



INTERNAL AUDIT AND INVESTIGATIONS GROUP

# UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

## INTERNAL AUDIT REPORT

**04 June 2020**

<b>PROJECT NAME:</b>	<b>CITIES ALLIANCE</b>
<b>ENGAGEMENT NUMBER:</b>	<b>11934</b>
<b>COUNTRY:</b>	<b>BELGIUM</b>
<b>AUDITOR:</b>	<b>BDO LLP</b>
<b>PERIOD SUBJECT TO AUDIT:</b>	<b>1 JANUARY 2018 TO 31 DECEMBER 2019</b>

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## Acronyms and abbreviations

CA	Cities Alliance
CAC	Cities Alliance Cluster
CWT	Carlson Wagonlit Travel
IAASB	International Auditing and Assurance Standards Board
IAIG	Internal Audit and Investigations Group
IP	Implementing Partner
IPSAS	International Public Sector Accounting Standards
NBV	Net Book Value
NGO	Non-Governmental Organisation
OC	Operations Centre
ODT	Official Duty Travel
PC	Project Centre
PMT	Project Management Team
RO	Regional Office
SOP	Standard Operating Procedure
TA	Travel Authorisation
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
US\$	United States Dollars

## Executive summary

### The engagement context

From 6 to 24 April 2020, the Internal Audit and Investigations Group (IAIG) of the United Nations Office for Project Services (UNOPS), through BDO LLP (“the audit firm”), conducted an audit of the project ‘Cities Alliance’ (“the project”) (oneUNOPS engagement ID 11934), which is implemented and managed by UNOPS Cities Alliance Cluster (CAC). The audit firm was under the general supervision by IAIG in conformance with the International Standards for the Professional Practice of Internal Auditing.

The project reported expenditure amounting to US\$ 19,164,429 during the period from 1 January 2018 to 31 December 2019.

### Audit objectives

The overall objective of the audit was to assess the management of the project operations to obtain reasonable assurance towards the achievement of the project objectives.

The areas of focus included:

- a) Effective, efficient and economical use of resources;
- b) Reliability of reporting;
- c) Safeguarding of assets; and
- d) Compliance with applicable legislation.

The purpose of the audit was to provide reasonable assurance that:

- a) Client/donor contributions and project expenditure are properly accounted for;
- b) Project expenditure was incurred in accordance with the contribution agreement, and is supported by adequate documentation; and
- c) The related financial statements prepared by UNOPS for the year under review present a fair view of the operations.

In particular, the audit firm provided an overall assessment of the operational and internal control systems that are in place for the management of the project so that related transactions are processed in accordance with UNOPS policies and procedures to achieve the project’s objectives.

### Audit scope

The audit firm conducted the audit in accordance with International Standards on Auditing issued by the IAASB and UNOPS internal audit practices, and in consideration of the requirements of International Public Sector Accounting Standards (IPSAS).

### Audit rating

Based on the audit report and corresponding management letter submitted by the audit firm, IAIG assessed the management of the project as partially satisfactory (some improvement needed), which means, “The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the

achievement of the objectives of the audited entity/area". The details of the audit results are presented in Tables 1 and 2.

**Table 1: Summary results of the financial audit**

Project title		Period	Engagement no.
Cities Alliance		1 January 2018 to 31 December 2019	11934
Financial statement		Statement of non-expendable property	
Amount US\$	Opinion	Amount US\$	Opinion
19,164,429	Unmodified	22,683	Unmodified

**Table 2: Internal control rating summary for project**

Rating summary by functional area		
Functional area	Rating	
Project management	Satisfactory	
Finance	Partially satisfactory (some improvement needed)	
Procurement and supply chain	Satisfactory	
Human resources	Satisfactory	
General administration	Partially satisfactory (some improvement needed)	
<b>Overall rating of internal control</b>	<b>Partially satisfactory (some improvement needed)</b>	

## Key issues and recommendations

The audit raised six issues. There are six recommendations, all of which are ranked medium priority, meaning “Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences)”.

Below is a list of the audit findings, further details of which can be found in the detailed assessment section.

