



Food and Agriculture
Organization of the
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Office of the
Inspector General

Audit of the FAO Representation in Madagascar



AUD0324

8 May 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 Madagascar. The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and internal control processes in the Representation. In particular, the audit assessed:

- Implementation of internal controls to manage key risks to FAO operations in Madagascar.
- 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 August 2023, this report also took into account subsequent developments as of December 2023, and management comments received in April 2024.

This report also integrates observations from a remote audit of the Representation in Comoros originally conducted in 2020 but not finalized at that time. Audit observations regarding Comoros were updated up to December 2023 as part of the audit of the Representation in Madagascar, as the latter is responsible for Comoros operations under a multiple-accreditation scheme.

WHY IT MATTERS?

As of September 2023, FAO Madagascar was budget holder for 30 active projects with a total budget and delivery of USD 57 million and USD 27 million, respectively. 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.

WHAT WERE THE KEY OBSERVATIONS?

OIG was pleased to note that the Representation:

- mobilized USD 59.5 million between 2021 and 2023, mainly for resilience and emergency responses to drought, cyclones, locusts and COVID-19, representing a significant increase compared to the preceding three-year period 2018-2020 (USD 13.6 million);
- conducted regular verification missions to assess project implementation, performance of Letters of Agreement service providers, and the capacity of suppliers; and
- had put in place an effective monitoring mechanism for the reassessment of non-staff human resource positions, steps and pay rates by establishing a committee for this purpose.

The main improvement actions related to the following:

- The Representation's internal structure comprised several teams: programme, operations, procurement, administration (finance, human resources, logistics), communication, and monitoring and evaluation, with periodic meetings organized, attended by all groups. However, there was room for further interaction between the teams to resolve cross-cutting issues more efficiently and effectively.
- Some staff had an excessive number of system responsibilities assigned to them, which could potentially undermine segregation of duties in key processes.
- During the period under review, the Representation made cash transfers of USD 3 million prepaid to a payment entity and input distributions of USD 6 million through implementing partners using Letters of Agreement. There was no reconciliation to prove that beneficiaries received what was due to them. OIG also found that 406 cash

transfer beneficiaries (2.4 percent of the total) had duplicate national ID numbers. The duplication was caused either by national system error or database registration error.

- The Representation procured USD 12.3 million in inventory items mainly comprising seeds, tools, livestock, feeds and fertilizers. There was no comprehensive inventory information, and the Representation did not maintain records to track the movement of inventory and identify aged items and stock obsolescence. In declaring the inventory at year-end, the Representation considered only inventory balances in Antananarivo and omitted inventory at its other storage facilities.
- The Representation did not screen 190 newly recruited personnel using the ClearCheck database.

CONCLUSION

Identified weaknesses in the existing structures, policies and procedures negatively impact the effective mitigation of key risks. The audit identified 12 moderate risks. If not addressed, they will hinder the achievement of some important governance, risk management or internal control objectives.

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



Mika Tapio
Inspector General
8 May 2024