraceptives and other reproductive health commodities for nine high need countries in the ESA region at a cost of USD 6.4 million, funded with co-financing provided by a major donor. The procurement of the commodities was undertaken by the UNFPA Procurement Services Branch, based in Copenhagen, Denmark. The commodities were shipped by the suppliers directly to the beneficiary countries. Inventory controls in place at the concerned UNFPA country offices were relied upon to ensure that the inventory reached its intended beneficiaries.

82. Audit work performed in this area included a review of the monitoring and oversight process in place at the Office. Audit work performed also included a field visit to one of the countries supplied, which received inventory worth USD 2.2 million (34 per cent of the value of inventory supplied), to assess the process and controls in place in the areas of: (i) custom clearance, receiving and inspection; (ii) handover of the inventory to IPs; (iii) warehouse controls and inventory records; (iv) distribution to provincial warehouses; and (v) monitoring thereof.

83. The following issue was identified based on the audit work performed in this area.

Enhance the monitoring and oversight over regional projects

84. Based on the co-financing agreement with the donor that provided the funding for the procurement, the Office was responsible for coordinating all matters relating to the agreement and for using existing monitoring systems and personnel at country and regional levels to ensure a quality and timely implementation of the activities.

85. ESARO relied on reporting by the UNFPA offices in the countries supplied. At the time of the project, the regional component of the Country Commodity Manager¹⁸ was monitored monthly by the Office’s Reproductive Health Commodity Programme Associate and reviewed by the Family Planning Policy Advisor and the Reproductive Health Commodity Security Technical Specialist. However, no monitoring was performed by ESARO on the subsequent distribution and utilization for the intended purposes of the commodities supplied, despite ESARO’s fiduciary accountability to the donor.

86. According to ESARO’s management, at the time of the field audit mission the Office was negotiating an additional four-year programme with the donor, for an approximate amount of USD 24.6 million, with an estimated USD 3.0 million for the procurement of commodities. Should the project go ahead, the Office should establish the capacity to manage, monitor and oversee its implementation, including monitoring of the commodities procurement and their distribution to intended beneficiaries.

IMPACT	<i>The Office may not be able to provide assurance to the donor as regards the delivery of the commodities procured to their intended beneficiaries.</i>
ROOT CAUSE	<i>Guidelines (inadequate planning at Office Level).</i>
CATEGORY	<i>Operational.</i>

¹⁸ Software in place to monitor inventory at country level

RECOMMENDATION 16**PRIORITY: HIGH**

Implement a rigorous monitoring and oversight process over regional projects for which the Office is the budget owner and accountable to donors.

RESPONSIBLE MANAGER: Director, ESARO

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2015

In developing non-core programmes and initiatives in support of the regional programme, the needed capacity and resources to effectively monitor and provide oversight to the interventions and implementing partners will be built into the programme. Further, a risk management framework as well as a monitoring and reporting plan will be developed for each of these programmes. Within the first quarter of 2015, the Office will establish Standard Operating Procedures that will help guide effective monitoring and oversight to the process.

Implementation of this recommendation as of 30 June 2015 was ongoing. In line with the audit recommendation, the following interventions have successfully been conducted, are ongoing or are in the preparatory phase:

- a) Training of new and existing ESARO staff in CCM (ongoing);*
- b) Training of selected country office and national staff in CCM (completed);*
- c) Delegation of day-to-day monitoring of commodities to country offices (ongoing); and*
- d) Bar-code "Track and Trace" initiative that monitors commodities from central warehouse to service delivery points to be field tested in Botswana and Madagascar, for possible roll out to other countries based on results of field tests (preparatory phase).*

C.4 – MANAGEMENT OF NON-CORE FUNDING**PARTIALLY SATISFACTORY**

87. Programme implementation expenses funded from non-core resources amounted to USD 5.1 million in 2013 (67 per cent of total programme expenses), with a financial implementation rate of 88 per cent. Of this amount, approximately USD 11.8 million (78 per cent of non-core resources in 2013) corresponded to the funding provided by a major donor to support sexual and reproductive health of women and young people in nine countries in Eastern and Southern Africa.

88. Work performed in this area included tests of compliance with co-financing agreement requirements, including reporting, for the above mentioned agreement and an agreement with another donor for empowering adolescents and young people in eight ESA region countries, with a budget in 2014 of USD 1.3 million. The audit also included inquiries of representatives of the donor funding the procurement of reproductive health commodities regarding their assessment of UNFPA's performance and achievements.

