



# INTERNAL AUDIT

**UNIVERSAL PEACE AND VIOLENCE AMELIORATION CENTRE  
(UPVAC)**

Office of the Auditor General | Internal Audit Report UPVAC/02/21

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# INTERNAL AUDIT

UNIVERSAL PEACE AND VIOLENCE  
AMELIORATION CENTRE (UPVAC)

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## INTERNAL AUDIT REPORT FOR UPVAC

Office of the Auditor  
General | Internal  
Audit Report  
UPVAC/02/20

## Internal Audit of Universal Peace and Violence Amelioration Centre (UPVAC)

### I. Objectives and Scope of the Audit

#### Objectives

The objective of the audit was to provide independent and objective assurance regarding the adequacy and effectiveness of the administration, organization's governance, risk management, strategies, and management functions in the Headquarters' office. To also provide insight and recommendations based on analyses and assessments of data and further evaluate and test the adequacy and effectiveness of the processes associated with the internal control components of UPVAC's management.

#### Scope

The scope of the audit covered UPVAC's administration, management of staff, organization's governance, partnerships and strategies from 1 December 2015 to 10 December 2020. Where necessary, transactions and events pertaining to other periods were reviewed. The audit fieldwork took place in Nigeria. This report also presents the more important risks and issues found by the audit and the measures agreed with the Headquarters office management to address them.

### II. Executive Summary

#### Introduction and Context

The Office of the Auditor General has conducted an audit of the Universal Peace and Violence Amelioration Centre Headquarters. The audit covered the period from 1 December 2015 to 10 December 2020, and looked at events prior and subsequent to this period as required. The Audit team conducted an on-site assessment from 4 January to 31 January 2021. This included work at UPVAC headquarters in Nigeria; a review of the organization's governance, management controls, risk management, organization's strategies and related corporate processes that impact across UPVAC.

### **Risks Identified for Audit**

Efficient and effective achievement of the United Nations (UN) Sustainable Development Goals (SDG) has been a major challenge due to lack of adequate fund, political and systematic factors. The Key risks identified for UPVAC related to how UPVAC might focus on fund raising, donor identification and strategic partnerships regionally and internationally.

Other key risks identified for this audit related to accessing professionally trained volunteers, effective and timely response from government agencies on advocacies due to corruption.

The audit therefore looked at how UPVAC is set up to best leverage volunteer resources and strategic partnerships with Government and other regional and international partners and donors; and to seek and grasp opportunities with new partners, particularly at sub-national level, to achieve impact beyond UPVAC's own financial resources. The audit also looked at whether the office was actively managing its operational risks. These areas are reflected in this report.

### **The Key Results of the Audit**















The audit noted a number of areas where UPVAC's functions and controls were adequate and functioning well.

The administrative and management section had established a system that allowed for skilled volunteering. For example, in 2020, the headquarters launched a skills acquisition program that requested volunteers with certain skills to train interested participants in the desired skills free of charge in a working environment.

The audit also noted that the Trustees and Management Staff/Directors had introduced a means of meeting up with certain humanitarian outreach such as donation in kind and willful donation from the trustees and other management staff towards any project and also established other regional and country offices. In addition, the audit noted the empowerment of the directors through clarification of their responsibilities and providing them with the required flexibility in work planning. This had reduced the risk of ineffective and inappropriate programming at field level.

### **The Actions agreed**

However, the audit also identified a number of areas where further actions were needed to better manage risks to UPVAC's activities. Following discussion with the headquarters, the audit team has recommended a number of measures to address the risks identified. Two of these were rated by the audit as high priority (that is, demanding immediate management attention), while nine were rated medium and one rated low.

S/N	Lines of Enquiry/Internal Control Element	Risk	
1.	Control Environment		
	Governance	Medium	
2.	Risk Assessment		
	Risk management activities	Medium	
3.	Control activities		
	Operation of the UPVAC HQ Office	Medium	
	Selection and management of Staff, Volunteers	High	
	Legal agreements	Medium	
	Budgets and budgetary control	Low	
	Interagency Cooperation	Medium	
	Capacity strengthening of UPVAC management staff	Low	
	Audit arrangements in respect of UPVAC operations	Medium	
4.	Information and Communication		
	Information systems for NGO partner management	Medium	
5.	Monitoring Activities		
	Monitoring and evaluation activities	Medium	
6.	Funding		
	Access to external funds	High	
	Access to internal funds	Medium	
	Operational funds	High	

### Conclusion

Based on the audit work performed, the Auditor General concluded at the end of the audit that, subject to implementation of the agreed actions described, the risk management procedures and the internal controls and processes over the office were generally established and functioning during the period under audit. The HQ office, with the support of the Board of Trustees, and Auditor General intend to work together to monitor implementation of the measures that have been agreed.

