

Internal Audit of the Eritrea Country Office

September 2018

Office of Internal Audit
and Investigations



Report 2018/09

Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an internal audit of the Eritrea 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 delivery of UNICEF's objectives. The audit team visited the office from 23 April to 10 May 2018, and the audit covered the period from January 2017 to April 2018.

The current Eritrea country programme covers the period 2017-2021. It consists of two programme components: *Child survival and development*; and *Basic education, child protection and participation*. There is also a cross-sectoral component. The total budget is US\$ 102.46 million, of which US\$ 14.56 million is Regular Resources (RR) and US\$ 87.90 million Other Resources (OR). RR are core resources that are not earmarked for a specific purpose. OR are contributions that may have been made for a specific purpose or programme and may not always be used for other purposes without the donor's agreement. The office is expected to raise the bulk of the resources for its country programme as OR, up to the approved ceiling.

In cases where a country office faces a crisis, it may raise additional resources as OR (emergency) funding, known as ORE. The office had an approved ORE ceiling of US\$ 14 million in 2018, in addition to the regular OR ceiling quoted above. The emergency funding addressed a number of areas but mainly the consequences of drought.

UNICEF is the largest UN agency in Eritrea and has been present in the country since prior to its independence in 1991. The Eritrea Country Office is in the capital, Asmara. UNICEF partners with the Government of Eritrea in the areas of health and nutrition, water, sanitation and hygiene (WASH), basic education, and child protection. As of March 2018, the country office had 60 approved posts, consisting of 12 international professionals, 21 national officers, 20 general service staff, three junior professional officers and four UN volunteers.

The audit noted several areas that were functioning well. Workplans were prepared, implemented and monitored with full participation of implementing partners; cash transfer requests from partners were processed promptly; and the office maintained very positive and productive relationships with representatives of donors in Asmara. The Operations Section provided good support to programme implementation and there was open communication between staff and management.

Action agreed following the audit

The audit identified a number of areas where further action was needed to better manage risks to UNICEF's activities. In discussion with the audit team, the country office and regional office agreed to take a number of measures to address these risks. The following actions are being implemented as a high priority – that is, to address risks that require immediate management attention:

- Strengthen risk assessment process, establishing accountability for the timely implementation and regular monitoring of risk-mitigation measures.
- Seek the support it needs to prepare an advocacy plan, assign responsibilities to relevant staff, and ensure a process for monitoring its implementation.
- Strengthen assurance activities on the use of direct cash transfers as follows: strengthen the supervision of spot checks by making sure they result in recommendations with ratings, agreed timelines and action plans for implementing

them; follow up on the implementation of recommendations from assurance activities; and strengthen assurance activities in respect of implementing partners for which persistent weaknesses have been identified using other modalities provided by HACT such as special audits, increase of assurance activities and capacity building.

Conclusion

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.

The Eritrea Country Office, the Eastern and Southern Africa Regional Office (ESARO) and OIAI will work together to monitor implementation of the measures that have been agreed.

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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 processes 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 found by the audit, the measures agreed with the client to address them, and the timeline and accountabilities for their implementation. It does not include lower-level risks, which have been communicated to the client in the process of the audit.

Audit observations

Risk management

UNICEF requires country offices to manage risks to the implementation of programmes in a structured and systematic manner. The organization's Enterprise Risk Management (ERM) policy requires that offices should perform an annual risk assessment to identify, assess and manage risks that threaten the achievement of results. The assessment must include a mitigation plan for each significant risk.

The office had updated its risk assessment in February 2018, identifying 19 risks, of which five were rated high, 12 medium and two low. Action plans were drawn up for all the risks. However, the risk assessment appeared to be incomplete, making it unlikely that it would be effective in managing the most significant risks faced by the office. In many cases, the risks were not clearly formulated, making it difficult to understand the exact nature of these risks and to assess the adequacy and effectiveness of the related mitigating measures.

