Internal Audit of the Niger Country Office

September 2017

Office of Internal Audit
and Investigations (OIAI)
Report 2017/10

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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Niger Country Office. The objective of the audit was to assess the office's governance, risk management and internal control processes, with a focus on key risks to delivering UNICEF's objectives. The fieldwork in-country was conducted between 9 and 26 May 2017, and further fieldwork was subsequently conducted at headquarters. The audit covered the period from January 2016 to May 2017.

The 2014-2018 country programme for Niger consists of six main programme components: *Child survival*; *Nutrition*; *Education*; *Child protection*; *Communication for development*; and *Social policy, planning and evaluation*. It also has a cross-sectoral component. The initial total budget was US$ 199 million, out of which US$ 94 million is Regular Resources (RR) and US$ 105 million is Other Resources (OR). RR are core resources that are not earmarked for a specific purpose, while OR are contributions that may have been made for a specific purpose and may not always be used for other activities without donor agreement. A sub-category is OR funding that an office can raise to cover humanitarian crises, known as OR (Emergency) or ORE. The Lake Chad Basin emergency, covering Chad, Niger and Cameroon, was activated by UNICEF in March 2015 and with it the Niger programme ceiling was increased by US$ 159 million in ORE, bringing the total programme budget to US$ 358 million.

In Niger the emergency covers the Diffa region, which is affected by conflict and displacement of people. A zone office was created in Diffa in 2015 to support humanitarian action. However, the country also faced other humanitarian crises, including severe acute malnutrition, floods, epidemic outbreaks and insecurity due to cross-border attacks from Mali. A 2014 UNICEF report found that acute malnutrition exceeded the alert threshold of 10 percent in all regions and the emergency threshold of 15 percent in Maradi. The country office estimated that over 400,000 children would suffer from severe acute malnutrition in 2016 and some 247,000 in 2017. Overall, according to the UNICEF humanitarian appeal reports prepared for 2016 and 2017, the Niger crises were expected to affect about 2 million people each year.

In addition to the humanitarian crises, the country faces challenges in education, health, nutrition, water sanitation and hygiene (WASH), and child protection. UNICEF's strategy involves balancing humanitarian responses and regular programme activities that include working simultaneously and concurrently at the upstream (policy level), midstream (capacity development) and downstream (community) levels.

The country office is based in the capital, Niamey. Besides Diffa, there are also zone offices in Agadez, Diffa and Maradi.

The audit identified a number of good practices for the achievement of the country office's objectives, taking into account its risks and constraints. For example, in June 2016, the office held a retreat to identify areas for improving efficiencies between the zone offices and the country office. Action was also taken to strengthen the zone office in Diffa, a region that was becoming more insecure.

Action agreed following the audit

The audit found a number of areas where further action was needed to better manage risks to UNICEF's activities and help ensure delivery of results for children. In discussion with the audit team, the country office has agreed to take a number of measures to address these risks and issues. Two are being implemented as a high priority; that is, to address issues requiring immediate management attention. They are as follows:

- Management of supplies should be improved. The audit found that some of the supplies in the warehouse had been there for some time and/or lacked a distribution plan. In addition, some medical supplies were not stored according to manufacturers' recommendations, increasing the risk that they may be unusable when needed. There were also specific issues involving ready-to-use therapeutic food (RUTF).
- Management of direct cash transfers (DCTs) should also be strengthened, as the country office is currently not generating sufficient assurance on the use of funds through this route. The audit team noted that partners had not always had adequate training on reporting on the use of DCTs, which was sometimes incorrect. There was also scope to improve the planning and implementation of assurance activities, with a need to build staff capacity for conducting spot checks and programmatic visits.

Conclusion

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

The Niger Country Office, the West and Central Africa Regional Office and OIAI will work together to monitor implementation of the measures that have been agreed.

Contents

Summary **2**

Objectives **5**

Audit Observations **5**

Work planning 5
Resource mobilization 6
Review of programme results 7
Cluster management 8
Zone offices 9
Management of supplies 9
Management of direct cash transfers 11
Evaluation 13
Reporting 14

Annex A: Methodology, and definition of priorities and conclusions **15**

Objectives

The objective of the country office audit is to provide assurance as to whether there are adequate and effective controls, risk management and governance over a number of key areas in the office. In addition to this assurance service, the audit report identifies, as appropriate, noteworthy practices that merit sharing with other UNICEF offices.