No.	Functional area	Audit finding title	Priority rating (high / medium)	Financial impact (US\$)
1	Project management	Submission of reports to donors not in line with agreements	Medium	-
2	Finance	Expenditure reported at incorrect amount	Medium	48,310
3	Finance	Reported expenditure not incurred	Medium	20,000
4	Human resources	Mandatory training not completed by all staff	Medium	-
5	General administration	Weaknesses in asset management	Medium	7,543
6	General administration	Control weaknesses around obtaining security clearance	Medium	-
<b>Total impact on expenditure</b>				<b>68,310</b>
<b>Total impact on assets</b>				<b>7,543</b>

## Management's comments

The Head of Finance of Cities Alliance accepted all recommendations.

Signed:



Robert Waters  
Partner  
BDO LLP

04 June 2020

## Operational overview

The Cities Alliance is a global partnership for urban poverty reduction, promoting and strengthening the role of cities in sustainable development, bringing together key actors including national governments, bilateral donors, multilateral organisations, associations of cities and Non-Governmental Organisations (NGOs). Members of the partnership provide strategic direction, contribute to the financing of the fund, and engage in advocacy and operational activities to realize sustainable development.

Since September 2013, Cities Alliance has been hosted by UNOPS. UNOPS acts as the trustee and administrator of Cities Alliance funds in accordance with the agreed Standard Operating Procedures (SOP) and UNOPS Financial Rules and Regulations, including those relating to internal and external audits. The UNOPS Project Management Team (PMT) is based in Geneva and Copenhagen, while the Cities Alliance Secretariat is based in Brussels.

The Cities Alliance has country programmes in Liberia, Tunisia and Uganda, with different projects, work plans and donors for each country. The projects are ongoing: the Uganda programme is expected to end on 30 June 2020, the Liberia programme is expected to be completed by 1 March 2021, and the Tunisia programme is budgeted to continue until 31 December 2023. The partnership also manages a Core Fund, which is a pool of resources that can be used for any activity falling within the work programme approved by the Board.

The audit team extends its appreciation to the management and staff members of the UNOPS offices in Geneva and Copenhagen, as well as staff of the Cities Alliance Secretariat in Brussels for their full cooperation during the audit.

## Detailed assessment

<b>1.</b>	<b>Title:</b>		<b>Late submission of reports to donors</b>
<b>Functional area:</b>	<b>Project management</b>		
<b>Comparison criteria:</b>	<p>Section 10.B.66 'Reporting' of the Cities Alliance programme Standard Operating Procedures (SOPs) states that:</p> <p>The Secretariat will provide the Donors with:</p> <ul style="list-style-type: none"> <li>▪ Annual result-based narrative reports (the "Annual Report") by 31 March following the end of each calendar year.</li> </ul> <p>UNOPS will provide the Donors with:</p> <ul style="list-style-type: none"> <li>▪ Semi-annual interim financial statements as of 30 June and 31 December within one month of the end of each reporting period;</li> <li>▪ Annual certified financial statements as of 31 December by 30 June of the following calendar year;</li> <li>▪ Certified final financial statements will be provided no later than 31 July of the calendar year following the year during which activities funded by the Contribution are operationally completed.</li> </ul> <p>Donor Contribution agreements for individual projects also provide deadlines for submission of reports.</p>		
<b>Priority:</b>	Medium		
<b>Cause:</b>	Guidance	Inadequate or lack of supervision by supervisors	
<b>Responsible manager:</b>	Cities Alliance Secretariat / Project Management Team		
<b>Due date:</b>	Ongoing		
<b>Financial impact:</b>	-		
<b>Facts / observation:</b>	<p>We noted that financial and narrative reports were not always submitted in line with the deadlines stipulated in the Cities Alliance SOPs and donor agreements.</p> <p>We identified nine reports submitted with delays ranging from three to 92 days, and four expected reports which had not been submitted at all.</p>		
<b>Impact:</b>	Non-compliance with the SOPs and donor contribution agreements.		



