Internal Audit of the Iraq Country Office

October 2018

Office of Internal Audit
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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Iraq Country Office. The objective of the audit was to assess the office's governance, internal risk management and internal control, with a focus on key risk and activity areas. The audit team visited the office from 1 to 16 August 2018. The audit covered the period from January 2017 to July 2018.

The 2016-2019 country programme has seven main components: *Health and Nutrition*; *Water, Sanitation and Hygiene* (WASH); *Education*; *Child Protection* and *Adolescent Development*; *Social Policy and Evidence*; and *Emergency Capacity and Coordination*. There is also a cross-sectoral component. The total approved budget for the country programme is US$ 112 million, of which US$ 8.8 million is Regular Resources (RR) and US$ 103.2 million is Other Resources (OR). RR are core resources that are not earmarked. OR are contributions that may have been made for a specific purpose such as a particular programme, strategic priority or emergency response, and may not always be otherwise used without the donor's agreement. An office is expected to raise the bulk of the resources it needs for the country programme itself (as OR), up to the approved budget. The office also planned to raise a further US$ 127 million in 2018 to respond to the humanitarian needs of internally displaced persons (IDPs) and refugees. This type of funding is known as Other Resources (Emergency), or ORE.

The country office is located in Baghdad and Erbil, with zone offices in Baghdad, Basra, Dohuk, and Erbil. As of August 2018, the country office had 190 approved posts, of which 50 were for international professionals, 72 for national officers and 68 for general service staff. Of the 190 established posts, 24 were vacant. The total budgets were US$ 219.7 million in 2017 and US$ 185.2 million in 2018.

The audit noted a number of positive practices, including delivery of results for children while taking advantage of opportunities, and managing risks as they arose. Examples included the response to the humanitarian needs in Ninewa, Anbar, Kirkuk and Salah al Din. The office had strengthened UNICEF's credibility in Iraq and established strong partnerships with donors, the government and implementation partners. It had been successful in raising both ORE and ORR funds. According to the Humanitarian Coordinator/Resident Coordinator, the office and its management had been instrumental in driving both the humanitarian and development agenda forward, and UNICEF's response in Iraq was 'thought out' and done in a collaborative fashion with other UN agencies.

The office also made good use of research when conducting advocacy and designing programmes. The audit recognized the office's effort on the Multiple Indicator Cluster Survey (MICS), which is expected to be released in October 2018. The MICS data will be used to conduct a Multiple Overlapping Deprivation Analysis (MODA) and a Situation Analysis (SitAn).[1] This is timely as it can inform the development of the next country programme (2020-2024).

Action agreed following the audit
The audit identified a number of areas where further actions were needed to better manage risks to UNICEF's activities. In discussion with the audit team, the country office and regional office have

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[1] MODA is a UNICEF methodology devised to capture multidimensional aspects of child poverty. The MICS is a survey technique developed by UNICEF to provide rigorous data on households, from women, from men and children, providing internationally comparable data. The Situation Analysis (SitAn) is a document that summarizes the situation of children and women in a country; it is produced during a programme cycle and informs the design of the one that follows it.

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agreed to take a number of measures to address these risks and issues. The following actions are being implemented as a high priority – that is, to address issues requiring immediate management attention:

- The office will finalize a process for tracing the expenditure of direct cash transfers.
- The office will accelerate its efforts to train implementing partners on UNICEF's policies and requirements regarding Prevention of Sexual Exploitation and Abuse (PSEA).
- The office, with support from the Division of Financial and Administrative Management (DFAM) and the regional office as appropriate, will carry out a fraud risk assessment to identify areas exposed to internal and external fraud; propose mitigating actions to proactively manage fraud risk; and establish a self-assessment programme to regularly test and monitor both the effectiveness of controls and the performance of partners, in order to respond proactively and quickly to fraud risks.

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 country office's governance, risk management and internal controls were generally established and functioning during the period under audit.

The Iraq Country Office, the Middle East and North Africa Regional Office (MENARO) and OIAI intend to 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

Humanitarian action

During the period covered by the audit, the office undertook a large-scale response to humanitarian needs in Ninewa, Anbar, Kirkuk and Salah al Din. According to the office's 2018 mid-year report on internally displaced people (IDPs), the office assisted nearly 695,000 IDPs (326,500 of them children) with access to safe water in 174 locations in 12 out of Iraq's 18 Governorates in 2018. These locations included formal and informal camps and non-camp settings.

A review of the 2017 and 2018 HACs[2] and 3RP[3] pertaining to Iraq found that the office had been generally successful in raising ORE in 2017 and had generally exceeded planned results and/or exceeded expectations *vis-à-vis* available funding. There were some funding gaps at the time of the audit, but the office was taking reasonable action to address them, and the funding pipeline – that is to say, funds pledged or expected – showed that the office was well positioned with regard to covering its budget for the period 2018 to 2020 (both ORE and normal OR).

Efficacy of the decentralized structure: The Iraq Country Office is decentralized, with offices in Baghdad, Basra, Dohuk, and Erbil. The zone offices develop and manage their own Governorate Delivery Plans and Field Delivery Plans (aligned to the country programme), make programme decisions, allocate funds, and develop partnerships. As per their workplans, the offices provide direct support for essential services and commodities during humanitarian action and in settings with severely constrained institutional capacity. In discussion with management of the office, the audit noted the need to assess the efficacy of this decentralized service delivery structure in achieving the overall expected results for children in Iraq.

Accuracy and reliability of data: There were challenges regarding data for humanitarian response and programming in areas affected by large-scale population movements. The office was aware of the need for strengthening the use of ActivityInfo[4] by implementing partners (Government and NGOs) and

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[2] 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 appeals page is at https://www.unicef.org/appeals/; the page for Iraq can be found at https://www.unicef.org/appeals/iraq.html.

[3] The Regional Refugee and Resilience Plan (3RP) covers Egypt, Iraq, Jordan, Lebanon, Syria and Turkey. It is coordinated by United Nations High Commissioner for Refugees and United Nations Development Programme.

[4] ActivityInfo is an online portal used by multiple UN and other agencies and other actors to   track and report humanitarian actions.

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was working on ways to better use the tool for reporting.