Further, the 2018 updated risk assessment included all the risks identified in 2017, but the audit could not find evidence that the office had reviewed the management of these since they were previously identified. This could have been done through the country management team (CMT) meetings or the annual management review and could have provided a justification of the carry over (or not) of all the 2017 risks. In other instances, the actions were expressed as recommendations, indicating the absence of management commitment to implement them. The responsible staff and timelines for the mitigating actions were not always identified, and there was no system to ensure the monitoring of their timely implementation and/or adjustment.

Agreed action 1 (high priority): The office agrees to strengthen its risk management practices by improving the preparation of its risk assessment and establishing accountability for the timely implementation and regular monitoring of these risk-mitigation measures.

Responsible staff members: Chief of Operations and ERM group
Target date for completion: December 2018

Country office performance management

The audit reviewed aspects of the office's management, in particular the operation of the country management team (CMT). This is the central management body that advises and supports the Representative on procedures, strategies, programme implementation, management and performance. It consists of senior staff from Programme and Operations sections, and staff representatives. The minutes of its meetings should record key decisions and actions to address low-performing areas.

The CMT had adequate terms of reference (ToRs), and met six times during 2017, in accordance with those ToRs. The review of the annual office priorities was a standing agenda item.

The audit reviewed the 2017 CMT minutes. It found that, while the CMT was fulfilling its role in principle, it could also have been more effective in practice. For example, the minutes were made available on average two months after the meetings. The office told the audit team where action was required following a meeting, heads of sections were expected to inform the relevant staff without waiting for the minutes to be issued. However, the audit found that this was not always done, and the late release of the minutes meant that it could take time before the rest of the staff heard of the CMT's decisions.

The audit also noted cases where CMT members raised important issues in meetings. These could include those stemming from Programme coordination meetings that had been referred upwards to the CMT. One of the consequences was that some issues arose repeatedly in successive CMT meetings.

The CMT also sometimes noted cases where the office had failed to meet key performance indicators or targets, but there were not discussed, and no action point was raised to address them.

The office did not provide any evidence showing that it had conducted an annual management review to assess management performance, identify lessons learned or suggest improvements for the following year's annual management plan (AMP).

Agreed action 2 (medium priority): The office agrees to strengthen the functioning of the CMT by systematically addressing the issues raised, and underperformance when noted; and ensuring timely release of its minutes to all staff.

Responsible staff members: Deputy Representative and PME Specialist
Target date for completion: December 2018

Country programme strategy notes

The Eritrea 2017-2021 country programme consists of two specific programme components: *Child survival and development (CSD)*, and *Basic education, child protection and participation (BECPP)*.

In line with UNICEF's latest approach to country programme planning,¹ the office had

¹ Advice on preparation of strategy notes is given in section 3.07 of UNICEF's Programme Policy and Procedure Manual, and in the Field Results Group's *Guidance on the development of Programme Strategy Notes* (FRG/GUIDANCE/2016/001, updated 15 December 2017).

prepared a strategy note for each programme component. Strategy notes should set out how UNICEF will improve a given aspect of children and women's situation. They should explain why the office has chosen to address the aspect in question, and should do so with reference to (among other criteria) UNICEF's comparative advantage, availability of resources and expertise.

The office had prepared a strategy note for each of these programme components, outlining 15 priority issues to be addressed (nine for CSD and six for BECPP). However, they did not set out the rationale for prioritizing these 15 issues. There was thus a risk that the office might not be focusing on the most relevant issues for women and children in Eritrea. Further, the root causes of the selected issues were not identified, giving insufficient assurance that those root causes would be addressed. A review of the internal strategic moment of reflection (SMR) held in November 2015 showed that an analysis of bottlenecks and barriers had been done at the overall country-programme level, but not at the individual levels of selected prioritized areas.

It was a challenge to identify the exact reasons for the gaps in the strategy notes, as key programme staff involved in their preparation had left the previous year. The office said that that the Eritrea country office was one of the first to implement the new country programme preparation approach, and there had then been insufficient guidance available.