This report presents the more important risks and issues identified by the audit, the measures agreed with the auditee to address them, and the timeline and accountabilities for their implementation. It does not include lower-level risks, which have been communicated to the auditee in the process of the audit.

Audit Observations

Work planning

UNICEF country programmes are operationalized through workplans that are agreed with implementing partners. Workplans serve as basis for programme disbursements to partners, and should detail outputs, indicators, targets, baselines, activities to be carried out, the responsible implementing institutions, timelines and planned inputs from the partners and UNICEF. According to UNICEF's Programme Policy and Procedure Manual (PPPM), workplans can be either annual or multi-year; the Niger Country Office used the latter, covering two years. Since January 2015, the office had produced regionalized sectoral workplans to support an ongoing decentralization process and promote ownership by the regional authorities. The workplans were signed by UNICEF's Representative and by Government representatives.

However, while the activities defined in the workplans were formulated in broad terms, there was no structured process for discussion and agreement between UNICEF and its partners on specific tasks to be implemented during a particular quarter. Instead, the requests for funding were generally discussed on a case-by-case basis.

The audit also noted that although the workplans were decentralized, the baselines and targets of the indicators were not always specific to the regions of Niger. This made it harder to assess progress for each regional workplan, or to quantify their individual contribution to the overall results. It also risked reduced regional ownership of the workplans. Staff interviewed said that an absence of clear guidance, and the limited time allocated for workplan preparation, had contributed to this situation. The office added that the quality review process failed to pick out problems because of the very many output targets and indicators (288 sets) that needed to be reviewed. There was also inconsistent alignment between the indicators in the HAC[1] and those in the workplans. For example, a target mentioned in the 2016 HAC to provide 110,000 children and women with access to life-saving interventions through fixed and mobile strategies was not reported in the emergency output of the health programme.

[1] HAC stands for Humanitarian Action for Children. An HAC is an appeal that UNICEF launches for assistance for a particular crisis or emergency response, and will state how much UNICEF thinks it needs to raise for a given situation.

The office integrated the humanitarian response and the regular programme in the same workplans. An emergency preparedness and response output was included in the results matrix of each sectoral programme and was expected to be used for planning the emergency activities. However, the workplans did not distinguish between use of normal OR and emergency OR funding, and cases were noted where the former was used for emergency outputs or the latter for the regular programme. This made tracking and reporting of emergency interventions difficult. The office attributed the lack of distinction between emergency and non-emergency funding to an oversight. The audit team noted that the use of regular OR in emergency activities was generally done in practice with approval from the donors. However, the office accepted the funding of regular activities using emergency resources as either an error or because there was not enough OR to fund regular programme activities. This could result in the use of emergency funding for unauthorized or unintended purposes.

Overall, the audit team noted that the office's guidance on workplan preparation did not include clear advice on planning of emergency activities and their integration with those of the regular programme. The office stated that it had a quality assurance process for preparation of workplans, in which they were reviewed against a number of criteria. However, the audit team noted that the responsibility for reviewing the quality of work, the criteria used and the results of the reviews were not documented.

Agreed action 1 (medium priority): The country office agrees to:

i. Ensure that workplans have specific regional results, and provide clear guidance regarding the planning of emergency preparedness and response activities.
ii. Ensure that emergency indicators are aligned with those of the Humanitarian Action for Children appeal (HAC).
iii. Establish a process for discussion and agreement with implementing partners on specific tasks to be implemented on a quarterly basis, and help them make requests for funding for the agreed activities.

Target date for completion: September 2017
Responsible staff members: Representative, Deputy Representative, Chief Planning Monitoring and Evaluation and all section chiefs

Resource mobilization[2]

Out of the non-emergency OR budget of US$ 105 million approved by the Executive Board for the 2014-2018 country programme, the office had raised US$ 76 million (72 percent) at the time of the audit visit (May 2017). While this represented good progress overall, fundraising was lagging behind for a number of specific outputs, and some were not funded at all. Other outputs were overfunded, by as much as 299 percent in one case. The office stated that the over-funded programmes had higher funding needs. However, the results for these outputs had not been adjusted to reflect the fact that there was higher funding need, and availability,

[2] While the terms "resource mobilization" and "fundraising" are often used interchangeably, the former is slightly broader; although fundraising is its largest single component, it also includes mobilizing resources in the form of people (volunteers, consultants and seconded personnel), partnerships, or equipment and other in-kind donations.

for those outputs than envisaged earlier. Neither had they been taken into account when reviewing the draft workplans.