Accountability to affected populations: An interagency complaint and feedback mechanism for beneficiaries had been established in Iraq. The office relied on the interagency Iraq Call Centre which, according to the office, was an effective mechanism through which information was received, shared and addressed. In addition, there were complaint boxes in the camps to collect feedback from beneficiaries regarding the Rapid Response Mechanism (RRM).[5] In the area of RRM and winterization, post-distribution monitoring was undertaken, and feedback obtained from beneficiaries. According to the office, the feedback informed subsequent RRMs and winterization work.

Overall, the audit found that there was sharp focus on the accountability to affected populations. However, it was mainly directed to obtaining feedback on provision of services. To further strengthen accountability, the office needed to also engage those affected populations in the design of interventions. The latter is important and should be pursued, as the office is increasingly moving towards resilience and recovery programming. Accountability could also be further strengthened for interventions that are not part of the RRM, such as child protection. Child protection teams travelled to scattered or remote populations, offering psychological first aid and assisting with referral of critical cases to specialized service providers. However, there was no systematic process for beneficiaries of these child protection services to provide feedback on the quality, access, efficiency and effectiveness of an intervention. When received, the feedback should then be used to adjust programme design and/or implementation.

The office was aware of the need to strengthen its accountability to the affected population. It had produced a concept note, *Programme Monitoring through Beneficiary Voices in UNICEF Iraq*, to – amongst other things – focus on engaging beneficiaries in the design of interventions and strengthen beneficiary feedback. According to the concept note, the monitoring approach would be designed, applied and reported upon in the period July to August 2018. As of June 2018, the terms of reference had been drafted to hire a consultant for the development of the monitoring approach. The also office noted that a regional-office study of accountability to affected populations was underway, and that findings coming out of the study would inform the office's work in this area.

Cluster coordination: UN and other entities often work together in "clusters" – groups working on a specific sector (for example, water or education). An agency can belong to more than one cluster, but each will be led by one of its members. In Iraq, UNICEF leads the WASH[6] and Education Clusters and the Child Protection Sub -Cluster (CPSC).

The clusters had set up sub-national coordination technical working groups at Governorate level. The office stated that in 2019, the cluster leadership would be more inclusive of relevant Government counterparts at National and Governorate level, to enable them to play a strengthened, supportive role in sectoral coordination and eventually take over the leadership/co-leadership roles.

To assist this transition, the office had started building the capacity of the relevant Government bodies. For example, it was noted that capacity building in the area of education had already begun at the time of the audit. Also, the Child Protection Sub-cluster working group coordinators had reportedly been encouraged to join regional or global coordination training. Meanwhile the WASH

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[5] The RRM was introduced in in Iraq in June 2014 to strengthen UNICEF's capacity to respond to the needs of internally displaced persons (IDP) with essential items (drinking water, emergency nutrition, and hygiene). As of February 2016, the RRM Consortium has worked with seven implementing NGO partners supported by WFP and UNICEF as co-leads of the RRM Consortium.

[6] Water, Sanitation and Hygiene.

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cluster had also taken some action, having recently deployed a Roving Cluster Coordinator – one of whose tasks was to assess capacity gaps of Government and partners in general, and provide recommendations for the design of appropriate training. The office also acknowledged that for a comprehensive handover, it needed have a clearer transition/capacity enhancement plan. This is outlined in the office's strategy note and 2018-2019 workplans.

Interventions in camps, including sustainability: Stakeholders met by the audit confirmed that the office had taken a leading role in responding to the humanitarian crisis in the period from 2016 to 2018. Focus had been on ensuring timely provision of life-saving services (RRM and Nutrition) at screening sites, and access to services (WASH, Child Protection, Health and Nutrition, WASH and Education) in camps. The audit visited Jeddah camps 5 & 6 and the Qayyarah Airstrip camp. These had been designed as short-term solutions (6-9 months), but out of the 140,000 people living in the Jeddah camps in general and the Qayyarah Airstrip camp at the height of the crisis, 100,000 have remained in them.

UNICEF's interventions in the camps had, according to the office, focused on improving access to, and quality of, services. The office was identifying exit strategies to ensure that beneficiaries have sustained access to such services. For example, the office had introduced prefabricated schools, using caravans – a good initiative as it would enable the use of the structures elsewhere once IDPs returned to their homes. There was also the rehabilitation of a water treatment plant and installation of a water piping network. These had reduced the need for and cost of water trucking in one camp, and the office was considering expanding the pipes to two additional camps.

The audit also reviewed the strategy for exiting some aspects of humanitarian action in favour of recovery and development activities, as the latter was increasingly becoming the focus for the office. An exit strategy had also been developed for the RRM outlining handover considerations and a timeline for handover and clear deliverables. A handover decision with regard to RRM was expected in 2019. The audit noted that WASH and education clusters had developed concept papers outlining exit strategies in broad terms. For education, there was also a concept note on the transition from education in emergency to early recovery. However, there were as yet no finalized exit strategies for the WASH and education clusters, outlining considerations and a timeline for handover, and clear deliverables.

Agreed action 1 (medium priority): The office agrees to further improve its humanitarian response by assessing the efficacy of the decentralized service delivery structure in achieving the expected results for children in Iraq.

Responsible staff members: Chief of Field Operations and Chief, Planning, Monitoring & Evaluation
Date by which action will be taken: October 2019

Agreed action 2 (medium priority): The office agrees to further strengthen data gathering and analysis in the area of humanitarian action (e.g. use of ActivityInfo), enabling more evidence-based planning and reporting.

Responsible staff members: Chief, Planning Monitoring & Evaluation, Data Communication Specialist
Date by which action will be taken: June 2019

Agreed action 3 (medium priority): The office agrees to strengthen its approach to accountability to affected populations, so as to ensure that it obtains feedback with regard to interventions that are not part of the RRM, and involves the affected populations in the design of interventions.

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Responsible staff members: Chief of Field Operations and Monitoring & Evaluation Specialist
Date by which action will be taken: July 2019

Agreed action 4 (medium priority): The office agrees to prepare an exit strategy for the WASH and education sectors similar to those prepared for the RRM, outlining handover considerations and a timeline for handover and clear deliverables.