<b>Recommendation:</b>	<p>Management should ensure they submit all requested reports as per the timeframes stipulated in the Cities Alliance SOPs and the contribution agreements for each donor.</p> <p>Where delays are expected, these should be formally agreed with the donor in writing in advance of the submission date.</p>
<b>Management reply and action plan:</b>	<p>Accept the findings and agree to implement the recommendation. A CA wide calendar with details on reporting requirements and their due dates will be prepared for notification and follow up with Project personnel responsible for reporting to donors/partners.</p>

<b>2.</b>	<b>Title:</b>	<b>Expenditure reported at incorrect amount</b>	
<b>Functional area:</b>	<b>Finance</b>		
<b>Comparison criteria:</b>	<p>According to Rule 123.03 of UNOPS Financial Regulations and Rules:</p> <p>“The Comptroller shall prescribe and maintain financial and subsidiary records and shall institute systems and procedures which will permit accurate and timely financial reporting on all activities to the Executive Director and to the Executive Board.”</p>		
<b>Priority:</b>	Medium		
<b>Cause:</b>	Guidance	Inadequate oversight by UNOPS Headquarters	
<b>Responsible manager:</b>	IPAS Finance Manager, IPAS Admin Manager, CA Head of Operations		
<b>Due date:</b>	June 2020		
<b>Financial impact:</b>	US\$ 48,310		

<b>Facts / observation:</b>	<p>The current process for posting travel costs to projects is managed centrally by UNOPS HQ. The IPAS administrative team receives a monthly statement from Carlson Wagonlit Travel (CWT, a travel management company) for travel for all UNOPS offices, and then allocates the costs to the projects based on the information on the statement.</p> <p>We noted that IPAS Finance posted incorrect amounts of travel costs to the project as a result of a data entry error, with incorrect amounts captured from the statement. The expenditure was posted to the project under journal 680002331.</p> <p>As part of the reporting process, IPAS Finance are required to inform the Cities Alliance team of the travel costs to be posted, so that they can review the amounts. However, in this case this did not happen. As such, the Cities Alliance team were unaware of the travel costs posted.</p> <p>Details of the amounts are as follows:</p> <table border="1" data-bbox="491 775 1412 1290"> <thead> <tr> <th>Journal date</th> <th>Description</th> <th>Expenditure reported (US\$)</th> <th>Amount per CWT invoice (DKK)</th> <th>DKK-US\$ rate at 1 Dec 2019</th> <th>Eligible amount (US\$)</th> <th>Ineligible amount (US\$)</th> </tr> </thead> <tbody> <tr> <td>27-Dec-19</td> <td>XXXXXXXXX December XXXXXXXXX XXXXXXXXX XXXXXXXXX XX</td> <td>17,812</td> <td>2,973</td> <td>6.791</td> <td>438</td> <td>17,374</td> </tr> <tr> <td>27-Dec-19</td> <td>XXXXXXXXXI December XXXXXXXXX XXXXXX XXXXXXXXX</td> <td>31,396</td> <td>3,122</td> <td>6.791</td> <td>460</td> <td>30,936</td> </tr> <tr> <td colspan="6"><b>Total</b></td> <td><b>48,310</b></td> </tr> </tbody> </table> <p>The error was identified by the audit team, and subsequently corrected by management with journal ID 680003058 in April 2020. However, the expenditure reported in the audited financial statements remains overstated.</p>	Journal date	Description	Expenditure reported (US\$)	Amount per CWT invoice (DKK)	DKK-US\$ rate at 1 Dec 2019	Eligible amount (US\$)	Ineligible amount (US\$)	27-Dec-19	XXXXXXXXX December XXXXXXXXX XXXXXXXXX XXXXXXXXX XX	17,812	2,973	6.791	438	17,374	27-Dec-19	XXXXXXXXXI December XXXXXXXXX XXXXXX XXXXXXXXX	31,396	3,122	6.791	460	30,936	<b>Total</b>						<b>48,310</b>
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<b>Impact:</b>	<p>Project expenditure is over-reported by US\$ 48,310 in the financial statements for the period ending 31 December 2019.</p>																												
<b>Recommendation:</b>	<p>We recommend that an additional level of review of travel costs journals is carried out by IPAS Finance, in order to avoid manual errors going undetected. IPAS Finance should also ensure that the project teams are informed of the journals to be posted so that they can be reviewed for any errors.</p> <p>This will allow any identified errors to be rectified in the corresponding reporting period.</p>																												
<b>Management reply and action plan:</b>	<p>Accepted, except that the financial statement for the period ending 31 December 2019 could not be updated as UNOPS books for the same period were already closed on 31 Jan 2020 for any adjustments to projects.</p> <p>A quarterly review of the expenditure posted by HQ will be undertaken to ensure that it is accurate.</p>																												