Agreed action 3 (medium priority): The office agrees to further strengthen its strategy notes by including the rationale for the prioritized issues, and the analysis of their causes; and, if needed, adapt planned interventions accordingly in the subsequent workplans.

Responsible staff members: Deputy Representative, Chiefs of CSD and BECPP

Target date for completion: February 2019

Work planning

A country programme is operationalized through workplans. UNICEF offices agree these with their implementing partners. They are expected to detail outputs, indicators, targets, baselines, activities to be carried out, the responsible implementing institutions, timelines and planned inputs from the partners and UNICEF. Workplans also serve as a basis for programme disbursements to partners.

The office had used a standard template in preparing its 2017-2018 sectoral multi-year workplans (MYWPs), which combined regular and emergency activities and included information on the activities by output, timeframe, implementing partners and budget. However, these MYWPs did not include output indicators with their baselines, targets or means of verification, and they did not clearly define the specific results to be achieved at the end of the workplan period. The office was aware of these gaps and had begun an internal review to, among other things, improve the formulation of the indicators and set annual targets.

The audit team also noted discrepancies between the budgets in the workplans, and the budget ceiling in the 2017-2021 country programme document and the HAC funding requirement. The MYWP budget was 65 percent less than the ceiling for CSD (US\$ 14.3 million compared to US\$ 40.9 million, i.e. a gap of US\$ 26.6 million) and 16 percent for BECPP (US\$ 29.3 million compared to 34.8 million, i.e. a gap of US\$ 5.5 million). The country office stated that it was necessary and acceptable in its operating environment to have discrepancies between the budgets in the workplans, the ceiling in the relevant country programme and the

HAC funding requirement. Therefore, no action has been agreed between the office and OIAI to address them.

Resource mobilization

An office is expected to raise the bulk of the resources for its country programme as other resources (OR), up to the approved ceiling. In the case of UNICEF Eritrea, this is US\$ 87.9 million, representing 86 percent of the total budget (US\$ 102.46 million) for the 2017-2021 country programme. Where a country office faces a humanitarian situation, it may also raise additional resources as emergency OR (ORE). The Eritrea Country Office had an ORE funding requirement of US\$ 12 million in 2017 and US\$ 14 million in 2018.

The country office had experienced funding gaps. In 2017, overall funding stood at US\$ 14.9 million, including US\$ 2.9 million in ORE, representing only 24 percent of the 2017 HAC funding requirement, and US\$ 12.0 million in OR, representing 68 percent of ceiling. The country office had previously raised only 64 percent of the 2013-2016 OR ceiling of US\$ 44.9 million, resulting in funding gaps in all the outcomes except the Nutrition outcome. The country office had reported in its 2017-2021 country programme management plan that: "Eritrea has been experiencing a decreasing level of donor support; there is a small donor base; many donors do not have a presence in the country and development partners invest little in Eritrea, making mobilizing resources increasingly a difficult undertaking."

The office had developed a resource mobilization² strategy in September 2017. This strategy clearly described the situation and the challenges to fundraising for Eritrea and included an action plan to address the funding gaps. However, while the strategy including fundraising targets for OR and RR, it did not include targets for ORE. The office stated that ORE was not specifically included in the resource mobilization strategy because the emergency activities were mainstreamed in the regular programme. Also, the strategy did not clearly state how the office would address gaps in funding for specific programmes that did not attract donors. Finally, the action plan included activities that were either not clear or not feasible; some performance indicators were not sufficiently clear to ensure effective assessment of progress; and there were no mechanisms to collect information on the status of the indicators.

The action plan was to have been monitored by the Programme Group and the CMT at least quarterly, and progress reports on the implementation of the strategy were supposed to be prepared at least twice a year. Also, a report on annual progress of implementation of the strategy was due at the end of each January. None of this had been done.