89. No reportable issues were identified based on the audit work performed in this area, except for the following one.

Improve implementation efforts for non-core funded projects

90. The Office is involved in Phase 1 of a two-phase programme funded from non-core resources aimed at empowering adolescents and young people (with special focus on adolescent girls) in eight ESA region countries. The programme is governed by an agreement dated October 2013, expiring on 31 December 2016, with a budget of USD 8.3 million, of which USD 2.6 million were received in November 2013. Payment of an additional USD 2.6 million was expected to be received by June 2014; but at the time of the field audit mission the funding had not yet been released by the donor as a result of low implementation on the first funding tranche. The Office still expected the funds to be received by

year-end of 2014; the remaining funds are expected to be received in June 2015 (USD 1.9 million) and in June 2016 (USD 0.9 million).

91. As at 16 November, 2014, the fund had an overall regional implementation rate (for the eight beneficiary countries and ESARO) of 46 per cent, and an ESARO implementation rate of 37 per cent. According to the agreement, Phase 2 of the programme will be guided by the success of Phase 1, based on a midterm review of Phase 1 in year 3 of the project. Based on audit inquiries, the Office management was aware of the delays, which were attributed mainly to factors beyond UNFPA control and associated with the typical lifecycle of a project in which first-year activities, such as establishing baselines, can be quite time consuming. Per management, implementation was expected to ramp-up in the remaining years of a project.

IMPACT	<i>Delays in programme implementation could jeopardize UNFPA's reputation as a reliable partner.</i>
ROOT CAUSE	<i>Other (factors beyond the control of UNFPA).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 17

PRIORITY: HIGH

Closely monitor the implementation of regional projects coordinated by the Office and take appropriate action to ensure the implementation of activities in line with the agreed-upon timelines.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Completed*

MANAGEMENT ACTION PLAN:

DUE DATE: *N/A*

An analysis was conducted on the programme to understand the root causes for the delay in start-up implementation and found that most of the issues were related to staffing and procurement of services for the baseline study. All project staff, including the M&E Officer, are on board and the baseline study is in its final stages. Further, implementation of projects is monitored at the regular monthly programme and management meetings.

OAIS COMMENTS ON THE MANAGEMENT RESPONSE:

Follow-up review will be performed to validate the status of implementation of this recommendation reported by management.

D. OPERATIONS MANAGEMENT

SATISFACTORY

Good practices identified

92. The audit identified the following good practices in the area of Operations Management, which could be considered for replication by other offices

- a) The Office developed a spreadsheet-based tool to ensure a fair allocation of budgeted overhead costs across all projects; and
- b) The Office developed a spreadsheet-based tool to calculate Daily Subsistence Allowance (DSA) entitlements, reconcile them to the advances provided and determine any adjustments thereto.

D.1 – HUMAN RESOURCES MANAGEMENT**SATISFACTORY**

93. The Office incurred payroll costs amounting to USD 6 million in 2013¹⁹. In addition, it engaged 36 individual consultants under the Special Service Agreement (SSA) modality, for management activities and programme delivery and support, incurring related costs in the amount of USD 1.5 million.

94. Work performed in this area included the analytical review of payroll and contract personnel costs; a walkthrough of the payroll reconciliation controls with UNDP; and the testing of a sample of six SSAs awarded by the Office at a cost of USD 0.14 million (eight per cent of the costs incurred in the period), for linkage to the corresponding work plans and compliance with the applicable policies and procedures and operating effectiveness of controls in the areas of: (i) recruitment; (ii) contract award; and (iii) contract management. Audit procedures applied also testing of the recruitment process for three staff members hired during the audit period; testing of 20 payments of staff benefits and entitlements and contract personnel fees amounting to approximately USD 0.5 million; and the review of the outcome and follow-up actions to the 2012 Global Staff Survey.

95. No reportable issues were identified based on the audit work performed in this area, except for the following.

Follow-up on the Global Staff Survey results for countries in the region

96. The 2012 Global Staff Survey raised some concerns for several countries in the ESA region which require management attention, including those related to:

- a) Recognition of outstanding performance;
- b) Actions when staff do not meet performance standards;
- c) Transparency in staffing decisions not made in a non-transparent manner; and
- d) Level of trust on UNFPA's whistleblowing procedures.

97. While there was evidence of an initial discussion of the outcomes of the survey, no comprehensive action plan was developed to address the concerns raised therein. According to the ESARO management, the survey results were released at a time when the Office's management attention was focused on the set-up of the office following the ARO split and therefore, it was not appropriate to address the survey results which referred to the previous ARO structure.

98. The audit noted that the 2014 Global Staff Survey, the results of which were issued subsequent to completion of field audit work but prior to the issuance of the audit report, revealed concerns similar to those raised in the 2012 Global Staff Survey which required management attention at this time.