<b>IPAS comments:</b>	<p>The error occurred when the data from the statement was moved into the agreed sheets template for the GLJE, e.g. a mistake from manual entry. Therefore, Cities Alliance was involved during the initial process, but the error happened after.</p> <p>We will review the workflow and in particular the verification process to ensure that such errors do not occur in future.</p>
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3.	Title:	Reported expenditure not incurred	
<b>Functional area:</b>	<b>Finance</b>		
<b>Comparison criteria:</b>	According to Rule 123.03 of UNOPS Financial Regulations and Rules: “The Comptroller shall prescribe and maintain financial and subsidiary records and shall institute systems and procedures which will permit accurate and timely financial reporting on all activities to the Executive Director and to the Executive Board.”		
<b>Priority:</b>	Medium		
<b>Cause:</b>	Guidelines	Inadequate planning	
<b>Responsible manager:</b>	CA finance manager		
<b>Due date:</b>	May 2020		
<b>Financial impact:</b>	US\$ 20,000		
<b>Facts / observation:</b>	<p>Habitat for Humanity, a member of the Cities Alliance programme, organised an innovation awards event that took place from 16 to 19 September 2019. Cities Alliance agreed to sponsor the event by providing the prize money of US\$ 20,000.</p> <p>We noted that the corresponding invoice remained unpaid at the reporting date of 31 December 2019 due to ongoing discussions between the CA team and UNOPS regarding whether the procedures followed were compliant with UNOPS procurement rules and regulations.</p> <p>In February 2020 it was concluded that UNOPS procurement and finance officers would not approve the payment request, as it did not follow UNOPS rules and regulations and the decision for the use of single source procurement was not sufficiently justified. As such, the Goods Returned was created in March 2020 and the invoice was not paid.</p> <p>Although the transaction was reversed in 2020, the expenditure reported in the period ending 31 December 2019 remains overstated.</p>		

<b>Impact:</b>	<p>Project expenditure is over-reported by US\$ 20,000 in the financial statements as at 31 December 2019.</p> <p>Non-compliance with UNOPS procurement rules and regulations.</p>
<b>Recommendation:</b>	<p>We recommend that in future, corrections are made in the corresponding reporting period to ensure expenditure reported in each period is accurate.</p> <p>We also recommend that the reasons for any single source procurement are clearly documented on file, and approval is sought from relevant procurement officers prior to committing the funds.</p>
<b>Management reply and action plan:</b>	<p>Accepted, except that the financial statement for the period ending 31 December 2019 will not be updated as UNOPS books for the same period were already closed on 31 January 2020 for any adjustment to projects.</p>

<b>4.</b>	<b>Title:</b>	<b>Non-compliance with mandatory training requirements</b>
<b>Functional area:</b>	<b>Human resources</b>	
<b>Comparison criteria:</b>	<p>The UNOPS staff conditions included in the staff welcome letters state that 'All UNOPS personnel are required to share a common understanding of UNOPS and UN mandate, policies and activities. All personnel must complete the following Mandatory Courses within the first 60 days at UNOPS:</p> <ul style="list-style-type: none"> <li>• Discover UNOPS</li> <li>• Prevention of Harassment, Sexual Harassment and Abuse of Authority in the Workplace</li> <li>• I Know Gender!</li> <li>• Information Security Awareness Training</li> <li>• Ethics and Integrity in the UN</li> <li>• United Nations Human Rights Responsibilities</li> <li>• Basic Security in the Field'</li> </ul> <p>Paragraph 7.1 of the Operational Instruction Ref. OI.PCG.2017.01 on personnel management framework also states that 'UNOPS shall ensure that personnel are able to adapt to the changing business needs by establishing programs and arrangements for personnel learning and development.'</p>	
<b>Priority:</b>	Medium	
<b>Cause:</b>	Guidance	Inadequate or lack of supervision by supervisors
<b>Responsible manager:</b>	HR and Head of Department	