Responsible staff members: WASH Manager and Chief, Education
Date by which action will be taken: December 2019 and then ongoing

Work planning

UNICEF offices agree workplans with their implementing partners. According to UNICEF's Programme Policy and Procedure Manual (PPPM), workplans can be developed on an annual or multi-year basis, or as rolling workplans (RWPs). In the latter case, the workplan is subject to interim review – for instance, it may be for 18 months, but the government and UNICEF will agree to periodic technical review of its outputs, say every six months, with an adjustment, based on the review, of the remaining 12 months. At the same time, an additional six months will be added on to the rolling workplan to make up a new 18-month cycle.

The RWPs are expected to detail outputs, indicators, targets, baselines, activities to be carried out, the responsible implementing institutions, and timelines and planned inputs from the partners and UNICEF. Workplans serve as basis for programme disbursements to partners and are expected to be signed with key partners before the end of February of the year of implementation (as recommended by the PPPM).

A review of the 2018-2019 RWPs found that they were of good quality overall. There were clear linkages between the RWPs and national strategies, the UNDAF[7] and the country programme results framework. However, these workplans did not indicate funded and unfunded amounts for RR and OR. Due to the Iraq context, the office was largely relying on ORE, which is not predictable; so it was not practical to give projections for these figures. However, as the office moves towards recovery and resilience programming and obtains more multi-year OR, it should consider indicating funded/unfunded amounts in the RWPs.

Governorate delivery plans: In addition to RWPs, the office had Governorate delivery plans at field-office level for the Governorates where it worked. However, a review of the 12 Governorate delivery plans found that some lacked targets for the selected performance indicators.

Further, only the education section had systematically involved local stakeholders in the development of the Governorate-level targets in delivery plans. Other sections were not sufficiently consulting with local government partners. The need to obtain ownership for upstream work/system strengthening in Erbil and Dohuk Governorates is important, because implementation in these locations will depend on endorsement of guidelines/policies by the Kurdistan Regional Government (KRG). This may not be forthcoming if the stakeholders are not consulted in the development of the plans.

The Governorate delivery plans were introduced in 2018 to create clarity on expected results at subnational level. This was found to be a good practice. However, more could have been done to

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[7] The United Nations Development Assistance Framework (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.

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establish joint accountability around the delivery plans. It was found that there was also a need to further consult with Governorates prior to signing the RWPs. This would help ensure ownership of interventions.

There could also have been better alignment between targets in RWPs and those in the Governorate plans. The Governorate delivery plans captured the 2018 targets, while the RWPs reflected cumulative targets for 2018 and 2019. The lack of alignment was, in some cases, caused by multiple reviews of the Governorate plans by several offices and programme sections. The office said that it had already identified the discrepancies during the overall Planning, Monitoring and Evaluation process, and planned to correct them. Since the office RWP is the one signed by the Minister, the targets would be amended to align with the RWP where necessary.

Agreed action 5 (medium priority): The office agrees to further strengthen the planning process, ensuring alignment between various levels of workplans, and strengthening joint accountability at decentralized level.

Responsible staff members: Chief of Field Operations and Chief, Planning, Monitoring & Evaluation
Date by which action will be taken: July 2019 and then ongoing

Integrated programming (convergence)

Outcomes for children and women can be improved by integrating different activities so that they complement each other. UNICEF pursues this principle in its development programming (when it is normally referred to as convergence), but it can also bring dividends in humanitarian action. The office had acknowledged the importance of integrated programming/convergence in strategic notes developed as part of the Mid-Term Review of the current country programme, and had made efforts in the area. It had, for example, established three cross-sectoral Programme Cooperation Agreements (PCAs) with implementing partners pertaining to the humanitarian response in three locations. The intentional combining of one or more sectoral interventions in these PCAs is expected to improve humanitarian outcomes and geographical convergence in the three locations.

However, the linkages between some regular programmes needed to be strengthened to realize the full potential for programme synergies. For example, the linkage between WASH in schools and School-Based Management (SBM)[8] could have been further strengthened. There were many schools receiving WASH interventions that were not part of the SBM project. One reason for this was that rehabilitation works under the WASH intervention had been undertaken on schools as part of the humanitarian action, while SBM was linked to the regular, non-humanitarian programme.

In general, while the cross-sectoral PCAs for humanitarian action were a good initiative for convergence, the area of regular non-humanitarian programming will require other approaches, as some implementing partners will likely have expertise in a particular sector and may not necessarily have expertise in all the sectors involved. Solutions could include close coordination between programme sectors and joint proposals from implementing partners.

Integrating work with adolescents: The audit reviewed the integrated approaches to one aspect of programming – working with adolescents in Iraq. At the global level, UNICEF had established an

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[8] This programme involves devolution of authority from the Ministry of Education to school level, and includes significant capacity building such as training for local communities, parents, and school administration staff, as well as teaching staff and principals.

Adolescent and Youth Engagement Strategic Framework in 2017. In Iraq, an Adolescence programme had been incorporated into the 2016-2019 country programme. In July 2018 the office had taken steps to strengthen coordination across this field, and had established an internal Intersectoral Task Force on Adolescents and Gender to support a comprehensive multisector approach to provision of resources and opportunities for youth.

As adolescence is a cross-sectoral area, it is important that programme sections work closely together to identify areas where programme integration can be achieved. The taskforce was an important step, as existing programmes for adolescents largely apply a sector-by-sector approach. The taskforce is chaired by the Deputy Representative and has participation of all programme section chiefs. According to its terms of reference, the taskforce is to meet quarterly and also on an *ad hoc* basis as required. According to the office, the taskforce meets in conjunction with the Programme Management Team (PMT).

Notwithstanding this positive development, the audit noted that the taskforce had been agreed upon at a meeting in September 2017 but had not been formed until the following July. The same meeting had also decided that there should be an action plan based on current work by all programmes and sectors, but this had yet to be done. The audit was shown a one-page summary on entry points for Adolescence programming by section, and was also told that an Adolescence strategy was close to finalization. The challenge being discussed internally was how to scale-up interventions in the area of adolescence programming whilst implementing areas prioritized in the 2016-2019 Country Programme Document.

Agreed action 6 (medium priority): The office agrees to strengthen integrated strategic interventions, particularly those around adolescence programming and non-humanitarian action related programming.