Agreed action 4 (medium priority): The office agrees to strengthen its resource mobilization strategy and action plan by ensuring the following:

- i. Clear and specific actions for the mobilization of all other resources (both regular OR and ORE), and especially for key programme areas that are not attractive to donors.
- ii. Clear indicators that are periodically reviewed on progress in mobilizing required resources.
- iii. Regular monitoring of the objectives and indicators for the implementation of the action plan.

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.

Responsible staff members: Communications Specialist
Target date for completion: October 2018

Advocacy

UNICEF's Mission Statement includes advocacy on behalf of children. According to UNICEF's Programme Policy and Procedure Manual (PPPM), a strong, purposeful and sustained advocacy plan, when properly prepared, will help raise awareness of children's issues among policy-makers, and promote action in support of children's rights.

The SitAn³ and the country programme document had identified a number of potential areas for advocacy, including (for example) an increase of minimum age of criminal responsibility in Eritrea (currently set at 12), establishment of child protection legislation, and improvement of living conditions of teachers. However, the office did not have an advocacy plan for the 2017-2021 programme. It stated that this was due to competing priorities, including the need to prepare other key planning documents such as the resource mobilization strategy, communication and public awareness and C4D strategy; and also, due to a lack of in-house capacity. In the absence of an advocacy plan, the country office will find it more difficult to effectively and efficiently implement the requirements of the country programme related to advocacy.

Agreed action 5 (high priority): The office agrees to seek the support it needs, from the regional office or headquarters as appropriate, to prepare an advocacy plan, assign responsibilities to relevant staff, and ensure a process for monitoring its implementation.

Responsible staff members: Representative, Communications Specialist and PME Specialist
Target date for completion: December 2018

Direct cash transfers to implementing partners

The office was implementing the Harmonized Approach to Cash Transfers (HACT), a set of procedures used by several UN agencies, including UNICEF, to ensure that direct cash transfers (DCTs) to partners are used as intended. Amongst other things, HACT requires a micro-assessment of those partners receiving more than US\$ 100,000 per year to determine the risk level involved in dealing with each. The results of this assessment then determine the frequency of assurance activities such as spot checks, programmatic visits and scheduled audits in relation to that partner.

In 2017, fully liquidated expenditures from DCTs were US\$ 4.6 million – 35 percent of the total expenditure of the office, and the largest input of the country programme. In 2017, the office transferred US\$ 10.5 million to 17 partners rated as low risk (this includes non-liquidated DCTs). One partner received US\$ 6.6 million and four received more than US\$ 500,000 each.

The office had established a HACT Working Group, prepared an annual assurance plan, and carried out programmatic visits, spot checks and scheduled audits to obtain assurance on whether partners were using DCTs for the intended purposes. A review of these assurance activities showed the following.

³ Short for Situation Analysis, of the situation of children and women in a county. A country office will prepare this document before the end of a programme cycle to inform the design of the next one.

Spot checks: A spot check is a review of financial records to obtain reasonable assurance that amounts reported by partner on the FACE form are accurate. It can be done either by an outside contractor or by an office's own staff (in this case it was the latter). The findings are discussed by the spot-checkers with the UNICEF programme manager and HACT focal point and are assigned a "High" or "Low" priority. High-priority recommendations require follow-up.

According to the 2017 office annual report, 12 out of the planned 15 spot checks had been carried out. However, the country office was able to provide the report for only eight of them, stating that the remainder had not been provided by the relevant spot checkers. As at the time of the audit, these four reports had been delayed on average by more than five months. Further, a review of the reports of the eight spot checks completed in 2017 found in five cases that results of the checks were not shared with the partners until one to four months after the assurance activity had been completed. In three cases, the timeline for the implementation of the agreed actions was not indicated in the reports, and in two instances, staff responsible for following up were not identified.