IMPACT	<i>Work environment issues may affect the effectiveness of programme implementation in the region.</i>
ROOT CAUSE	<i>Guidance (Lack of or inadequate guidance or supervision at the Regional Office).</i>
CATEGORY	<i>Operational.</i>

RECOMMENDATION 18**PRIORITY: MEDIUM**

Follow-up on the results of the 2014 Global Staff Survey and address the concerns raised through targeted actions.

RESPONSIBLE MANAGER: *Director, ESARO*

STATUS: *Agree*

¹⁹ The payroll is managed by the United Nations Development Programme – UNDP

MANAGEMENT ACTION PLAN:

DUE DATE: December 2015

The results of the Global Staff Survey have been presented and discussed at the 2015 ESARO staff retreat and aspects of the survey referenced at staff meetings. The staff retreat also formulated a plan of action to improve on areas identified as lagging behind and this action plan is monitored through the management team. The results of the survey have also informed the organizational structure and staffing review.

The Human Resources Strategic Partner and country offices Focal Points are assisting offices in the region in reviewing the survey results and identify areas in need of action. Presentations to country offices have been made and the Office has participated remotely in learning afternoons at country offices. Furthermore, at the upcoming ESARO Regional human resources capacity building workshop, there will be a dedicated session on the survey that will also allow country office human resources representatives to exchange and share on their respective follow-ups of the survey.

Enhance training management through comprehensive planning and monitoring

99. The audit noted that the Office does not prepare a staff training plan and did not keep records as regards the trainings completed by Office staff members, including mandatory trainings. The audit was therefore not able to confirm if all staff members completed mandatory trainings, nor whether development needs identified in performance assessments were being addressed properly. Based on discussion with Office management, this issue could be attributed to staff workload

IMPACT	<i>Management does not have an overview on the development of internal capabilities, which may in turn affect the quality and results of programme delivery and operations.</i>
ROOT CAUSE	<i>Guidance (inadequate supervision at the Country Office level) and Resources (Lack of or insufficient human resources)</i>
CATEGORY	<i>Operational</i>

RECOMMENDATION 19

PRIORITY: MEDIUM

Prepare a comprehensive Office training plan and monitor its implementation on a regular basis.

RESPONSIBLE MANAGER: Director, ESARO

STATUS: Agree

MANAGEMENT ACTION PLAN:

DUE DATE: December 2015

Despite austerity cuts a budget has been allocated and the consolidation of individual training plans is in progress. A training and learning focal person has been designated to be responsible for this area and to support staff in their learning needs.

D.2 – PROCUREMENT

SATISFACTORY

100. During the period under review, the Office locally procured goods and services at a cost of USD 1.0 million, issuing a total of 958 purchase orders. The most significant categories of goods and services procured corresponded to event logistics (e.g. meeting room and equipment rental), publications and printing services; and facility management costs.

101. Audit work performed in this area included the review of a sample of 10 local purchases made at a cost of USD 0.1 million (10 per cent of total local procurement) for linkage to the corresponding ESARO workplans and OMPs, compliance with the UNFPA procurement principles²⁰ and policies and procedures, and operating effectiveness of controls in the areas of: (i) requisitioning; (ii) solicitation and bidding; (iii) bid assessment; (iv) vendor selection; (v) contract award; (vi) purchase order issuance; and

²⁰ Best value-for-money; fairness, integrity and transparency; open and effective competition; and protection of the interest of

(vii) receiving, as well as the review of the procurement planning process and management of charges related to common services shared with other United Nations organizations.

102. The audit noted that, in general, all programme related procurements below the USD 50,000 threshold were initiated and executed by programme staff members, in consultation with and under the supervision of the International Operations Manager. The fact that the procurements were initiated and executed and potentially approved (should payment be made through non-purchase order vouchers) by programme staff may diminish the level of segregation of duties in the process. According to the Office management, this workflow had been developed to compensate for the lack of capacity on the operations area, and has allowed for a more efficient administration of the procurement process. This process has, however, led in some cases to post-facto issuance of purchase orders.

103. It should be noted that the audit did not identify any concerns about the ultimate validity and authorization of the procurement transactions managed by programme staff, all of which could be linked to the corresponding ESARO workplans and were generally conducted in the spirit of procurement procedures. The audit also acknowledges that the review of the procurement processes performed by the Office's International Operations Manager mitigates the segregation of duties and other risks that could be created by the arrangements in place, so no recommendation is provided as regards this matter.