Responsible staff members: Adolescent Development Specialist and Deputy Representative
Date by which action will be taken: December 2019 and then ongoing

Prevention of Sexual Exploitation and Abuse (PSEA)

At global level, UNICEF has already put in place important preventative and response mechanisms for PSEA and Prevention of Sexual Harassment and Abuse of Authority (PSHAA). UNICEF's Regional Director for the Middle East and North Africa (MENA) region had stated, in an email dated 1 March 2018, that: "Zero tolerance is not only a policy but also a culture that we as senior leaders need to live and nurture any given moment."

Overall, the audit found that the office was paying attention to this area. It gave the audit substantial information on its approach to PSEA, which reflected the high importance it was according this matter. In May 2018 the Country Management Team (CMT)[9] had endorsed in principle a 2018 PSEA workplan and identified focal points and terms of reference for them. The workplan had been drawn up in consultation with the focal points, a PSEA mission that had visited from HQ earlier in 2018, and the regional office. The tasks, duties and responsibilities for implementing the workplan had been assigned to nearly all sections/functions. The PSEA focal points are meant to give guidance and some training to implementing partners and others involved in delivering UNICEF-supported interventions. Their responsibilities should, according to the CMT minutes, be reflected in their performance

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[9] The CMT advises a Country Representative on the management of the country programme and on strategic programme and operations matters. It normally consists of senior staff from Programme and Operations sections, and staff representatives.

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evaluation. The PSEA workplan is reviewed quarterly by the National Focal Point and action points recorded. Further, the office was collecting information, education and communication materials from other sources and planned to adapt existing posters and pocket cards to the Iraqi context.

One area for improvement noted was capacity building on PSEA. The office had yet to decide how it would support the training of implementing partners, consultants, field facilitators and contactors. When it does, it should, in the view of the audit, consider coordinating with other agencies with the same implementing partners to avoid duplication and mixed messages. There is an interagency PSEA network in Iraq whose purpose is to agree on guidelines and procedures.

Agreed action 7 (high priority): The office agrees to accelerate its efforts to train implementing partners on implementation of UNICEF's PSEA policies and requirements.

Responsible staff members: Deputy Representative, Implementing Partnership Management Specialist
Date by which action will be taken: December 2019 and then ongoing

Communication for Development (C4D)

C4D[10] was prioritized in the 2016-2019 country programme, and there were targets and indicators for it in all the components in the 2018-2019 integrated resources and results framework. In a further recognition of its significance, the office's C4D unit had moved from the communication section to office of the Deputy Representative, and the C4D capacity had been strengthened. To assist the C4D Specialist based in the country office, a C4D officer position had been created at national level, along with an additional four staff at the other UNICEF Iraq zone offices.

However, the office's C4D work was largely linked to campaigns (for example, immunization and back-to-school campaigns). Further work was required with regards to integrating C4D into regular programming, for example for adolescent girls.

Moreover, there was a need for further social research to strengthen the design of C4D messaging. Some relevant surveys had taken place. For example, to design evidence-based C4D interventions in camps as part of the humanitarian response, partners had undertaken small-scale knowledge, attitudes and practices survey (KAPS). To guide work in the area of education, a study had been done on Out of School Children (OOSC) in 2014 using MICS[11] data from 2011. The study had established the need for prioritizing OOSC interventions, but there had been no in-depth analysis of social norms regarding OOSC. In the area of health, a barrier analysis[12] had been done with regards to vaccination, and the office had done a KAP survey in the area of WASH. However, the office had not done any other KAP surveys.

The office was aware of the need for undertaking additional research around social norms. The MICS that is expected to be released during 2018 includes several questions on knowledge, attitudes and behaviour. These pertain to handwashing, treatment of water, knowledge about HIV, child discipline, violence against women, how to treat diarrhea, and danger signs in maternal and new-born health.

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[10] C4D, roughly defined, is the process of communicating the information, including but not limited to technical information, needed for positive change to take place. It should be a two-way process between those making interventions, and the target group. UNICEF's C4D home page is at https://www.unicef.org/cbsc/.
[11] MICS: See footnote on page 2.
[12] A barrier analysis is a type of rapid assessment of determinants of behaviour, and aids the quick design of appropriate messaging.

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Meanwhile discussions had reportedly been held between the C4D unit and programme sections around knowledge, attitudes and behaviours about which programme sections want to learn more. The C4D unit wanted to undertake a cross-sectoral KAP, but the office was still reviewing the cost and benefits of such an exercise.

Further to additional research on social norms, there was a need to establish monitoring tools enabling sections to measure the impact of its C4D interventions. The latter was an issue consistently raised at both the country-office and zone-office level.

Agreed action 8 (medium priority): The office agrees to consider supporting further research to inform the design of C4D messaging, and to strengthen its approach to measuring results achievement in the area of C4D.

Responsible staff members: Chief, C4D and Chief, Planning, M & E
Date by which action will be taken: December 2019 and then ongoing

Monitoring

UNICEF offices monitor programme activities in a number of ways. One is through assurance activities on the proper use of funds; those are covered in the observation on the Harmonized Approach to Cash Transfers (HACT), later in this report. However, this observation focuses on the country office's broader monitoring function which includes field monitoring, third-party monitoring, programme reviews, joint monitoring visits, partner self-reporting, and Participatory Community Monitoring and Accountability (PCMA).[13]

The Iraq office had taken steps to strengthen its monitoring function by upgrading the chief of Programme Monitoring and Evaluation (PM&E) position to P5, and by creating a new P4 planning specialist post that was expected to strengthen the link between M&E and programme planning in general. Further, a number of monitoring and evaluation (M&E) tools had been devised in 2018 and these were being released at the time of the audit.

The audit noted the following.

Monitoring framework: In March 2018, the office established a monitoring framework to provide overall guidance for effective and efficient monitoring. The framework made the important distinction between three pillars of monitoring: HACT, which is discussed later in this report; programme monitoring; and situation monitoring (monitoring the situation of children and women). The framework clearly defined roles and responsibilities for monitoring in the office. The framework included programme reviews with partners (annual and mid-year), and field-monitoring visits. It also included the requirement for PCMA. The PM&E section had so far addressed this by producing a concept note for programme monitoring through beneficiary voices in Iraq. The Programme M&E (PM&E) section was responsible for tracking action points from programme monitoring visits. It also provided standardized monitoring tools for use across the different offices and programme sections.