There was also a shortfall in ORE. Under the HAC, the office had estimated that it would require US$ 40 million in 2016, and US$ 37 million in 2017, for its humanitarian needs. The humanitarian situation report[3] for December 2016 reported that the office had received US$ 20 million – half the required funds. Some sectors received less than half: for example, nutrition received US$ 11 million of the required US$ 28 million, while education received only US$ 846,000 of the targeted US$ 3 million. The office said that HAC programmatic targets for some sectors could not be met for this reason; in other cases funding shortfalls were met from re-allocation of funds from OR. As of the end of May 2017, the office reported that it had received US$ 14 million of the US$ 37 million required for its humanitarian needs for the year.

The office stated that it had historically been able to mobilize large amounts of resources, but had seen a declining trend recently. To mitigate this, it had drawn up a resource mobilization strategy in April 2017. However, the audit team's review of this strategy noted that the operational planning did not include fundraising measures that could be taken immediately. Neither did it identify the underfunded and/or less attractive outcomes and outputs, or set specific fundraising targets and strategies to address the existing funding gaps. The country office acknowledged that the resource mobilization strategy could not be used effectively as it was, and said it was considering how to make it effective.

Agreed action 2 (medium priority): The country office agrees to:

i. Strengthen its resource mobilization strategy by setting fundraising targets and including specific actions to address the underfunded areas.
ii. Adjust the other resources budget ceilings of outputs as appropriate, based on resources mobilized so far and future potential.

Target date for completion: November 2017
Responsible staff members: Deputy Representative and budget focal point

Review of programme results

UNICEF offices should hold at least one annual programme review jointly with key partners. This review assesses progress, identifies constraints, challenges and opportunities, and decides how to reflect them in forthcoming workplans. The country office took part in such a review at the end of 2016. In line with good practice, this was a bottom-up process, starting with regional and then sectoral reviews, and then at the overall country programme level. The process was piloted by the Government.

The audit team interviewed some implementing partners and programme staff, and looked at a sample of annual programme review reports. It noted that these reviews were more focused on the activities implemented and the financial execution than on the status of the indicators and milestones, particularly those that were partially or not achieved.

Also, the recommendations of the consolidated programme review were broad and therefore difficult to incorporate into subsequent workplans. At the end of 2016, the Results Assessment Module (RAM) showed that out of eight programme outcomes/outputs, four were on track

[3] The situation reports for Niger may be found at https://www.unicef.org/appeals/niger_sitreps.html.

and four were constrained. For the indicators reported as fully achieved, the projected status for some at the end of the programme cycle was greater than the initial target values. This suggests that these target values of these indicators could have been adjusted for the 2017-2018 workplans, but this had not been done.

Agreed action 3 (medium priority): The country office agrees to ensure that annual programme reviews with Government counterparts and other partners include a full review of the status of indicators, and result in specific recommendations that are taken into consideration in subsequent workplans.

Target date for completion: November 2017
Responsible staff members: Deputy Representative and Chief of SP/PME

Cluster management

Certain components of a humanitarian response are strengthened through a cluster approach, coordinated by the lead agency for that cluster which will normally be the one with the most expertise in that area. This approach is intended to give clear leadership, predictability and accountability in international responses to humanitarian emergencies, better defining the roles and responsibilities of the different actors within a given sector.

UNICEF's role in sector/cluster leadership is guided by the Core Commitments for Children in Humanitarian Action (the CCCs)[4]. Under the CCCs, UNICEF should ensure an effective coordination mechanism, when needed, for WASH,[5] nutrition, health, education, child protection, gender-based violence (GBV), and mental health and psychosocial support.