<b>Due date:</b>	31 December 2020												
<b>Facts / observation:</b>	<p>We noted that 29% of the total personnel had not completed the mandatory training modules required upon joining UNOPS.</p> <table border="1"> <thead> <tr> <th>Description</th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Total personnel</td> <td>35</td> <td>100%</td> </tr> <tr> <td>Personnel who completed all seven mandatory training modules</td> <td>25</td> <td>71%</td> </tr> <tr> <td>Personnel who partially completed the training modules</td> <td>10</td> <td>29%</td> </tr> </tbody> </table> <p>As such, the project has not been fully compliant with rules and regulations on personnel learning development.</p>	Description	No.	%	Total personnel	35	100%	Personnel who completed all seven mandatory training modules	25	71%	Personnel who partially completed the training modules	10	29%
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<b>Impact:</b>	<p>Non-compliance with mandatory training requirements</p> <p>Lack of knowledge of UNOPS principles and procedures by the project staff</p>												
<b>Recommendation:</b>	<p>Management, and in particular supervisors and heads of departments and offices, should ensure compliance with mandatory learning requirements. This may be through allocating sufficient time for staff members to complete these modules and following up on their completion. Staff members should check the requirements for mandatory training and ensure that their completion is up to date.</p>												
<b>Management reply and action plan:</b>	<p>Accepted and recommendation noted. The number of personnel who completed all mandatory training modules have now reached 29 (83%).</p>												

<b>5.</b>	<b>Title:</b>	<b>Weaknesses in asset management</b>
	<b>Functional area:</b>	<b>General administration</b>
	<b>Comparison criteria:</b>	<p>Rule 121.01 under Regulation 21.08 in UNOPS Financial Regulations and Rules states that</p> <p>‘Records shall be maintained for each item of property, plant and equipment valued at the time of purchase at US\$ 2,500 (the capitalization threshold) or more and meeting the useful life criteria’.</p> <p>Regulation 21.08 also states that ‘An item of property, plant and equipment and intangible asset should be eliminated from the statement of financial position upon disposal or when the asset is permanently withdrawn from use and no future economic benefits or service potential is expected from its subsequent disposal’.</p>