As a part of the framework, the office had introduced a Performance Monitoring Plan template to ensure that the programmes were monitored as expected. A first round of Performance Monitoring Plans had been developed at zone-office levels at the time of the audit, and the office planned to

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[13] In PCMA, beneficiaries participate in monitoring the quality, access, efficiency and effectiveness of an intervention and discuss them as needed with the service provider.

update them quarterly. However, the audit's review of the template for the Plans found a need for the office to further refine it to make it more useful to managers in assessing progress against planned results.

Also included in the framework are the requirements for joint monitoring visits with partners, partner self-reporting, and third-party monitoring. However, as noted above, some of these approaches had not been used by the office. Third-party monitoring is typically used in situations where access for UNICEF staff is difficult, so monitoring is contracted out. In fact, the office had not contracted third-party monitors, and was instead using third-party monitoring done by donors. (The office did use third-party field facilitators to visit project intervention sites, but this is discussed in the following observation.) There was also a need to train the monitoring staff. At the time of the audit, zone-office staff had received training on the office's monitoring framework but country office staff had not yet had this.

Reflective notes: The monitoring framework also introduced something called "Result managers' reflective notes"; these were points that managers were advised to consider quarterly when reviewing monitoring results. The audit found this was a good initiative. It did find that the 'notes' had a fairly strong focus on input management. This is appropriate for humanitarian action, but as the office makes the transition to resilience programming, there is a need to capture other programme dimensions as well – for example, capacity building and C4D (the office said the former was to be captured under the section on partnership in the 'notes').

There was a reference to Value for Money (VfM) in the 'notes'. Again, this is positive, and the audit thought it would be helpful. However, it is important that there is a common understanding in the office on what constitutes good VfM. It should also be delinked from the section in the 'notes' on money/cash, as this will lead to a focus only on economy, rather than efficiency, effectiveness and equity as well.

Use of monitoring information: It is important that information and data gathered through the office's monitoring, and partners' reporting, are systematically analyzed and fed back into programme decisions. The office was aware of this, and had taken some steps to strengthen the analysis of programme visit reports. However, more could be done – a review of the reflective notes, for example, showed that there were still significant opportunities to improve the way programme managers analyzed programme delivery and result achievement. This included, for example, a need for improvement in the use of field facilitators' reports (see following observation).

End-user monitoring: This is done to check that supplies delivered have been appropriate, and of adequate quality, and is regarded as an important part of the monitoring process. However, discussion with the Supply section and review of trip reports established that, during 2017, monitoring of supplies was limited due to the poor access to areas of implementation during the emergency. In 2018, the office took action to establish a robust end-user monitoring process. The section had prepared a template for end-user monitoring that was presented in training sessions (though at the time of the audit, the template was still not fully integrated into the monitoring activities).

During a field visit to Erbil Field Office, the audit was told that the facilitators monitored activities on a regular basis and reported results on a digital platform provided by UNICEF (called 'Kobo', which is also used by other UNICEF offices in the region). The review of reports showed that the template created for monitoring purposes did not include supply end-user monitoring. The audit also noted that, during the Operations Mid-term Review (MTR), there had been a suggestion that the Supply section become involved in the assurance activities performed. This would provide a useful extra measure of assurance on the end use of supplies.

Agreed action 9 (medium priority): The office agrees to strengthen its results monitoring and consider the following steps:

I. Refine its M&E tools to ensure that they are dynamic rather than static tools, and can be used for ongoing assessment.
II. Improve staff training on monitoring.
III. Strengthen its approach to analysis of data obtained through monitoring.

Responsible staff members: Chief Planning, M&E and M&E Specialist
Date by which action will be taken: March 2019

Agreed action 10 (medium priority): The office agrees to strengthen end-user monitoring of programme activities by:

I. Including end-user monitoring of supplies in programme monitoring to ensure that supplies are protected and adequately managed, and used for the intended purposes.
II. Involving the supply section in assurance activities as much as possible in order to ensure a proper overview of the use of the supplies, which could enable early detection of supplies not-fit-for-purpose, or supplies not distributed as planned.

Responsible staff members: Chief, Supply & Logistics and M & E Specialist
Date by which action will be taken: September 2019 and then ongoing

Use of facilitators

As noted in the previous observation, the office had established different monitoring approaches adapted to the programme context in Iraq, especially considering the accessibility challenges in areas of limited or no access for staff members.

For field visits in project intervention sites in inaccessible areas, a Long-Term Arrangement for Services was established with a corporate contractor for the provision and management of what were referred to as facilitators and senior facilitators. They were in some respects third-party monitors, but the office did not consider them as such, as their technical skills in monitoring were limited. The review of contracts signed under the Long-Term Arrangement showed that their services cost US$ 2,868,405 in total during 2017 and 2018 (as of August).

The office had drawn up standard operating procedures (SOPs) in order to outline the workflow processes and assign accountabilities. It was noted that the procedure assigned accountabilities among UNICEF staff members but did not provide for technical guidance to the individual facilitators on the monitoring and reporting activities they were to perform.

In a programme section meeting, the audit noted that while the quality and experience of senior facilitators were satisfactory, that of the other facilitators was not always as expected. The audit also noted that the findings and/or recommendations of the facilitators' were not always followed-up. This resulted in cases where the monitoring and reporting results had to be reassessed by the sections, and/or results reported by the facilitators could not be relied upon. The office therefore needs to explore the costs and benefits of recruiting facilitators, and once they are recruited, hold the contractor accountable for the quality of their work.

Agreed action 11 (medium priority): The office agrees to review the costs and benefits of recruitment

and management of facilitators. It also agrees to review the terms of reference of the arrangement with third parties, in order to enhance the quality and effectiveness of their activities through clear definitions of activities to be accomplished and the quality of the results to be achieved.

Responsible staff members: Chief of Field Operations and Chief, Planning, M & E
Date by which action will be taken: April 2019

Evaluation

The costed evaluation plan for the 2016-2019 country programme included four evaluations – of the WASH component of Phase II of the Iraq Public Sector Modernization programme; the Child Friendly Schools (CFS) standards and their impact in Iraq; the Baby Friendly Hospital Initiative (BFHI); and of implementation of child-friendly justice system laws and standards for children, including alternatives to detention. Besides these four, the 2017 Integrated Monitoring and Evaluation Plan (IMEP) included an evaluation of RRM[14] requested (and paid for) by a major donor.

