

Key areas for improvement identified in audit reports

Key areas for improvement identified in IAIG internal audit reports in 2016 include:

- a) *Finance*, with recommendations made concerning: authorization of project expenditure; management of operational advances and cash suppliers; compliance with the receipting process; implementing controls to prevent, detect and mitigate fraud in the ERP system; segregation of duties; and governance, control, risk management and reporting of the treasury function in UNOPS;
- b) *Procurement*, with recommendations made concerning: compliance with delegation of authority requirements; standardization of the background checking procedure for suppliers; monitoring for red flags of collusion and corruption in the procurement process; contract management; segregation of duties; duplicated suppliers in the ERP system; and verification and validation of suppliers data;
- c) *Human resources*, with recommendations made concerning: review of office organizational structure; guidance on transfers of offices; reconciliation of data of all personnel migrated to the new ERP system; procedures for handling changes to payroll data; integration between the recruitment system and ERP system; guidance on hiring personnel of retirement age; and monitoring for red flags of contracts being issued to retirees or pension recipients;
- d) *Project management*, with recommendations made concerning: formal authorization for budget reallocations; consistent integration of risk management in all projects; discrepancies between scope of works and actual works completed; timely closure of projects; and adherence to UNOPS environmental management and health and safety policies;
- e) *Information technology*, with recommendations made concerning: implementation of an entity-wide change management process; implementation of segregation of duties matrix; review of access rights; and periodic performance of a fraud risk assessment on the ERP system;
- f) *General administration*, with recommendations made concerning: proper asset management; proper fuel and fleet management; inventory and records of assets; and guidance on the treatment of small value assets;
- g) *Partnerships*, with recommendations made concerning: portfolio diversification planning; business acquisition strategic planning; and policies and procedures concerning hosting arrangements and trust funds; and
- h) *Security*, with recommendations made concerning: business continuity and disaster recovery plans; and attendance at security management team meetings.

Key areas for improvement identified in IAIG project audit reports in 2016 include:

- a) *Project/grant management*, with recommendations made concerning: compliance with reporting requirements; the adequacy of project oversight by project steering committees; the existence of effective risk management strategies; the need for clear reporting structures; the declaring of conflict of interest; and the publicizing of grant opportunities;
- b) *Finance and enterprise resource planning processes*, with recommendations made concerning: getting refunds of VAT from local governments; maintenance of supporting documents with regards to expenditures; reporting to stakeholders and payments made outside of contract periods;
- c) *Procurement*, with recommendations made concerning: compliance with procurement procedures; the application of procurement procedures; and procurement planning;
- d) *Human resources*, with recommendations made on management continuity;
- e) *General administration (asset management)*, with recommendations made on the reporting of non-expendable property; and
- f) *General administration (information management)*, with recommendations made concerning the maintenance of documentation.