<b>Priority:</b>	Medium																																																													
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<b>Responsible manager:</b>	Head of operations																																																													
<b>Due date:</b>	Ongoing																																																													
<b>Financial impact:</b>	Capitalised assets balance in the financial statement overstated by US\$ 7,542																																																													
<b>Facts / observation:</b>	<p>We noted the following differences between the net book value of assets in the oneUNOPS system and that in the statement of non-expendable property presented for audit, as well as other errors in and omissions from the statement:</p> <table border="1"> <thead> <tr> <th>Asset ID</th> <th>Description</th> <th>NBV in oneUNOPS (US\$)</th> <th>NBV in financial statement (US\$)</th> <th>Difference (US\$)</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>53353</td> <td>Doors</td> <td>5,207</td> <td>5,207</td> <td>-</td> <td rowspan="2">Assets no longer in use not removed from oneUNOPS or the statement of non-expendable property*</td> </tr> <tr> <td>53354</td> <td>Doors</td> <td>2,335</td> <td>2,335</td> <td>-</td> </tr> <tr> <td>114594</td> <td>Notebook</td> <td>2,139</td> <td>2,139</td> <td>-</td> <td rowspan="2">No serial no. included in the statement of non-expendable property</td> </tr> <tr> <td>114595</td> <td>Notebook</td> <td>2,139</td> <td>2,139</td> <td>-</td> </tr> <tr> <td>114600</td> <td>Tricycle</td> <td>3,407</td> <td>2,800</td> <td>607</td> <td rowspan="2">Incorrect depreciation recorded in the statement of non-expendable property</td> </tr> <tr> <td>114601</td> <td>Tricycle</td> <td>3,407</td> <td>2,800</td> <td>607</td> </tr> <tr> <td>103377</td> <td>Toyota Land cruiser Prado</td> <td>9,153</td> <td>-</td> <td>9,153</td> <td>Asset was excluded from the statement of non-expendable property in error. Correct Chassis number is JTEBD9FJX0K021102 instead of JTEBD9FJX0K0211012</td> </tr> <tr> <td>117711</td> <td>43211503 Notebook computers (Mac)</td> <td>2,438</td> <td>-</td> <td>2,438</td> <td>Asset was excluded from the statement of non-expendable property in error</td> </tr> <tr> <td colspan="2"><b>Total</b></td> <td><b>30,226</b></td> <td><b>17,420</b></td> <td><b>12,805</b></td> <td></td> </tr> </tbody> </table> <p>* Assets with IDs 53353 and 53354 were found to be obsolete and no longer in use by the project. The Cities Alliance team moved offices in January 2019 and the assets remained at the old office. As such, they were no longer in use from that point. However, they were only removed from oneUNOPS in May 2020. They were still included in the assets balance as at 31 December 2019 in both oneUNOPS and in the statement of non-expendable property. Following the</p>					Asset ID	Description	NBV in oneUNOPS (US\$)	NBV in financial statement (US\$)	Difference (US\$)	Comments	53353	Doors	5,207	5,207	-	Assets no longer in use not removed from oneUNOPS or the statement of non-expendable property*	53354	Doors	2,335	2,335	-	114594	Notebook	2,139	2,139	-	No serial no. included in the statement of non-expendable property	114595	Notebook	2,139	2,139	-	114600	Tricycle	3,407	2,800	607	Incorrect depreciation recorded in the statement of non-expendable property	114601	Tricycle	3,407	2,800	607	103377	Toyota Land cruiser Prado	9,153	-	9,153	Asset was excluded from the statement of non-expendable property in error. Correct Chassis number is JTEBD9FJX0K021102 instead of JTEBD9FJX0K0211012	117711	43211503 Notebook computers (Mac)	2,438	-	2,438	Asset was excluded from the statement of non-expendable property in error	<b>Total</b>		<b>30,226</b>	<b>17,420</b>	<b>12,805</b>	
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	<p>audit, the statement of non-expendable property was updated to remove those assets. However, they are still included in the capitalised assets balance in oneUNOPS and in the financial statement. As such, the total assets NBV in the financial statement is overstated by US\$ 7,542.</p> <p>The following errors noted in the table above were corrected by management in the final statement of non-expendable property submitted to us:</p> <table border="1" data-bbox="472 479 1348 1005"> <thead> <tr> <th>Description</th> <th>NBV (US\$)</th> </tr> </thead> <tbody> <tr> <td><b>Total assets value for engagement 11934**</b></td> <td><b>17,420</b></td> </tr> <tr> <td>Obsolete assets 53353 and 53354 removed</td> <td>(7,542)</td> </tr> <tr> <td>Corrected depreciation for assets 114600 and 114601</td> <td>1,214</td> </tr> <tr> <td>Added missing assets 103377 and 117711</td> <td>11,591</td> </tr> <tr> <td>Serial numbers added for assets 114594 ad 114595</td> <td>-</td> </tr> <tr> <td><b>Total revised assets value</b></td> <td><b>22,683</b></td> </tr> </tbody> </table> <p>** The original statement of non-expendable property included assets from another engagement for a total NBV of US\$ 11,660 which are not in scope for this audit.</p> <p>The final statement of non-expendable property now shows the correct NBV but the capitalised assets balance in the financial statement remains overstated.</p>	Description	NBV (US\$)	<b>Total assets value for engagement 11934**</b>	<b>17,420</b>	Obsolete assets 53353 and 53354 removed	(7,542)	Corrected depreciation for assets 114600 and 114601	1,214	Added missing assets 103377 and 117711	11,591	Serial numbers added for assets 114594 ad 114595	-	<b>Total revised assets value</b>	<b>22,683</b>
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<b>Total revised assets value</b>	<b>22,683</b>														
<b>Impact:</b>	<p>Incorrect asset information reported in the statement of non-expendable property and in the accounting system.</p> <p>Weaknesses in asset management procedures increase the risk of assets being lost or stolen.</p>														
<b>Recommendation:</b>	<p>Management should ensure correct asset information is reported in the statement of non-expendable property and in the oneUNOPS system. A reconciliation between the information in the statement of non-expendable property and oneUNOPS should be performed before the statement is certified, and any errors should be corrected.</p>														
<b>Management reply and action plan:</b>	<p>Accepted. CA will ensure correctness of asset information in oneUNOPS through periodic physical checks of asset status, in addition to the year-end asset certification exercise.</p>														