### III. Background

UPVAC as an INGO, established to actively promote peace, security and demonstrate a high sense of social and economic responsibility, while carrying out humanitarian activities, promoting social economic empowerment and development in the society, and engaging in activities that will prevent the violation of human rights and extreme violence, and has been engaged in humanitarian intervention programs and projects since 2015. UPVAC works closely with the UN SDG and its own strategic plan for 2015-2030.

UPVAC's HQ strategic plan aims to demonstrate the impact, value and affordability of investing in sustainable, effective and efficient policies. Some intervention programs include provision of safe drinking water, reaching out to the most vulnerable in communities and other related programs.

### III. Audit Observations

#### **a) Control activities – Processes for engaging and managing staff and volunteers**

The audit noted recurrent issues impacting the timeliness and effectiveness of processes for engaging and managing staff and volunteers at the HQ and across other offices. Such issues pose a potential risk to UPVAC's ability to develop and maintain effective programs and strategies, and to the effectiveness of operations.

These issues included:

- ⌚ Lack of general understanding of the functions and roles of a Non-Governmental Organisation (NGO) activities and standard operating procedures (SOPs) by volunteers and certain mid-level and low-level staff.
- ⌚ Inadequate and inaccessibility of funds for consistency in payment of staff and volunteer. Such delays arise in many cases as a result of lack of donors and sponsors.

Underlying Causes:

Capacity-building workshop for Staff and Volunteers is usually necessary for effective administration and operations, but oftentimes the challenges of training and re-training poses a great threat to achieving effective administration. Also, lack of adequate funding do not permit flexibility in achieving effective and efficient Staff and Volunteers management. Furthermore, variations in staff and volunteers' skills also pose a great weakness in efficiency.

UPVAC HQ will:

- i. Identify and collaborate with relevant organisations and agencies to support adequate capacity, including awareness of guidance at all levels, to promote more efficient administrative processes and support to staff and volunteers; and
- ii. Work with selected staff and volunteers to identify and address existing bottlenecks to ensure administrative processes cater for effective management of staff and volunteers, including enhancing productivity and efficiency, while identifying possible means of fundraising.

### **Risk Management**

Effective risk management enables UPVAC HQ to be better informed in its operational decisions, to avoid costly mistakes and to undertake coordinated activities to control or reduce risk, while necessary for good governance, compliance and for efficient use of resources, increase performance and minimized harm to staff, volunteers and beneficiaries.

There is a danger that the HQ may undertake risk-management activities for compliance purposes, rather than having a culture of proactive risk management. The latter should focus on the things that matter and identify the corresponding risk tolerances and mitigation measures. The audit reviewed the risk management processes in the HQ to assess whether the key enablers for, and understanding of, effective risk management were in place. It noted the following.

In 2017, the office carried out a detailed risk assessment that allowed for contextual risks at the field level, as well as by sector. In general, however, the audit noted that the risks to be mitigated tended to be described in very broad terms, potentially limiting the ability to determine what measures would best mitigate them.

## II. Annex A – Conclusion drawn from observations

Some of the main challenges facing UPVAC are funds and staff and volunteer management.

Unqualified and qualified summary of conclusion drawn from observations includes the following;

### **Unqualified conclusion (satisfactory)**

Based on the audit work performed, the office if the Internal Auditor concluded at the end of the audit that the control processes over the office were generally established and functioning during the period under audit.

### **Qualified conclusion (moderate)**

Based on the audit work performed, office of the auditor general concluded at the end of the audit that, subject to implementation of the agreed actions described, the controls and processes over the office were generally established and functioning during the period under audit.

### **Qualified conclusion (strong)**

Based on the audit work performed, office of the auditor general concluded that the controls and processes over the office needed improvement to be adequately and efficiently established and functioning.

### **Adverse conclusion**

Based on the audit work performed, office of the auditor general concluded that the controls and processes over the office needed significant improvement to be adequately and efficiently established and functioning.



## II. Annex B – Definition of categorization of observations

Priorities attached to agreed actions

High risk	<p>Action is considered imperative to ensure that the audited entity is not exposed to high risks. Failure to take action could result in major consequences and issues.</p> <p>Issues or areas arising relating to important matters that are material to the system of internal control.</p>
Medium risk	<p>Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.</p> <p>Issues or areas arising related to issues that significantly affect controls but may not require immediate action.</p>
Low risk	<p>Action is considered desirable and should result in enhanced control or better value for money.</p> <p>Issues or areas arising that would, if corrected, improve internal controls in general.</p>

## II. Annex C – Acronyms

CO	Country Office
HQ	Headquarter
INGO	International Non-Governmental Organization
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organisation
SDG	Sustainable Development Goals
UN	United Nations
UPVAC	Universal Peace and Violence Amelioration Centre