The four evaluations to be paid for by UNICEF had planned start dates of July 2016, February 2017, July 2017 and March 2018. Thus all four evaluations should have been started by the time of the audit, and three could reasonably be expected to have been completed. However, none of the four had begun, and none of them were in the 2018-2019 IMEP. Instead, the office planned an evaluation of Child Helpline Services in Kurdistan (in 2018) and of the pilot Smart City Initiative[15] in two Governorates in Iraq (2019).

According to the office, the proposed evaluations had been reviewed as part of the Mid-Term Review (MTR) of the country programme. The evaluation of CFS standards had been cancelled as it would have duplicated an evaluation done by a major donor that included aspects pertaining to CFS standards. In the other two cases, the evaluations were cancelled due to a changed programme context. With regard to the fourth evaluation, another UN agency had not been able to contribute the expected amount, so the evaluation was postponed. No evaluations were identified in the MTR to replace the three cancelled evaluations in the costed evaluation plan.

The RRM evaluation report was shared with the audit. It was found to be of inadequate quality, and according to the office this was why it had not been shared with HQ for the Global Evaluation Reports Oversight System (GEROS) review.[16] The decision to withhold the RRM evaluation was reportedly made in agreement with the Middle East and North Africa Regional Office (MENARO). The only evaluation completed (and shared with GEROS) since 2014 was an evaluation of the Adolescence Development Programme (2017), which received a fair rating from GEROS. More positively, a management response has been uploaded to the Evaluation Management Response Tracking System for the Adolescence Development Programme Evaluation. At the time of the audit, six out of eight recommendations had been closed.

The office stated that the insufficient scope and quality of evaluations were partly due to challenges recruiting evaluators. For example, it had taken three Requests for Proposals before the RRM evaluator was selected, and the quality of work turned out to be inadequate. However, the office stated that the Regional Office was prepared to help improve the quality of evaluations.

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[14] Rapid Response Mechanism (see footnote on page 5).

[15] A Smart City is one that uses electronically collected data to improve efficiency in resource use and service provision. The Iraq initiative aims to improve capacity for water conservation and management, and enhance public access to water as part of the Iraq Public Sector Modernization Project Phase II (IPSM-II).

[16] GEROS is an initiative within UNICEF to strengthen the organization's evaluation function. See https://www.unicef.org/evaluation/index_GEROS.html.

In March 2018, the CMT decided that the office should participate in the *Evaluation of UNICEF's coverage and quality in complex humanitarian situations* commissioned by the Evaluation Office. The evaluation was to cover the period from June 2016 to end of 2017. However, given that Iraq Country Office has gone down from a Level 3 to Level 2 emergency,[17] discussions are ongoing with the regional office to obtain its support for a country programme evaluation instead. This support would include: development of ToRs; estimating the cost of the evaluation; identifying a consultant; managing the evaluation; and ensuring production and dissemination of a final report and its dissemination. The role of the Iraq Country Office would be to identify resources.

Agreed action 12 (medium priority): The office agrees to, with the support of the Regional Office, ensure that planned evaluations are undertaken in a timely manner, are of adequate quality, and are used to inform the design of the new country programme.

Responsible staff members: Chief, Planning, M&E
Date by which action will be taken: September 2019

Results assessment and reporting

UNICEF practices results-based management, and 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 of results. UNICEF requires that the results be evidence-based, and that they be reported against defined indicators and baselines.

The audit noted good efforts from the office in improving reporting in RAM. However, the office could have improved linkage between the narrative outlining progress, and the indicators against which it was measured. The audit also noted the following.

Year-end 2017 RAM reporting: According to RAM data from January 2018, all seven programme outcomes were on track. However, this was not always supported by data entered into the system. For example, the WASH outcome was rated as on-track although progress against indicators showed otherwise, with the end-year 2017 status below the baseline threshold for three out of four indicators. In one of the three cases the indicator was wrongly rated as partially achieved. Moreover, no EMIS[18] data was available to enable the office to determine progress against three out of five education outcome indicators in an evidence-based fashion. Also, it was unclear how the office had rated one education outcome indicator as fully achieved and another as not achieved, as no performance target had been established for either.

At output level, 23 out of 26 programme outputs[19] were rated as on-track. Only two outputs were constrained and one has since been achieved (midway through the country programme). For indicators with a 2017 results target, no year-end update was provided for four indicators. For two

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[17] For UNICEF, a Level 3 emergency is such that an organization-wide mobilization is called for. Level 2 is not, but still means that a country office needs additional support from other parts of the organization to respond, and the Regional Office should provide leadership and support.
[18] EMIS is the Education Management Information System, used in Iraq and elsewhere to track education-related data. This can include attendance statistics, teacher numbers, learning outcomes and other areas.
[19] UNICEF programmes plan for results on two levels. An outcome is a planned result (e.g. a medium-term change in the situation of children) against which resources will be allocated. An output is a description of a short-term change (e.g. construction of a school or hospital) in a defined period that will significantly contribute to the achievement of an outcome.

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additional indicators, the rating and the status-update were not aligned. Moreover, for two indicators the measurement unit between the indicator and the status-update differed. In short, weaknesses were found for eight out of 22 output indicators with a 2017 target.

Mid-year 2018 RAM reporting: The office was aware of the weaknesses in results reporting at year-end 2017 and had taken steps to clean up its RAM reporting. The audit noted that many of the weaknesses had recently been addressed.

However, the audit also noted that the clean-up exercise had resulted in 2017 targets no longer being visible in RAM for four out of 22 output indicators. Also, despite the improvements to the 2017 year-end results, it was found that similar weaknesses existed in the mid-year 2018 result reporting. Most importantly, there was frequently insufficient alignment between ratings and status updates. For example, five indicators were rated as on-track although the mid-year 2018 status update showed achievement as 'below the baseline' for the indicators in question. In other cases, the indicators are rated as on-track despite the mid-year status being at the same level as the 2017 baseline and significantly below the 2018 end-year result expectation.