In Niger, UNICEF was the cluster lead or co-leader in four areas: WASH, Education, Nutrition and Child Protection. The audit team noted that the clusters' leadership and participation was made more difficult because staff who attended cluster meetings from the participating partners were not always those who could make decisions and/or ensure timely commitment to the decisions of the cluster. In addition, performance of some clusters had not been assessed (this would be done by all the participants in the cluster), and where completed, the results had not always been shared with all partners. Action plans had not been agreed to address the comments and recommendations arising from the completed assessments.

Agreed action 4 (medium priority): The country office agrees to work with other cluster members to ensure that cluster coordination and decision-making is effective and that all pending cluster assessments are complete, and to address key gaps identified in the assessments.

Target date for completion: October 2017
Responsible staff members: Emergency Coordinator Representative, Deputy Representative, Section Chiefs, and Sub-cluster Leads

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[4] The CCCs constitute UNICEF's central policy on how to uphold the rights of children affected by humanitarian crises. The text can be downloaded from http://www.unicef.org/publications/index_21835.html.
[5] Water, Sanitation and Hygiene.

Zone offices

The country office has three zone offices across the country, in Maradi, Agadez and Diffa. The zone office in Maradi was established in 1992 and Agadez in 1996. The Diffa zone office was created in 2015 to support humanitarian actions in the east of the country, the region covered in the Lake Chad Basin Level 2 emergency.

The zone offices were responsible for management of programme activities in five of the country's seven regions. These five regions were those most exposed to humanitarian crises, and 85 percent of the country office's cash and supply assistance was used in them. Moreover, there was ongoing political and administrative decentralization in Niger. The zone offices therefore had increased roles in planning, implementation and reporting programme performance.

In the zone offices of Maradi and Agadez, the audit team noted that all but three established posts were at national staff level, and the zone offices lacked the expertise, experience and influencing capacity required for their role.[6] The audit team's visit to a zone office noted that staff had inadequate capacity to effectively support partners in planning, implementation and reporting: for example, the zone office was a major hub for supplies, but the audit team noted that supplies were managed by a GS6 logistician and a GS4 warehouse assistant. The audit assessment was that managing the zone-office warehouse itself would require fulltime attention by these two staff and therefore they had little time to assist and train implementing partners in supply management – something that was needed, as noted in the next observation (*Management of supplies*). The audit team concluded that, to best support the Government at the decentralized level, a greater staff capacity was required in zone offices.

Agreed action 5 (medium priority): The country office agrees to review its staffing in Niamey and in the zone offices in depth and, in light of decentralization objectives, decide whether to reassign further specific staff resources to the zone offices.

Target date for completion: June 2018
Responsible staff members: Representative, Deputy Representative and Chief of Operations

Management of supplies

Supply procurement totalled about US$ 23 million in 2016 and formed UNICEF's largest programme input in Niger. In 2017, the office planned to procure supplies worth US$ 25 million. The office's largest procurement in 2016 and 2017 (as of April) was the ready-to-use therapeutic food (RUTF) worth about US$ 10 million. The audit noted the following.

Storage and distribution of supplies: As of the end of April 2017, the office had approximately US$ 2.7 million-worth of non-emergency supplies in the warehouse that were older than three months. This represented 8 percent of total supplies procured during the period under audit.

The office did not have a distribution plan for some of its supplies. They included 3,672 metallic and 630 wooden cases procured in March 2016 for the integrated community child management project. The metallic cases stored in Maradi zone office had started to rust and already falling apart, while the wooden cases had become infested with termites. During a

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[6] Diffa zone office had only one established post but at the time of audit the country office had formally proposed plans to strengthen it, so the audit did not review its staffing structure.

visit to one district involved in the distribution of medical supplies, the audit team noted supplies without a distribution plan which the district hospital said had been delivered without a request. In the warehouse of an NGO, the audit team found 153 bales of mosquito nets that had been delivered in February and April 2016 that were also still without a distribution plan.

In both UNICEF and Government warehouses, the audit team found that some supplies were kept in unsatisfactory conditions. In the zone office warehouse and district health stores visited, for example, medical supplies were kept in rooms that exceeded the recommended temperatures by between 10-33^{O} Celsius. This could result in such supplies becoming unfit for use and being wasted.

Fraud risk in supplies delivered to partners: Programme supplies, including RUTF and medical supplies, were delivered to the Government warehouses at the district levels for distribution to community health centres and the NGOs. The Government was responsible for storage and distribution, and for periodic reporting of the inventory status.

