OFFICE OF THE INSPECTOR GENERAL

Audit of the FAO Representation in Congo (AUD0521)

EXECUTIVE SUMMARY

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

Main findings and conclusions
Overall, OIG assessed the Representation as **Unsatisfactory** in its implementation of the system of internal controls, as shown in the table below.

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**Governance:**
- The Representation did not have a proper governance structure for its operations. The organizational chart did not reflect the reality of staffing in the office, roles and responsibilities were unclear and there was a lack of segregation of duties. The control environment was weak and the level of awareness of internal control among personnel was low. For the 2019 Internal Control Questionnaire, OIG assessed that of the 43 internal control points, 27 were only partially implemented (including 8 that the Representation had reported as fully implemented).
- The Representation had not established a confidential reporting channel to receive and handle allegations of sexual exploitation and sexual abuse by FAO employees in a confidential manner. In addition, the completion rates for the six mandatory training courses on ethical awareness were low, ranging from 18 to 36 percent.
- The Representation had submitted the annual risk log and fraud prevention plan, but it had assessed all fraud risks as low despite the systemic gaps and weaknesses in internal controls as identified by this audit. The Representation reported five mitigating measures as fully implemented, although the audit results showed otherwise.
- The Representation was proactive in advocating FAO’s mandate. It had a communications action plan to increase project visibility and to seek local community and stakeholders’ buy-in of project activities. Key stakeholders whom OIG interviewed considered FAO a valuable partner, particularly for its technical expertise in developing projects to reduce rural poverty.

**Operations:**
- The recruitment of local personnel was not transparent; personnel records were incomplete and inaccurate; and local personnel pay rates were not duly justified. Local NSHR terms of reference were incomplete and did not reflect their actual duties.
Consequently, for example, personnel involved in procurement were not easily identifiable and were not asked to submit annual financial disclosure statements.

- Procurement was performed by non-procurement personnel. There were serious gaps in the segregation of duties. The IT Assistant, who was the primary buyer, was also designated as the Chairperson of the Local Procurement Committee. In the absence of proper record keeping, the procurement process was not transparent. There were instances of purchase orders created before the Local Procurement Committee meeting and, in some cases, purchase orders were prepared after receipt of invoices. The Representation also did not assess or apply liquidated damages in cases of late deliveries.

- In over 70 percent of local currency bank transfers during the audit period, the Representation did not register the vendors’ banking information in the Global Resource Management System (GRMS). From the list of 45 661 active vendors, there were 500 duplicates, and only 95 vendors had banking information in GRMS. The Representation also approved multiple operational advances; allowed the settlement of advances beyond 90 days; and processed settlements without verification of supporting documents.

- The Representation did not conduct an annual physical verification exercise of assets, and the asset register was unreliable. The level of active assets was excessively high considering the number of personnel. In addition, of the 241 vehicles at the Representation, only 43 were insured.

- The Representation participated in Security Management Team meetings but did not fully comply with the Security Risk Management Measures.

Programme:

- The Representation’s Country Programming Framework (CPF) had results indicators that linked to the targeted Sustainable Development Goals and the United Nations Development Assistance Framework, and it was likely to achieve its CPF requirement of USD 12.1 million. However, it overstated the available funds at CPF inception.

- The Representation had not completed a Country Gender Assessment or a gender stocktaking exercise. It either did not assign gender markers for its projects or, in most cases, assigned the wrong gender marker.

- At project formulation, the Representation did not consider and therefore did not establish grievance mechanisms for receiving and handling complaints of potential violation of FAO’s environmental and social standards for all its projects.

- On project implementation, there were recurring delays in eight of the nine operationally active projects during the audit period. The Representation selected all service providers without competition and did not adequately manage their performance. There were poor budgetary controls over project expenditure resulting in project overruns.

- The Representation had a monitoring team but did not have a plan for proper coverage of monitoring activities for the project portfolio. Project reports contained conflicting data and were not duly supported with evidence of project achievements.

Agreed actions

The report contains 14 actions that the Representation has agreed to undertake. OIG considers 11 of them as high priority, as the level of risk exposure to the Organization is likely to increase given the Representation’s expected expansion with two projects in the final consultation phase, totalling USD 30.2 million. The Representation has committed to fully implement all actions by December 2022.

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6 May 2021