In two cases, the findings were not specific, and the agreed actions were inadequate. For example, the report of a spot check reported unsupported expenditures, but did not say what they were, or require that the partner provide the missing documents or refund the amount in question. Spot-check findings and recommendations were not assigned priority ratings. The office also did not have a formal follow-up mechanism to monitor the status of implementation of high-priority recommendations stemming from spot checks. These weaknesses were the result of insufficient supervision of spot checks.

Scheduled audits: The UNICEF HACT policy requires any partner receiving more than US\$ 500,000 to be audited once during the country programme cycle. A scheduled audit assesses the adequacy and effectiveness of internal controls. It is conducted by either a country's own Supreme Audit Institution (SAI), or by an independent auditor hired by the country office. In 2017, seven scheduled audits were performed by audit firms recommended by Eritrea's SAI, the Office of the Auditor General. The firms had highlighted findings that required corrective actions for four partners. These findings included expenditures without supporting documentation, expenditures for activities not implemented, and use of balances for other activities without prior approval of UNICEF.

The implementation of audit recommendations was monitored by the UNICEF country office's Quality Assurance Team. The audit reviewed the documentation for this process and noted the following:

- There was no action plan for the implementation of audit recommendations.
- All the four Government partners had high-priority recommendations that had been open (that is, not addressed) beyond the set deadlines.
- There was no record of the source of information for the reported status of implementation.
- The office did not have a formal process for the closure of audit recommendations;

Risk rating of partners: The latest HACT guidelines state that micro-assessments are valid for five years, unless the office determines a need for reassessment. However, in some cases persistent weaknesses had since been noted during assurance activities. Despite this, the office had not reassessed the risk level or considered strengthening their assurance activities.

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

- i. Strengthen the supervision of spot checks.
- ii. Improve their quality by including specific recommendations, ratings and agreed timelines.
- iii. Establish a formal mechanism to follow up on implementation of high-priority recommendations.
- iv. Agree with the implementing partners on an action plan to address the recommendations of scheduled audits.
- v. Strengthen the system for tracking recommendations from scheduled audits, so that it includes the information needed for proper follow-up.
- vi. Strengthen assurance activities in respect of implementing partners for which persistent weaknesses have been identified using other modalities provided by HACT such as special audits, increase of assurance activities and capacity building.

Responsible staff members: Chief of Operations, PME Specialist, Quality Assurance Officer and Spot Checkers

Target date for completion: October 2018

Programme reviews

Country offices should hold at least one annual programme review jointly with key counterparts. This review assesses progress towards planned programme results, identifies constraints, challenges and opportunities, and decides on any corrective measures for the following workplans. In the case of DaO countries⁴ such as Eritrea, UNICEF's Field Results Group (FRG) recommends that country offices should conduct UNICEF-specific annual reviews of their workplans with their respective partners, as well as participating in consolidated UN reviews.

At the end of 2017, the office conducted sectoral annual reviews with relevant counterparts. The office also participated in the joint annual review of the Strategic Partnership Cooperation Framework⁵ (SPCF) which was co-chaired by the Ministry of National Development and the UN Resident and Humanitarian Coordinator. However, the audit reviewed eight annual programme review reports and noted that in all cases, progress was assessed based on a listing of activities implemented. Challenges were identified, but seven reports did not include recommendations to address these challenges. This was despite the fact that, as of December 2017, the office's RAM⁶ showed that one out of five results for CSD was constrained and four out of five for BECPP were also constrained, meaning that half of the programme results of the two key programme components were constrained in 2017.

Agreed action 7 (medium priority): The office agrees to ensure that annual programme reviews with Government counterparts include a review of the results achieved against those planned, as well as specific recommendations addressing the constrained results that can be reflected in subsequent workplans.

⁴ Delivering as One (DaO) aims at a more unified and coherent UN structure at the country level, with one leader, one programme, one budget and, where appropriate, one office. The aim is to reduce duplication, competition and transaction costs. Originally launched in 2007 in eight pilot countries, DaO has now been adopted in a number of others.