The office informed the audit team that RUTF in the region had long been subject of misuse because of demand for, and sales of, it in the local market. The office said some of the RUTF sold in the local market originated from the neighbouring countries. The audit team visited one district responsible for the storage and distribution of RUTF and reporting on its use, and noted that controls were inadequate and could result in loss of supplies. The quantities held could not be verified because the cartons were not properly stacked, and because incomplete records were maintained of stock movements. The segregation of duties for recording of receipt and distribution and for reporting was also inadequate, with one staff member being assigned all responsibilities; further, there was no independent validation or reconciliation of the information that was maintained. Interviews with Government staff suggested that there was little hands-on training provided in supply management.

The country office had already noted some of the weaknesses in the distribution of RUTF. It attributed them to weak logistical capacity of the Government counterparts for distribution, and to resource limitations. At the health centres, it had noted weaknesses of incorrect reporting, missing stocks, stock-outs and poor physical maintenance of stocks. The office stated that generally the national pharmaceutical system in the country was very weak and not able to meet the technical and logistical demands of handling the huge volume of RUTF from quantification to end use. The office indicated that it had mobilised the Ministry of Health and regional governors to take action to address shortages of RUTF and its misuse.

Other measures included: using ‘Trackit’ software to monitor distribution, track batches and receive end-user feedback; recruiting a logistics officer to conduct random checks at the health centres; and assisting capacity building in the districts where RUTF was most at risk of misuse. The audit team noted that Diffa zone office had started verifying utilization of delivered RUTF by reconciling the quantities reported by the implementing partners as consumed with the number of children treated. This is a good practice that deserves to be reviewed and shared with other zone offices to be used in all the regions as appropriate.

Monitoring the use of supplies: There was also a lack of a systematic end-user monitoring of distribution of supplies, which could delay detection and prevention of deficiencies, misuse and/or inefficiencies. The country office said that some field monitoring visits had been made to the district and to the NGO visited by the audit team. However, there was no record of recommendations made to address storage and distribution weaknesses. The audit team’s discussions with Government counterparts suggested that UNICEF supply staff could usefully visit more often and work more closely with the Government staff to address gaps in supply management.

In early 2017, the country office had devised a mechanism to select activities for end-user monitoring but this had not been brought into use at the time of the audit visit.

Agreed action 6 (high priority): The country office agrees to:

i. Analyse the causes of delays in release of non-prepositioned programme supplies from UNICEF warehouses, and ensure supplies are released to partners in a timely manner based on planned activities.
ii. Prepare purchase orders only when there is an approved distribution plan for the supplies to be ordered.
iii. Determine the condition of supplies held in Maradi warehouse for the integrated community child management (ICCM) project and ensure these are either distributed promptly or are disposed of following UNICEF procedures.
iv. Improve the storage of supplies that are weather/temperature sensitive to ensure their storage meets manufacturers' requirements.
v. Review UNICEF's internal capacities for the management of supply inputs and ensure a process to manage any risks or gaps that may be identified. This should include determining whether there is sufficient staff capacity in the country and zone offices for field visits to help partners build their own supply management capacities.
vi. Establish a process for monitoring supply planning, distribution, recording and use by partners, and prioritize implementation of the end-user monitoring plan.

Target date for completion: December 2017
Responsible staff members: Representative, Deputy Representative, Chief of Operations, Supply Manager, Section Chiefs and Logistics Specialist

Agreed action 7 (medium priority): The country office agrees to:

i. Strengthen the management of Ready-to-Use Therapeutic Food (RUTF), including monitoring, reconciliations, and capacity building of implementing partners in planning, storage, and correct reporting of its use.
ii. Pursue the reconciliation process of the number of children treated with the quantity of RUTF reported as distributed in all regions of the country.

Target date for completion: September 2017
Responsible staff members: Nutrition Section Chief

Management of direct cash transfers (DCTs)

In 2016 and in 2017 (up to April), the office made DCTs worth approximately US$ 27 million to 163 implementing partners. The audit noted the following.