The audit also reviewed supporting documentation for a sample of 11 result statements from RAM, the 2017 annual report and donor reports. It found that the office could further strengthen evidence-based results reporting. This issue is linked to the observation on accuracy and reliability of data in the humanitarian response, as reporting for the sampled results largely relied on ActivityInfo (see earlier observation on humanitarian action).

The office noted that improving RAM reporting was an ongoing process. The regional office commented that the Iraq office had done a good job reflecting humanitarian action in RAM.

Agreed action 13 (medium priority): The office agrees to further strengthen its approach to assessing and reporting results achievement.

Responsible staff members: Chief Planning, M&E
Date by which action will be taken: March 2019

Harmonized Approach to Cash Transfers

UNICEF country offices are required to monitor progress towards results and ensure that funds disbursed to implementing partners are used for the intended purposes. In order to provide reasonable assurance, UNICEF and some other UN agencies have implemented the Harmonized Approach to Cash Transfers (HACT).

Under this framework, offices assess the risk attached to a particular partner and choose the cash-transfer method to be used accordingly. For example, an office can make direct cash transfers (DCTs) in advance for agreed activities, but where it regards this as too high a risk with a given partner, it can use reimbursement instead. The same principle is applied to assurance activities; these can include programmatic visits (which check that activities are in progress and report any constraints), spot checks of the partner's financial management, and audits. The type and frequency should depend on the risk assessment.

The audit assessed the office's implementation of HACT, including both the disbursements and the subsequent assurance activities regarding their use. It noted the following.

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Funds disbursement: From January 2017 to August 2018, the Iraq office's cash transfers to implementing partners was about US$ 105.6 million. As of 10 December 2017, about US$ 270,000 in DCTs had been outstanding – that is to say, unliquidated and therefore not yet accounted for – for more than six months. This was a good indicator that the DCT liquidations were being done on a timely basis.

However, timely processing and release of funds is also crucial if programme activities are to be implemented within the period agreed with partners. The audit reviewed the supporting documents for six transactions. In three cases the disbursement had been delayed for more than 20 days after the scheduled start date for the activity implementation. (In one of these, the partner had requested it late). Further, it was noted that several DCTs, totaling US$ 2.3 million, were made against grants that were within 30 days of expiry.

The 2018 evaluation of the Adolescence Development Programme raised issues with regards to financial management and partnership management. The evaluation indicated that weak capacity of NGOs was closely related to late fund release. This was corroborated during the review of the assurance activities reports, which showed that implementing partners had weak financial systems and controls. The office was currently developing a capacity-building plan. It was also monitoring grant expenditure to ensure that significant variations from planned expenditure – for example, underspending – were justified promptly. This had significantly reduced the number of transactions near the expiry of the respective funding. However, it was not monitoring last-minute transactions to ensure that they were within the donor's agreement time limits.

Programmatic visits: The audit reviewed a sample of eight programmatic visits reports. One did not adhere to the office's template for this type of report. Seven reports lacked sufficient detail about the progress made and the constraints faced. None of the reviewed reports included follow-up of previous recommendations. The audit also reviewed a sample of eight reports from regular field visits, and noted similar weaknesses.

Spot checks: Given the challenging operating environment, the office was using two audit firms to carry out spot checks in security-sensitive areas.

In order to assess the overall quality of spot-check reports, the audit reviewed a sample of 10 reports completed in 2018. It was noted that in nine cases, there was no deadline for implementation of the agreed actions. In all instances, staff responsible for following up were not assigned.

In four cases, findings were not specific, and agreed actions were not adequate. For example, the spot checks of two NGOs found reported expenditures without supporting documentation. However, the amounts involved, and the activities for which they were to have been used, were not specified. Further, the actions agreed with the NGOs to address the findings did not require them to provide the missing documentation or refund the amount in question. It was also noted that spot checks conducted by one audit firm did not include recommendations or agreed actions, while the other audit firm did not include the risk ratings for the issues identified.

Scheduled audits: The UNICEF HACT policy requires partners receiving more than US$ 500,000 to be audited once during the country programme cycle. Scheduled audits are independent reviews of the effectiveness of internal controls, carried out by third-party accounting firms. According to the office's assurance plan in 2017, 30 scheduled audits were performed.

The audit reviewed 23 of these audit reports, and found that 20 included high-risk weaknesses related to financial management and internal controls, such as lack of proper accounting records and/or poor

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segregation of duties and financial reporting. In seven cases, they contained 5-7 high risk observations, and these had been pending (that is, not confirmed as addressed) for more than eight months. This weakness had also been mentioned during the last peer review by the regional office, which highlighted the need for more rapid resolution of significant financial findings and corresponding reinforcement of assurance mechanisms.

Follow-up of assurance activities: The office has a HACT unit to provide oversight of HACT processes, including planning and implementation of the assurance plan, follow-up of issues arising from assurance activities, and coordination with other UN agencies.

UNICEF is launching an E-tool spot check module, but this is not yet universally available. The office was using an Excel sheet to compile and follow up the results of spot checks and scheduled audits. The audit looked at the tracking sheets and noted similar weaknesses in both trackers. For example, there was no expected deadline for closing the recommendations, and/or their current status was not included. There was no prioritization of the high-risk issues, staff were not assigned for follow-up, and a generic response was given to all issues detected. One of the partners visited said that they had in fact made some progress closing audit recommendations, but there had been no follow-up by the office.

In addition to the tracking sheets, the office also prepared quarterly assurance activity analytical reports. The reports were very detailed, but were not risk-based. Rather than detailing all the low-risk recommendations for low-risk partners, the office could consider focusing on high-risk partners for micro-assessment, and analysis of audit and spot-check reports. This will make it easier for programme sections to understand the major weaknesses their partners have, and consider "risk mitigation" when they plan programme implementation activities.

Arrangements for assurance activities: The office had two Long-Term Arrangements (LTAs) for services with two audit firms, to carry out HACT financial assurance activities. As of July 2018, contracts issued against these LTAs amounted to US$ 241,728. The audit reviewed the LTAs and the contract supporting documentation. While rates and quantity required of each type of service were included, the basic requirements and details to be included in each report were not clearly defined. This had affected the quality of the reports submitted by the service providers.

