Food and Agriculture Organization of the United Nations

Office of the Inspector General

Audit of the FAO Representation in Nigeria

AUD0824

30 August 2024

This document is comprised exclusively of the executive summary of the audit report.

Permanent Representatives accredited to FAO and institutional resource partners of FAO may be granted access to the full report upon written request to the Inspector General, in accordance with paragraphs 59-61 of the Charter of the Office of the Inspector General.

EXECUTIVE SUMMARY

WHAT WAS AUDITED?

In accordance with its biennial audit workplan, the Office of the Inspector General (OIG) carried out an audit of the FAO Representation in Nigeria. The objective of the audit was to assess the adequacy and effectiveness of the Representation's governance, risk management and internal control processes. In particular, the audit assessed:

- Implementation of internal controls to manage key risks to FAO operations in Nigeria.
- Integrity and transparency of the operations in accordance with established regulations and rules.
- Management of the project portfolio and activities to achieve the targeted programmatic objectives.

While the audit covered the period from January 2022 to March 2023, this report also took into account subsequent developments as of May 2024, and management comments received in August 2024.

WHY IT MATTERS?

Well-functioning operations on the ground, supported by effective governance, risk management and internal control processes, contribute to solidifying FAO's reputation while also delivering much-needed programmes to affected populations. Further, it is important for management to be aware of the risk exposures associated with internal control gaps to implement corrective actions accordingly.

WHAT WERE THE KEY OBSERVATIONS?

- As of May 2024, the three key positions in the Representation, comprising the FAO Representative (FAOR) and the two Assistant FAORs for Programme and Administration, had remained vacant for ten, seven and two months respectively. A P-4 staff member from the Subregional Office for Western Africa was designated the FAOR ad interim and supervised 32 personnel at the Representation while continuing to perform his regular duties for the Subregional Office. The Head of Sub-office in Maiduguri was also supervising 41 personnel based in four different locations. Such arrangements negatively impacted the effectiveness of supervisory control. In addition, the Representation's organizational structure did not reflect actual reporting lines and resulted in unclear roles and responsibilities. The control environment at the Representation was weak as its personnel did not understand the importance of internal controls and had adopted some bad practices.
- The Representation had prepared risk logs and fraud prevention plans for 2022 and 2023; however, key risks relating to input distribution and management of Letter of Agreement service providers were not included. As of May 2024, for the risks identified, 11 mitigating actions had been overdue for five months and the Representation had not indicated appropriate action owners for 9 of the actions. In the 2023 Internal Control Questionnaire, of the 40 control points reported as fully implemented, OIG assessed that 28 control points were only partially implemented and one was not implemented. These control points related to procurement, financial management, asset management, travel management, and project monitoring and reporting.
- The Representation had improved the use of Electronic Funds Transfers (EFT) from 77 percent of its payment transactions in 2022 to 89 percent in 2023. However, the Representation made frequent errors in processing EFT payments and incorrectly used the miscellaneous receipt function to process payments. A comparison between GRMS records and bank statements revealed discrepancies in the payee's name or bank account number. While the Representation clarified the reasons for these discrepancies, it did not provide supporting evidence of payments to the designated payees. Finance personnel also misrepresented the work done when requesting the former FAOR to sign the Monthly Management Letters certifying the review of completed bank reconciliations although that was not the case.
- In 2022 and 2023, almost all purchase orders were issued without a purchase requisition in GRMS. Therefore, there were no assurances that the goods purchased were in line with the Project Documents and workplan or were included in the procurement plan and technically cleared. Additionally, the Representation incorrectly used

unmatched invoices to process payments to vendors and travel advances to non-staff travellers. The vendor master data contained duplicate records for some vendors, and several vendors were not registered in the United Nations Global Marketplace. In some cases, the Representation issued purchase orders after receiving invoices and provided vendor advances without financial guarantees. There were also instances where unauthorized personnel approved vendor selections.

- Of 29 ongoing national projects, 15 had been delayed by 2 to 29 months mainly due to the late procurement of project inputs and COVID-related factors, causing the beneficiary farmers to miss the planting season. While the Representation used the Kobo toolbox for beneficiary registration, it did not encrypt the data or specify the beneficiary selection criteria. The records of beneficiary information in Kobo were incomplete and contained duplicated data. In addition, the Representation paid service providers without verifying the underlying documents, such as evidence of input distribution and the expenditure incurred.
- The Representation developed a budget, result matrix and workplan for each project but had not formulated project monitoring and evaluation plans or assessed the results at project level. For two sampled projects, the Representation had not prepared project progress reports, although the durations of the projects were two and five years respectively. In terms of project costs, the Representation did not have well-established criteria to allocate the costs of shared resources across different projects and had charged personnel costs to an operationally closed project although the personnel were no longer working on the project.
- The Representation had not conducted outreach activities to inform relevant stakeholders of the corporate complaints hotline. It also did not adequately manage the locally established hotline, resulting in the dissemination of an outdated toll-free telephone number and disruption of the toll-free telephone service due to a lack of telephone service subscription monitoring. The Representation also recorded complaints received in a handwritten manual register without proper information security measures.
- The Representation had not developed a workforce plan and focused only on monitoring the recruitment process for local Non-Staff Human Resources. Recruitment was not transparent as selection reports were not available and Quality Assessment Reviews were not completed prior to rehiring personnel. Additionally, since March 2021, the Representation had not screened most of its newly hired personnel through the UN ClearCheck database to prevent the hiring of individuals with records of sexual harassment or sexual exploitation and abuse.
- In some cases, the Representation approved personnel travel to high-risk areas without the required and approved security clearance. Between January 2022 and May 2024, the FAOR or his alternate did not attend 11 of the 17 United Nations Security Management Team meetings in the country. Furthermore, although the last Emergency Notification System test showed a 70 percent response rate, 40 percent of personnel did not provide their mobile phone number for security alerts.
- There were cases where the Representation approved travel advances after travel departure dates and some personnel flew premium economy and business class for local travel without a valid justification. The Representation also allowed the practice of settlement of advances longer than 90 days and multiple operational advances were granted to the same individuals without settlement of the previous advance.

CONCLUSION

Existing structures, policies and procedures are seriously flawed in design or operation and do not mitigate the risks to the achievement of several key governance, risk management or internal control objectives. The audit identified 15 risks, of which 10 were rated as high and 5 as moderate.

FAO management has developed a suitable action plan to address the issues raised, and OIG will follow up on its timely implementation.

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Inspector General
30 August 2024

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