FACE forms:[7] Partners should report on the use of DCTs on the FACE form. This is the primary document informing the office on the progress of implementation and use of cash, so must

[7] The Funding Authorization Certificate of Expenditure (FACE) form is used by the partner to request and liquidate cash transfers. It is also used by UNICEF to process the requests for and liquidation of

be both complete and accurate. However, the audit found four cases (out of six tested) where the partners reported full use of cash on the FACE form when this was not the case. In fact, partners had either refunded certain amounts, or held the unused balances with the intention to use the cash for similar activities without disclosing this.

This had occurred in part because training provided to partners was not always focused on the particular staff involved in recording and reporting the use of DCTs using the FACE forms. Also, the partners were not familiar with procedures for partial liquidations and reprogramming of unused funds. In cases like these, UNICEF is exposed to greater risk of misuse of funds and/or inaccurate reporting of funds use.

Assurance activities: According to the office's own risk assessment, the risks of funds not reaching the intended beneficiaries were high.

Redacted

A primary measure to mitigate the risk of fraud involving DCTs is the use of assurance activities. These include spot checks to ensure that expenditures reported by partners are accurate and supported. These were conducted in Niger, and spot-check reports with recommendations were shared with the partners.

However, the spot checks were not planned and carried out according to the level of risk assessed. Moreover, the assurance plan was not fully implemented. For example, of 76 partners that were meant to be spot-checked in 2016, 11 receiving nearly US$ 5 million between them were not spot-checked at all. Of these 11, seven had been rated as significant or high risk. Meanwhile, of those that were spot-checked, 35 percent accounted for 11 percent of the total DCTs made to partners. This meant that assurance activities were being conducted for partners that were receiving relatively small amounts – which is both inefficient and provides inadequate assurance on the bulk of the country office's transfers.

The office stated that it was working with diverse group of local NGOs who received smaller amounts of DCTs. This contributed to the office's challenges in planning and implementing assurance activities. However, the audit team observed that the office had not explored ways of better managing the diverse number of small implementing partners. The office indicated that using 'umbrella' bodies for the "pass through" of cash transfers would constitute a risk.

The audit team visited some partners that had been spot-checked, and identified weaknesses that had not been reported by the spot checks. These included payment to trainees without signatures and/or multiple trainees with identical signatures, and liquidation being reported as fully implemented when in practice it was only partially liquidated. The audit team attributed this to lack of training of the staff responsible for the spot checks on what to look for, and/or incomplete review of supporting documents during spot checks. It also reflects on country office management's oversight of the assurance processes which needs to be strengthened.

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cash transfers. The FACE forms should reflect the workplans, which set out the activities for which funds are being requested, or on which they have been spent.

Finally, programmatic visits[8] were not always used or documented consistently. Until the country office implements e-Tools—an electronic tool that will enable offices to systematically plan, document and monitor programmatic visits—the heads of sections will be accountable themselves for monitoring the required actions from the programmatic visit reports.

Agreed action 8 (high priority): The country office agrees to:

i. Determine the causes of incorrect completion of the Funding Authorization Certificate of Expenditure (FACE) forms, and as necessary, train or retrain the partners to correctly record the direct cash transfers expended, including unspent balances; and to train partners on procedures for refunding and/or reprogramming the unexpended amounts.
ii. Plan and conduct spot checks based on the risks of the implementing partners.
iii. Train staff who do spot checks to focus on those controls that minimize risks of misuse of cash transfers.
iv. With input from the Regional Office and/or appropriate headquarters Divisions, consider and pilot risk-informed strategies for managing assurance activities for the many and diverse local partners that individually receive relatively small amounts of cash transfers.
v. Apply a consistent approach to documentation, reporting, recording and follow-up of programmatic visits.

Target date for completion: October 2017
Responsible staff members: Representative, HACT Officer and Regional HACT Advisor

Evaluation

Country offices should evaluate significant programme components in order to determine, as systematically and objectively as possible, the value and effectiveness of programme strategies and activities. Also, pilot projects/models should be evaluated before scaling up. However, the office had no process to ensure that at least one programme was evaluated during the country programme cycle, or that pilot projects/models were evaluated before going to scale.

During the preparation of 2017-2018 workplans, the office did not provide programme sections with guidance on the selection of monitoring and evaluation activities. However, the office said that, at the time of the audit, it was preparing guidance on the planning, monitoring and evaluation function that would define, among other things, the support and quality assurance process over the office's integrated monitoring and evaluation plan (which includes evaluations). The office said that it recognized that the evaluation function needed strengthening, and had recruited a new Chief of Social Policy who had joined the office in December 2016 and would assist improvement in this area.

