

OFFICE OF THE INSPECTOR GENERAL

Audit of the FAO Representation in Morocco (AUD1223)

EXECUTIVE SUMMARY



The Office of the Inspector General (OIG) conducted a remote audit of the FAO Representation in Morocco in December 2020. Given the time lapsed, the change in FAO Representative and the significant decrease in resource mobilization, OIG conducted an additional desk review from August to December 2022 to ensure its assessment was comprehensive and up-to-date. While the audit covered the period from January 2019 to December 2022, this report also reflects subsequent developments as of May 2023 and management comments received in July 2023.

Main findings and conclusions



Overall, OIG assessed the Representation as **Some Improvement Needed** (see Annex for the definition of audit ratings) in its implementation of the system of internal controls as shown in the table below:

 Satisfactory	 Some improvement needed	 Major improvement needed	 Unsatisfactory
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Governance:

-  Governance structure and office capacity: The Representation had taken corrective action to reduce the number of personnel directly supervised by the FAO Representative from 25 in December 2022 to 8 in May 2023, thus providing for more effective supervisory control. However, the Representation had yet to address the lack of segregation of duties where four individuals were given conflicting responsibilities¹ that weakened controls, particularly in the procure-to-pay cycle.
-  Risk management: The Representation had submitted risk logs and fraud prevention plans for 2021 and 2022. However, in some cases, the risk statements were not well formulated, and mitigating measures were irrelevant to address the risks identified. Of the 32 control points reported as fully implemented in the 2022 Internal Control Questionnaire, OIG assessed that seven were only partially implemented.

Operations:

-  Human resource management: The Representation had the practice of paying local Non-Staff Human Resources (NSHR) on an output basis instead of the number of days worked as stated in their contracts, which had led to delays in salary payments to some local NSHR by up to 26 months. In addition, prior to June 2023, the salary scale for local personnel had been established in USD instead of the local currency without the required approval.
-  Procurement: The annual procurement plans were incomplete and not used for effective procurement planning. Other issues identified related to: the lack of purchase requisitions in some cases; procurement from 40 vendors who were not registered with the United Nations Global Marketplace; lack of monitoring of late

¹ Referring to responsibilities granted to personnel in the Global Resource Management System (GRMS)

deliveries; and inefficient practices related to raising purchase orders for low-value procurement.

- **Financial management:** Between 2020 and 2022, the Representation made 2 115 payments totalling USD 5.1 million (44 percent) via bank transfer but did not record payee banking information in GRMS. However, in January 2023, the Representation initiated necessary corrective actions including improved monitoring.
- ◆ **Inventory and asset management:** The Representation's asset register was unreliable because asset tagging was incomplete and information about the custodians and location of assets was inaccurate.

Programme:

- ◆ **Country Programming Framework (CPF):** The Representation extended the 2017–2020 CPF until December 2022 without any change in its resource requirements. Despite the two-year extension, as of December 2022, the Representation had mobilized only 65 percent of its USD 37.4 million resource mobilization target in the CPF due to lack of a strategy, and achieved only 3 of the 17 planned CPF outputs. However, in May 2023, the Representation signed a new CPF 2023-2027 taking into account the lessons learned during the 2017-2020 CPF cycle and recommendations made by the Office of Evaluation.
- ▲ **Project formulation:** At project formulation, the Representation did not systematically assess the risks relating to Environment and Social Management and, in most cases, made errors or omitted the assignment of gender markers for projects.
- ▲ **Project implementation:** The Representation made significant and recurring no-cost extensions to four projects funded by the Government of Morocco that had started between 2010 and 2015 instead of developing new projects because it had concerns that any new projects might not be approved. In addition, most projects had implementation delays. Apart from COVID-19 pandemic-related factors, the Representation attributed the delays to the high turnover of government officials involved. On beneficiary selection, the Representation did not establish selection criteria and relied solely on government counterparts to make the decisions. In addition, there were weaknesses in the completion of quality assessment reviews for Letters of Agreement and verification of financial reports from service providers.
- ▲ **Project monitoring and reporting:** The Representation organized a weekly management meeting to discuss the progress of project implementation but it did not monitor the achievement of result indicators. In addition, the Representation had not complied with the reporting requirements stipulated in Project Documents. In an extreme case, for one ongoing project that started in 2010, the Representation had not prepared progress reports since 2013.

Agreed actions





This report contains ten actions that the Representation has agreed to undertake. The Representation has committed to fully implement all actions by 31 December 2024.

Mika Tapio
Mika Tapio
Inspector General

20 July 2023

ANNEX: DEFINITION OF AUDIT TERMS

AUDIT RATINGS

Rating System		An audit rating system (defined below) has been used to rank the adequacy of internal controls ² in each area.
Satisfactory		The assessed controls, governance arrangements, and management of opportunities and risks, are adequate and effective to provide reasonable assurance that objectives are met.
Some Improvement Needed		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.
Major Improvement Needed		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.
Unsatisfactory		The assessed controls, governance arrangements, and management of opportunities and risks, are not adequate or effective to provide reasonable assurance that objectives are met.

² 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.