D.3 – FINANCIAL MANAGEMENT

SATISFACTORY

104. During the period under review, the Office processed 1235 financial transactions, including 171 accounts payable vouchers used to process payments, and 959 journal entries and vouchers used primarily to process adjustments and record expenses reported by IPs.

105. Work performed in this area included the review of: (i) the financial management capacity of the Office; (ii) the authorization and proper processing of financial transactions; (iii) the coding of transactions to the correct project, activity, general ledger account, IP and fund codes; (iv) the operating effectiveness of controls over the accounts payable and payments process; (v) the value-added tax control arrangements in place; (vi) the budget management process; and (vii) the effectiveness of the financial management accountability process.

106. No reportable issues were identified based on the audit work performed.

D.4 – GENERAL ADMINISTRATION

SATISFACTORY

107. Work performed in this area focused on the travel and asset management processes.

108. Travel expenses incurred by the Office during the period under review amounted to USD 1.9 million. Audit work performed in the area of travel included a walk-through of the travel process and the testing of a sample of 25 travel-related transactions amounting to approximately USD 0.2 million (10 per cent of total travel expenses) for appropriateness of business purpose, compliance with policies and procedures and operating effectiveness of the controls over: (i) the procurement of travel services; and (ii) the authorization, calculation and payment of DSA. No reportable issues were identified based on the work performed.

109. Procurement of assets in the period under review was not significant. As of 31 December 2013, the Office held 156 in-service fixed asset items with a net value of USD 0.5 million. The largest fixed assets categories in service include information technology equipment, vehicles and building/security related equipment and installations. Audit work performed in this area focused on a walk-through of the asset management process. No reportable issues were identified based on the work performed.

ANNEX 1**Definition of Audit Terms****A. AUDIT RATINGS**

Effective 1 January 2010, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP use revised harmonized audit rating definitions, as described below:

- **Satisfactory** - Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
- **Partially Satisfactory** - Internal controls, governance and risk management processes were adequately established and functioning well. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
- **Unsatisfactory** - Internal controls, governance and risk management processes were either not established or functioning well. The issues were such that the achievement of the objectives of the audited entity could be seriously compromised.

B. CATEGORIES OF ROOT CAUSES AND AUDIT ISSUES

- **Guidelines:** absence of written procedures to guide staff in performing their functions:
 - a) Lack of or inadequate corporate policies or procedures
 - b) Lack of or inadequate Regional and/or Country Office policies or procedures
 - c) Inadequate planning
 - d) Inadequate risk management processes
 - e) Inadequate management structure
- **Guidance:** inadequate or lack of supervision by supervisors:
 - a) Lack of or inadequate guidance or supervision at the Headquarters and/or Regional and Country Office level
 - b) Inadequate oversight by Headquarters
- **Resources:** insufficient resources (funds, skills, staff) to carry out an activity or function:
 - a) Lack of or insufficient resources: financial, human, or technical resources
 - b) Inadequate training
- **Human error:** Un-intentional mistakes committed by staff entrusted to perform assigned functions.
- **Intentional:** intentional overriding of internal controls.
- **Other:** Factors beyond the control of UNFPA.

C. PRIORITIES OF AUDIT RECOMMENDATIONS

Audit recommendations are categorized according to their priority, as a further guide to management in addressing the related issues in a timely manner. The following categories of priorities 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 recommendations, 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-specific provisions.

GLOSSARY

AROX2	Africa Regional Office Second Restructuring
Atlas	UNFPA's (PeopleSoft based) Enterprise Resource Planning System
CPAP	Country Programme Action Plan
CPD	Country Programme Document
CRB	Contract Review Board
DSA	Daily Subsistence Allowance
ESA	East and Southern Africa
ESARO	East and Southern Africa Regional Office
GRI	Global and Regional Interventions
HQ	Headquarters
HR	Human Resources
ICPD	International Conference on Population and Development
IOM	International Operations Manager
ITOPS	Integrated Technical Operations and Programme Support
M&E	Monitoring and Evaluation
NEX	National Execution
OAIS	Office of Audit and Investigation Services
OFA	Operating Fund Account
OMP	Office Management Plan
OMR	Operations Monitoring Report
PAD	Performance Appraisal and Development System
PCU	Programme Coordination Unit
PPMM	Programme Performance Monitoring Matrix
PRC	Programme Review Committee
RIAP	Regional Intervention Action Plan
R&RF	Resources and Results Framework
SP	Strategic Plan
SSA	Special Service Agreement
TAMS	Technical Assistance Management Software
UNDP	United Nations Development Programme
UNDAP	United Nations Development Assistance Plan
USD	United States Dollars