



14 April 2023

## **Annex 3**

### **Summary of common and high-risk issues noted in the 2022 audit reports**

### **Report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2022**

**(DP/FPA/2023/6)**

**Agenda item 3: UNFPA – Internal audit and investigation**

Executive Board of UNDP, UNFPA and UNOPS

Annual session 2023

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### Annex 3: Summary of common and high-risk issues noted in the 2022 audit reports

Issue	Recommendation	# of Countries where noted
<b>Governance:</b>		
Unrealistic assessments of risk levels and lack of mitigation measures	With support from the Chief Risk Officer and the ERM Coordinator, timely perform a more rigorous risk management process, from the identification of risks to the assessment and the assignment of risk ratings commensurate with the risk profile of the assessed areas, and develop, implement, and report on action plans to mitigate ‘critical’ and ‘high’ risks through the corporate UNFPA ERM application.	4
Inadequate use of the Strategic Information System for results planning and reporting	Provide training to personnel involved in results planning, monitoring, and reporting and strengthen the existing quality review process to ensure the formulation of quality results plans, and accurate reporting of achieved results.	3
Prolonged vacancies in key positions/High vacancy levels	Explore and implement strategies to attract and recruit suitable candidates to promptly fill all key vacant positions.	3
Human Resources realignment exercise not timely executed	(1) Promptly complete implementation of the approved human resources realignment that is already underway to align the office organizational structure, staffing capacities, and contracting modalities with the requirements of the current eighth Country Programme (2018 - 2022) and the upcoming ninth Country Programme (2023 - 2027), and ensure that future human resource realignment exercises are timely executed; and (2) Prepare an Office change management plan that will address the challenges brought about by the prolonged human resource realignment exercise and implement transformational initiatives and promote a positive work environment, including team building activities.	1
<b>Programme Management:</b>		
Inadequate planning and execution of monitoring activities	Prepare and implement a comprehensive monitoring framework that encompasses and tracks all output indicators and develop appropriate tools to effectively plan monitoring activities and a system to record and track actions taken on findings and issues identified during monitoring processes.	4
Gaps in the IP management process	Strengthen the Implementing Partner management process by: (a) providing comprehensive written justifications for non-competitive selection of implementing partner by using the prescribed templates and obtaining the necessary approvals from authorized staff; (b) completing implementing partner agreements and any amendments thereto and timely uploading these in the relevant corporate systems; (c) providing detailed information, consistent with applicable policy requirements, on budget breakdowns for workplan activities by nature of transactions in the Global Programming System; and (d) conducting more thorough reviews of FACE forms and	6

Issue	Recommendation	# of Countries where noted
	accompanying supporting documents, including notes-to-file where support costs are higher than the policy specified threshold of 7 per cent; and (e) presenting for signature, by the authorized signatory, the workplan that was signed by an unauthorized IP staff.	
Significant weaknesses in programme supplies management	Strengthen the inventory management process by: (a) implementing solutions, with appropriate supervisory controls, that will enable a faster customs clearance process and avoid onerous demurrage charges; (b) supporting the Government to improve warehouse storage conditions, including making the necessary repairs to the affected facilities to prevent water leakages, creating orderly floor and appropriate storage arrangements to free up space and enable easy access to commodities; (c) supporting the Government to streamline recordkeeping, segregation of duties, and following up on resolving any unexplained inventory differences resulting from stock counts; (d) monitoring commodities at the Service Delivery Point level, including enhancing the monitoring tool developed by the Office for more effective use; and (e) developing a management action plan to address recommendations in the commodity availability survey report.	4
Inappropriate process for cash transfers to implementing partners	Consult with the Legal Unit and the Finance Branch to obtain advice on a legal and more appropriate transfer of funds to NGO IPs, and explore alternative options to cash advances, such as direct payments to vendors on behalf of the implementing partners and implement monitoring controls to assess the appropriate use of transferred funds and the accuracy of reported expenses.	1
Delays in customs clearance of programme supplies and commodities	In concert with other affected UN agencies, continue to engage the Ministry of Health to shorten the application process and hasten the customs clearance process, and use the Order Tracking System to initiate the custom clearance process before supplies reach the port of entry.	1
Delayed implementation of General Population and Housing Census	With support from the Regional Office and relevant units at Headquarters, continue and conclude the consultations with key stakeholders and proactively produce population data or explore options to repurpose the available funds for other equally important projects.	1
<b>Operations Management</b>		
Insufficient transparency, fairness, and competition in the procurement process	Strengthen supervisory controls over procurement transactions to improve compliance with procurement policies and procedures as a means of ensuring fairness, integrity, transparency and achieving best value for money.	3
Ineffective asset management controls	Raise staff awareness to promote compliance with the fixed asset management policy, including the systematic (a) tagging of assets according to tagging convention, (b) updating of asset locations in the 'Asset Management Module', (c) adherence to	2

Issue	Recommendation	# of Countries where noted
	the principle of segregation of duties when conducting assets physical counts, and (d) reconciliation of physical count results with the 'Asset Management' module records; and monitor compliance therewith.	
Lack of compliance with travel policy requirements	Raise staff awareness regarding travel policy requirements to promote accountability, and to better plan for necessary only travel to help reduce the organization's carbon footprint. Ensure timely submission of travel requests and expense claims; and monitor compliance thereto.	1