The weaknesses detected in both assurance activities reports and follow-up mechanisms could make it harder to detect and report possible misuse of funds or fraud promptly (see also the observation *Fraud risk management*, below). While these weaknesses in assurance activities should be addressed, they also raise the need to strengthen implementing partners' own capacity to apply the measures UNICEF expects regarding fraud detection and internal controls.

Government financial system: As a mitigation measure to reduce fraud risk exposure, the office had decided to use the Government financial system to transfer funds to Government partners. Under this arrangement, funds will be sent to the Ministry of Finance instead of directly to the Directorates, creating more accountability and reducing the risk of misuse or misappropriation of funds.

This new strategy will add another layer of control to mitigate fraud risk, but at the same time, it could increase the risk of delay in transferring resources to Government partners. The office has approached the authorities in an effort to ensure that UNICEF funds receive special treatment, and are able to reach the corresponding ministry on time. According to the office, focal points have been identified and assigned for this purpose. However, no method has yet been established or tested for tracing DCTs transferred to Ministry of Finance.

Agreed action 14 (medium priority): The office agrees to further strengthen its implementation of the Harmonized Approach to Cash Transfers through the following steps:

   I.   Ensure that recommendations arising from assurance activities are specific and timebound, and are followed up.
  II.   Address the gaps identified in partners' capacities for fraud prevention and detection.
 III.   Review contracts for assurance activities and ensure they clearly specify the activities and the quality of the results to be achieved.

Responsible staff members: Implementing Partnership Management Specialist
Date by which action will be taken: November 2019

Agreed action 15 (high priority): The office agrees to define a process for tracing expenditure of DCT transferred to Ministry of Finance.

Responsible staff members: Chief of Operations and Finance Specialist
Date by which action will be taken: June 2019

Fraud risk management

UNICEF has a zero-tolerance policy for fraud and corruption. The Division of Financial and Administrative Management (DFAM) has drawn up a UNICEF anti-fraud strategy; this was completed in August 2018 and DFAM planned to work together with offices and regions from 1 September to enhance the fraud tools and procedures.

Weaknesses related to financial management systems, processes and control gaps were all too evident from the risk assessments and assurance activities the UNICEF office performed under HACT, and the office had identified fraud risk as a high priority. However, it had not carried out a comprehensive fraud risk assessment to proactively identify all its vulnerabilities to internal and external fraud. A fraud risk assessment would enable the office to identify where fraud is most likely to occur and identify measures to mitigate the identified risks.

 Agreed action 16 (high priority): The office agrees to, with support from DFAM and the regional office as appropriate, carry out a fraud risk assessment to identify areas exposed to internal and external fraud; propose mitigating actions to proactively manage fraud risk; and establish a self-assessment programme to regularly test and monitor both the effectiveness of controls and the performance of partners, in order to respond quickly to fraud risks.

Responsible staff members: Chief of Operations and Regional Chief of Operations
Date by which action will be taken: December 2019 and then ongoing

Government warehouses and cold-chain management

The audit reviewed the office's cold-chain management activities in Iraq. During the current country programme, the office had identified major gaps in the vaccines supply chain in Iraq as a result of the armed conflict, and had provided support at state and local government levels to rehabilitate and build damaged structure throughout the country.

The office had helped with rehabilitation of Erbil vaccine regional stores at a cost of almost US$ 130,000. The office said that the construction was done and the vaccines store was ready to be

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used. During visits to both the Central Vaccine Store in Baghdad and Erbil Vaccine Store, the audit noted that the equipment provided by UNICEF was in good condition, and was being used for the intended purposes. However, the conditions noted during these visits indicated the need for the office to reassess and possibly enhance its support to strengthening of vaccine management.

The audit also visited the state central vaccines store in Baghdad, which is the entry point of all the vaccines into Iraq. The audit noted that a large number of syringes, in boxes of 1,300 each, were stored outside the warehouse without protection from the heat. According to the manufacturer's instructions on the boxes, the maximum temperature for these items was 35 degrees; however, at the time of the audit, the temperature exceeded this. The warehouse manager said this was due to the lack of space in the dry warehouse. At the central warehouse in Bagdad, temperature monitoring for 37 cold rooms and 30 freezers used to store polio vaccines was done manually in spreadsheets and there were no stock cards to controls the stock of vaccines in the equipment. Similarly, in the Erbil Governorate vaccines store, there were no stock cards and a large number of syringes packed in boxes of 1,300 were stored outside the warehouse.

At the Central and Erbil Governorate vaccines stores, the audit confirmed that during 2018 the country had experienced stock-out of pneumococcal, typhoid and yellow fever vaccines. Both locations suffered stock-out of pneumococcal vaccines at the time of the audit. At the health facilities in the IDP and refugee camps, the audit was told that, in some cases, expired or damaged vaccines were received in the camps. There was also no record available on the rate of vaccine wastage.

The office was aware of the specific issue of 'expired or damaged vaccines' received by a partner in Jeda'ah, and had taken steps to address it. It had made a programmatic visit in June 2018 and highlighted some of the key challenges that the partner was facing in the field. The programme monitoring visit report highlighted high stocks of Vaccine Vial Monitor (VVM) and Oral Polio Vaccine (OPV) vaccines (grade 2-3) in the Expanded Programme on Immunization (EPI) room of the partner in Primary Health Centre (PHCC) in Jada 6 camp, but no cases of expired vaccines were reported. The issue of high stocks of VVM and OPV was addressed and appropriate action taken. UNICEF Erbil's health and nutrition team continue to follow up all issues raised by partners and/or detected from field visits.

The office said that several activities such as training and workshops were provided to build the capacity of both the federal and regional Governments in cold-chain and vaccines management. Also, at the time of the audit, the office was developing a 2019-2021 Continuous Improvement plan, including vaccine procurement and immunization supply chain strengthening.

Agreed action 17 (medium priority): The office agrees to reassess, and possibly enhance, its support to strengthening of vaccine management, to maximize vaccination coverage and to prevent vaccines stock-outs.

Responsible staff members: Chief of Health and Nutrition and Chief, Supply & Logistics
Date by which action will be taken: June 2019

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Annex A: Methodology, and definition of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, testing samples of transactions. It also visited UNICEF locations and supported programme activities. 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:

[Unqualified (satisfactory) conclusion]
Based on the audit work performed, OIAI concluded at the end of the audit that the control processes

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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.