⁵ This is the equivalent of the United Nations Development Assistance Framework (UNDAF) used in other countries. The UNDAF is a broad agreement between the UN as a whole and a national Government, setting out the latter's chosen development path, and how the UN will assist.

⁶ UNICEF offices, including country offices, upload their results to a Results Assessment Module (RAM) so that they can be viewed across the UNICEF system, allowing easy access to information and comparability and aggregation of results.

Responsible staff members: PME Specialist and Chiefs of BECPP and CSD
Target date for completion: December 2018

Programme supplies

In 2017, the Government of Eritrea decided that all procurement for programmes implemented by UN agencies must be done by the Red Sea Corporation (RSC), a Government-owned trading company, through the line Ministries and not directly with the UN agencies. As at the time of the audit, it had only been allowed to recommend suppliers for Water, Sanitation, and Hygiene (WASH) equipment and participate in the related bid opening with RSC. Apart from that, it was not permitted to deal directly with the RSC - it had not been allowed to participate in the identification and evaluation of vendors for certain supplies. The office had obtained a waiver only for the procurement of vaccines, as this had been done by UNICEF's Supply Division, and for nutrition and medical supplies.

The country office had therefore been allowing its Government implementing partners to use direct cash transfers (DCTs) to procure their programme supplies through the RSC. Under this arrangement, funds were transferred to the partners, who then delegated the procurement process to RSC. In 2017, supplies for school construction procured through RSC amounted to US\$ 6.3 million. An additional US\$ 5.2 million was disbursed in April 2018 for school construction.

To mitigate the risks of quality and delays in deliveries of supplies, the office had identified a number of measures in its annual risk assessment; conducted review of vendors' proposals and evaluation documents if provided by RSC to the Government implementing partners; and conducted inspection of supplies procured locally when allowed to do so by the Government. However, a review of the above-mentioned measures and controls indicated the need for further enhancement. There was the need for specific procurement controls embedded in the arrangements for DCTs, and adequate controls over the liquidation of the DCTs, to ensure best value for money and programme supplies were properly accounted.

In 2017, the office transferred US\$ 1.94 million from the Global Partnership for Education (GPE)⁷ grant to the Ministry of Education for the procurement of construction materials, of which a portion was to be procured locally (US\$ 116,000) and the rest offshore (US\$ 1.82 million). The audit review of the office's February 2018 donor report to GPE showed that the offshore procurement of all construction materials through the RSC was reported as being completed, with the materials delivered to the central warehouse in Asmara in January 2018. The office's Supply Unit provided evidence that they had inspected the storage and distribution of the locally procured materials, but they were unable to confirm the existence or distribution of materials purchased overseas, as they were not allowed access to the RSC warehouse.

Agreed action 8 (medium priority): The office agrees to establish and implement adequate procedures for the use of direct cash transfers for procurement. These procedures should be included in DCT agreements with implementing partners and include, amongst other things, an itemized list of procurement-related documents required by the country office, as well as evidence of the use of supplies for intended purposes.

⁷ The country office is responsible for coordinating the implementation of the Global Partnership for Education (GPE) supported programme.

Responsible staff members: Supply Specialist
Target date for completion: September 2018

Annex A: Methodology, and definitions 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 clients 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 country 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 client's own (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 auditing 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 country-office management but are not included in the final report.

Conclusions

The conclusions presented in the Summary fall into one of four categories:
The conclusions presented in the report summary fall into four categories:

[Unqualified (satisfactory) conclusion]

Based on the audit work performed, OIAI concluded at the end of the audit that the office's governance, risk management and internal controls 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, the office's governance, risk management and internal controls were generally established and functioning during the period under audit.

[Qualified conclusion, strong]

Based on the audit work performed, OIAI concluded that the office' governance, risk management and internal controls needed improvement to be adequately established and functioning.

[Adverse conclusion]

Based on the audit work performed, OIAI concluded that the office's governance, risk management and internal controls needed **significant** improvement to be adequately established and functioning.