OFFICE OF THE INSPECTOR GENERAL

Audit of the FAO Representation in Cambodia (AUD0221)

EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) conducted an audit of the FAO Representation in Cambodia in February and March 2020. While the audit covered the period from January to December 2019, this report also reflects subsequent developments as of February 2021.

Main findings and conclusions

Overall, OIG assessed the Representation as **Some Improvement Needed** in its implementation of the system of internal controls as shown in the table below.

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Governance:
- The Representation had enhanced its governance structure and operational capacity following the recruitment of a Chief Technical Adviser in April 2020. For the 2019 Internal Control Questionnaire, OIG assessed that of the 43 internal control points, 8 were only partially implemented (including 2 that the Representation had reported as fully implemented) and 1 had not been implemented. However, overall, OIG assessed that the Representation’s office capacity and internal control system were adequate.
- The Representation had improved the completion rates for FAO’s six mandatory training courses on key subjects relating to fraud prevention and the conduct expected of an FAO employee. However, it had not established a reporting channel to receive and handle allegations of sexual exploitation and abuse by FAO employees in a confidential manner.
- The Representation submitted a risk log and fraud prevention plan in 2019 with well-defined risk statements, relevant controls, mitigating measures and targeted implementation dates for each risk as required.
- The Representation successfully advocated FAO’s mandate, taking on key roles in the United Nations Country Team and national technical working groups. The key stakeholders whom OIG interviewed, appreciated FAO’s technical strengths and commended on the Representation’s contribution and commitment to joint programming.
Operations:

- The Representation maintained proper recruitment records, determined local personnel pay rates based on an established scale, and conducted performance appraisals of personnel as required.
- The Representation had a well-documented procurement process in compliance with the established procedures. However, the annual procurement plan was incomplete and not used effectively for procurement planning.
- Except in two cases, the Representation had duly recorded payee banking details in the Global Resource Management System (GRMS). However, there was excessive use of cheques for payments of over USD 1 million, including payroll payments. In addition, there were delays in the settlement of travel and operational advances beyond 90 days.
- No exceptions were noted in the physical observation of sampled assets and the review of supporting documentation for sampled retired assets. However, the asset register was inaccurate and incomplete due to errors in assigning asset custodians and gaps in information on the location of assets.
- The Representation complied with the minimum security risk management measures and all personnel had completed the mandatory security training. However, the Representation did not use the FAO emergency notification system and manually maintained a telephone tree for emergency security notification purposes.

Programme:

- The Representation only signed the 2019–2023 Country Programming Framework (CPF) in June 2020 and therefore the status of CPF achievements was not reflected in the 2019 Annual Report. Although the Representation had not completed the resource mobilization matrix, it was likely to achieve its Country Programming Framework resource requirements considering the four projects with a total budget of USD 38.4 million that were in the final consultation phase as of December 2020.
- With two large gender-sensitive projects, the Representation had allocated the required 30 percent of its total budget to gender-related projects and 80 percent of personnel had completed the mandatory training on gender. However, 6 of the 19 ongoing projects did not have gender markers assigned.
- The Representation had complied with the established process for project formulation for two sampled projects. However, projects under the Technical Cooperation Programme did not contain grievance mechanisms for beneficiaries to lodge complaints of possible violations of FAO’s environmental or social standards.
- The two largest projects in the portfolio, with total budgets of over USD 25 million, had significant and recurring delays in project implementation. The completion of one project was delayed by over two years; while in another new project, the Representation had implemented less than 50 percent of the targeted delivery in the first year.
- The Representation had a monitoring plan for its project portfolio supported by two national monitoring officers. In general, the Representation also complied with the project reporting requirements, albeit with some delays for one project.

Agreed actions

The report contains ten actions that the Representation has agreed to undertake. The Representation has committed to fully implement all actions by February 2022.

Mika Tapio
Inspector General

12 February 2021