OFFICE OF THE INSPECTOR GENERAL

Audit of the FAO Subregional Office for West Africa (AUD0922)

EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) conducted an audit of the FAO Subregional Office for West Africa (SFW) in Senegal between August 2021 and March 2022. SFW supervises and provides support to 15 Country Offices in West Africa. While the audit covered the period from January 2020 to June 2021, this report also reflects subsequent developments as of May 2022.

Main findings and conclusions

Overall, OIG assessed SFW as Major Improvement Needed in its implementation of the system of internal controls, primarily due to numerous shortcomings identified in the governance structure, ethical awareness measures, human resource management, procurement, financial management, gender mainstreaming, and different phases of the project management cycle as shown in the table below.

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<td>B.1 Human resource management</td>
<td>C.1 Subregional programming framework</td>
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<td>B.2 Procurement</td>
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<td>B.3 Financial management</td>
<td>C.3 Project formulation</td>
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<td>A.4 Advocacy and communications</td>
<td>B.4 Inventory and asset management</td>
<td>C.4 Project implementation</td>
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<td>B.5 Security management</td>
<td>C.5 Project monitoring and reporting</td>
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Governance:

- The organizational structure of SFW comprised mainly programmatic teams and the supervisory span was reasonable. However, SFW’s role in operational support to the Country Offices in the subregion was unclear:
  - The Regional Office for Africa expected SFW to be the first point of call for all support activities although SFW did not have operational support functions and had to rely on an outposted Finance Officer¹ and the FAO Representation in Senegal (FRSEN) for day-to-day operational support.
  - In an audit survey, the Country Offices were generally positive about the support received from SFW. However, 10 of the 15 Country Offices had indicated in their annual reports, some areas for improvement for SFW, particularly on the timeliness in providing technical clearance for procurement. SFW attributed the delays mainly to the time needed for approvals from the relevant technically competent units at headquarters when the lead technical officers in SFW did not have the necessary technical expertise or authority.

¹ The outposted Finance Officer is a staff of the Finance Division (CSF) based in Senegal.
Overall, in the absence of a detailed description of SFW’s supervisory and supporting responsibilities over the 15 Country Offices with corresponding key performance indicators, it was difficult to objectively assess SFW’s performance in supporting the Country Offices in the sub-region.

- SFW did not monitor the completion of the mandatory training courses related to ethical awareness and fraud prevention. More than 20 percent of personnel had not completed five of the six mandatory training courses. In addition, SFW did not have a reporting channel to receive sexual exploitation and abuse (SEA) allegations in a confidential manner.

- SFW had established well-formulated fraud prevention plans. However, in its risk log, SFW had described risks facing external stakeholders rather than risks to FAO. Mitigating actions were either not well formulated or aligned with the risks identified. In addition, of the 18 control points reported as fully implemented in the Internal Control Questionnaire, OIG assessed that four control points were only partially implemented.

- Interviews with representatives of a regional intergovernmental body and a key donor showed that SFW actively advocated FAO’s mandate and had established good working relations with the stakeholders. SFW had also developed a communication strategy and implemented a series of planned communication activities.

**Operations:**

- SFW relied on FRSEN’s support in human resource management services. In a majority of sampled cases, the recruitment of local NSHR was not transparent and competitive, and FRSEN did not verify the qualifications of selected candidates and did not screen them using the United Nations ClearCheck database to avoid hiring individuals with a record of sexual harassment and/or SEA.

- During the audit period, seven FRSEN personnel performed the buyer function, although none had procurement-related functional titles. The procurement process of sampled transactions was not transparent. Evaluation of bids and review by the Local Procurement Committee was not conducted as required, and 81 percent (USD 396,000) of unmatched invoices were of a higher amount than the allowable threshold.

- In 25 percent of payments via e-banking (USD 120,000) during the audit period, payee banking information was not recorded in the Global Resource Management System. In some sampled transactions, supporting documents for payments were either incomplete or contained discrepancies. Furthermore, there were 135 late settlements of advances (USD 161,500) beyond 90 days, 79 operational and travel advances (USD 559,400) to individuals, and 4 advances (USD 9,300) to vendors made without financial guarantees.

- There were inadequate controls over fuel consumption and vehicle maintenance. The asset register was also incomplete and inaccurate with either no custodian information or no asset tags.

- Controls over security management were generally adequate with 91 percent self-assessment compliance rate of the security risk management measures, although improvement in fire safety systems was needed.

**Programme:**

- SFW had developed a subregional programming framework for 2020–2025; a resource mobilization plan for 2021–2025; and annual workplans duly linked to the
subregional programming framework. However, the resource mobilization strategy did not include a resource mobilization target and the action plan did not indicate expected timings and action owners.

- SFW had not completed a gender stocktaking exercise and had assigned the wrong gender marker in three of five sampled projects.
- SFW completed operational checklists during project formulation without proper validation. In three of four sampled projects, the grievance mechanism for project beneficiaries was not described in the project document as required. The responsible Lead Technical Officers also wrongly assessed the environmental and social management (ESM) risk for two projects as low, without due consideration of FAO’s ESM standards.
- Eight of 12 operationally active projects had implementation delays. Controls over Letters of Agreement (LoA) were weak. Of four sampled LoAs, one LoA had remained open since 2019; one LoA had been signed prior to review by the Local Procurement Committee; and one LoA issued using Technical Cooperation Programme resources provided financial support to a project beneficiary, instead of focusing on the provision of technical expertise, contrary to the established rules. In another project, the selection criteria of beneficiaries were unclear and the selection process was not duly documented.
- SFW had established an annual monitoring plan and assigned a dedicated monitoring officer to conduct weekly monitoring meetings. However, the effectiveness of project monitoring controls remained limited because the weekly monitoring meetings assessed the progress of project delivery solely based on the percentage of the total project budget spent and did not monitor the status and achievements of result indicators.

Agreed actions

The report contains 14 actions that SFW has agreed to undertake. SFW has committed to fully implement all actions by December 2023.

Mika Tapio
Inspector General
27 July 2022
ANNEX: DEFINITION OF AUDIT TERMS

AUDIT RATINGS

<table>
<thead>
<tr>
<th>Rating System</th>
<th>An audit rating system (defined below) has been used to rank the adequacy of internal controls in each area.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>The assessed controls, governance arrangements, and management of opportunities and risks, are adequate and effective to provide reasonable assurance that objectives are met.</td>
</tr>
<tr>
<td>Some Improvement Needed</td>
<td>A few specific weaknesses in the assessed controls, governance arrangements, and management of opportunities and risks were noted; generally however, they are adequate and effective to provide reasonable assurance that objectives are met.</td>
</tr>
<tr>
<td>Major Improvement Needed</td>
<td>Numerous specific weaknesses in the assessed controls, governance arrangements, and management of opportunities and risks were noted; they are unlikely to provide reasonable assurance that objectives are met.</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>The assessed controls, governance arrangements, and management of opportunities and risks, are not adequate or effective to provide reasonable assurance that objectives are met.</td>
</tr>
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FAO’s accountability policy, in an extension of the COSO internal control objectives, establishes five critical areas of performance relevant for assessing the adequacy of controls – effectiveness, economy and efficiency, compliance, reporting and protection.