<b>6.</b>	<b>Title:</b>	<b>Control weaknesses around obtaining security clearance</b>	
<b>Functional area:</b>	<b>General administration</b>		
<b>Comparison criteria:</b>	<p>According to clause 3.4 of UNOPS Operational Instruction Ref. OI.SSC.2018.01 on Official Duty Travel:</p> <p>“Personnel on ODT must obtain security clearance via the Travel Request Information Process (TRIP) from the Designated Official regardless of the destination prior to travel in accordance with the UN Security Policy.”</p>		
<b>Priority:</b>	Medium		
<b>Cause:</b>	Human error	Un-intentional mistakes committed by staff entrusted to perform assigned functions	
<b>Responsible manager:</b>	Head of Operations		
<b>Due date:</b>	May 2020		
<b>Financial impact:</b>	-		
<b>Facts / observation:</b>	<p>We found that one of the project staff members did not obtain security clearance for a business trip from Brussels to London in December 2019.</p> <p>It is the responsibility of the traveller to enter details of their trip into a separate UNDSS tool to obtain security clearance prior to their travel. The Cities Alliance Office Assistant is then required to check that the security clearance has been recorded in the oneUNOPS system, along with other supporting documents, prior to processing any requests for payments.</p> <p>However, in this case, the lack of security clearance was not identified. There is no mechanism for prompting travellers to complete the required information in the UNDSS tool to act as a control against this failure.</p>		
<b>Impact:</b>	<p>Risk of staff travelling without obtaining security clearance.</p> <p>Non-compliance with UNOPS travel security procedures.</p>		
<b>Recommendation:</b>	<p>We recommend UNOPS to include a link to the UNDSS security tool in the Travel Authorisation (TA) form, so that travellers are prompted to enter their details of travel into the tool when completing the DSA calculation prior to their trip.</p>		
<b>Management reply and action plan:</b>	<p>Accepted. As recommended a link to the UNDSS TRIP site is now included in the TA form, attached for easy reference and personnel are also reminded once again that no Travel related payment (DSA+ TE) will be made until the Security clearance details are submitted to the admin team.</p>		



## Annex I - Definitions

### Standard audit ratings for overall performance of internal control system

Effective 1 January 2017, the internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below. IAIG assesses the entity under review as a whole as well as the specific audit areas within the audited entity:

- (a) satisfactory (effective),
- (b) partially satisfactory (some improvement needed),
- (c) partially satisfactory (major improvement needed), and
- (c) unsatisfactory (ineffective).

The elements of the rating system take into account the audited office's internal control system, risk management practices, and their impact on the achievement of office objectives.

The definitions of the ratings are, as follows:

Standard rating	Definition
<b>Satisfactory (effective)</b>	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
<b>Partially satisfactory (some improvement needed)</b>	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
<b>Partially satisfactory (major improvement needed)</b>	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
<b>Unsatisfactory (ineffective)</b>	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity.

### Categories for priorities of audit recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNOPS country office management is to address the issues.

The following categories of **priorities** are used:

Categories	Definition
<b>High</b>	Prompt action is considered imperative to ensure that UNOPS is not exposed to high risks (that is, where failure to take action could result in critical or major consequences for the organization).
<b>Medium</b>	Action is considered necessary to avoid exposure to significant risks (that is, where failure to take action could result in significant consequences).
<b>Low</b>	Action is considered desirable and should result in enhanced control or better value for money.

### Possible causes

The following categories of **possible causes** are used:

- **Guidelines:** absence of written procedures to guide staff in performing their functions;
  - Lack of or inadequate corporate policies or procedures
  - Lack of or inadequate RO/OC/PC policies or procedures
  - Inadequate planning
  - Inadequate risk management processes
  - Inadequate management structure
- **Guidance:** inadequate or lack of supervision by supervisors;
  - Lack of or inadequate guidance or supervision at the RO/OC/PC level
  - Inadequate oversight by Headquarters
- **Resources:** insufficient resources (funds, skill, staff) to carry out an activity or function;
  - Lack of or insufficient resources (financial, human, or technical resources)
  - Inadequate training
- **Human error:** Un-intentional mistakes committed by staff entrusted to perform assigned functions;
- **Intentional:** intentional overriding of internal controls;
- **Other:** Factors beyond the control of UNOPS.