Agreed action 9 (medium priority): The country office agrees to:

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[8] UNICEF's latest guidance on cash transfers defines programmatic visits as "a review of progress towards achievement of planned results, challenges and constraints in implementation and ways to address them performed with the partner at the programme site. Depending on the nature of the partnership, programmatic visits may be undertaken at a field location (field monitoring), the partner's office and/or in the form of a meeting involving key stakeholders. Programmatic visits focus on programmatic issues, including attention to matters of financial management."

i. Evaluate at least one programme component during the country programme cycle, in line with UNICEF's requirements.
ii. Ensure that that all pilot projects are evaluated before scaling-up.
iii. Include all planned evaluations in the relevant multi-year workplans.

Target date for completion: March 2018
Responsible staff members: Chief of Social Policy/Planning Monitoring and Evaluation, Chiefs of Child Protection, Education, Nutrition, and Child Survival

Reporting

Information reported by a country office in its annual report must be accurate and reliable, especially since one of the annual report's purposes is to provide input to organization-wide reporting on results for children and women, and to contribute to organizational learning.

The audit verified a sample of 12 achievements and 12 status indicators reported in the annual report and in the Results Assessment Module (in which offices summarize their achievements online). Out of the sample, eight either could not be supported by evidence or were clearly erroneous. Causes of errors included use of results obtained over many years instead of the year that was reported on, or performance results for one region that included results from other regions.

There were also challenges when the scope of the system used to collect data did not coincide with the level at which the information was required. This was particularly true for health data that needed to be collected at communal level while the Government information system, which is used and supported by UNICEF, is at the district level. The district covers more than one commune, and the compilation of information for communes from data available at the district level was a long and tedious task that was prone to errors and inaccuracies. Collection of information at communal level through surveys was costly and could not be undertaken on a regular basis.

Agreed action 10 (medium priority): The country office agrees to:

i. Strengthen its controls over the preparation of the annual report and posting of data in the Results Assessment Module, to ensure that all key achievements reported are adequately supported by reliable documented evidence.
ii. Adjust its indicators to ensure that the data they require can be collected through existing systems of information or through other affordable means.

Target date for completion: October 2017
Responsible staff members: Section Chiefs and Chief of Social Policy/Planning Monitoring and Evaluation

Annex A: Methodology, and definition of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, and testing samples of transactions. The audit compared actual controls, governance and risk management practices found in the office against UNICEF policies, procedures and contractual arrangements.

OIAI is firmly committed to working with auditees and helping them to strengthen their internal controls, governance and risk management practices in the way that is most practical for them. With support from the relevant regional office, the regional office reviews and comments upon a draft report before the departure of the audit team. The Representative and their staff then work with the audit team on agreed action plans to address the observations. These plans are presented in the report together with the observations they address. OIAI follows up on these actions and reports quarterly to management on the extent to which they have been implemented. When appropriate, OIAI may agree an action with, or address a recommendation to, an office other than the auditee's (for example, a regional office or headquarters division).

The audit looks for areas where internal controls can be strengthened to reduce exposure to fraud or irregularities. It is not looking for fraud itself. This is consistent with normal practices. However, UNICEF's auditors will consider any suspected fraud or mismanagement reported before or during an audit, and will ensure that the relevant bodies are informed. This may include asking the Investigations section to take action if appropriate.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. OIAI also followed the reporting standards of International Organization of Supreme Audit Institutions.

Priorities attached to agreed actions

High: 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.

Medium: Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.

Low: Action is considered desirable and should result in enhanced control or better value for money. Low-priority actions, if any, are agreed with the regional-office management but are not included in the final report.

Conclusions

The overall conclusion presented in the Summary falls into one of four categories:

[Unqualified (satisfactory) conclusion]
Based on the audit work performed, OIAI 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, OIAI 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, OIAI concluded that the controls and processes over the office needed improvement to be adequately established and functioning.

[Adverse conclusion]
Based on the audit work performed, OIAI concluded that the controls and processes over the office needed significant improvement to be adequately established and functioning.