

Report on an
External Quality Assessment of
the Internal Audit function in
UNICEF

December 2013

Joscelyne + Associates, Inc.
8506 Rehoboth Court, Vienna VA 22182, USA

Joscelyne + Associates, Inc.
8506 Rehoboth Court, Vienna VA 22182, USA
(m) +1 703.919.1234
(email) graham@joscelyneplus.com

To: Ms. Fatoumata Ndiaye
Director, Office of Internal Audit and Investigations (OIAI)
UNICEF
Three United Nations Plaza
New York, NY 10017

Subject: External Quality Assessment of the Internal Audit function in UNICEF

Dear Fatoumata,

I am pleased to share with you the report on the External Quality Assessment (EQA) of the internal audit function for the Office of the Internal Audit and Investigations (OIAI) in UNICEF, conducted between September 2013 and December 2013. A separate report is issued for the investigation function of OIAI.

The assessment followed the Institute of Internal Auditors (IIA) Quality Assessment Methodology that looks extensively at the authority, structure, methods, output, and resources for the Internal Audit Office. We obtained input and feedback from OIAI management and staff as well as those of its key stakeholders. We also compared the Office with similar functions in other UN organizations as well as comparing it with good practice in both the public and private sectors. With this information, we assessed conformance to the *Definition of Internal Auditing, IIA Standards and Code of Ethics*.

We conclude that the Office of Internal Audit *generally conforms* to the Definition of Internal Auditing, the International *Standards* for the Professional Practice of Internal Auditing, and the Code of Conduct and is well placed to further positively impact UNICEF. Finally, EQA results for your office were compared to the Internal Audit Capability Model (IA-CM) for the Public Sector (2009) confirming that the office achieved a capability level (Level 3 - Integrated) consistent with *general conformance* with the *IIA Standards*. We noted activities where the capability was greater than Level 3 and others that should be institutionalized if they are to be sustained.

In addition to confirming conformance with the *Standards*, we report on the other Internal Auditing EQA objectives together with conclusions and key recommendations and good practices – all designed to enhance the Office of Internal Audit's impact and effectiveness. We confirm that your office management's action plans appropriately respond to each recommendation - and are achievable within the timelines indicated.

J Graham Joscelyne CA(SA) CIA CRMA
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REPORT ON AN EXTERNAL QUALITY ASSESSMENT OF THE INTERNAL AUDIT FUNCTION AND MANAGEMENT ACTION PLAN

A. Context and Objectives

In 2013 UNICEF appointed a new Director for the Office of Internal Audit and Investigations (OIAI) coinciding with the need to perform an external quality assessment (EQA) of its conformance with professional internal auditing *Standards*¹. The EQA results would enable the Director to determine the following:

- Set a strategic objective for OIAI overall that provides the Executive Director and the Audit and Advisory Committee (AAC) with an enhanced level of assurance based on its work output and related activities;
- Obtain independent confirmation that the Internal Audit Office is in fact in conformance with the *International Professional Practices Framework* of the Institute of Internal Auditors, Inc. (*IIA Standards*) and the Code of Ethics; and
- Compare the Internal Audit Office with audit functions within the UN system and best practices, including practice being implemented and sustained across the whole of OIAI – as well as identifying existing good practice.

The last EQA - carried out 5 years ago - confirmed that the Internal Audit Office was in *general conformance*² with the Definition of Internal Auditing; the *Standards*; and the Code of Ethics of the Institute of Internal Auditors, Inc. (IIA). Our expectations were that the Internal Audit Office would achieve the same status – as a baseline – and that its practices and procedures would have developed in line with those of the internal auditing profession.

B. Key Conclusion

1. Conformance with IIA Definition of Internal Auditing, *Standards*, and Code of Ethics

Conclusion: We conclude that the Office of Internal Audit *generally conforms* to the Definition of Internal Auditing, the *International Standards* for the Professional Practice of Internal Auditing, and the Code of Conduct and is well placed to further positively impact UNICEF.

¹ The *IIA Standards* require an External Quality Assessment for Internal Audit Activities no less than every 5 years.

² IIA Quality Assurance Methodology has three possible results: *Generally conforms*, *Partially conforms*, and *Does not conform*. '*Generally conforms*' for an established internal audit function such as OIAI, is expected to be foundational.

The Director, OIAI is committed to maintain – and exceed - professional obligations as well as ensure that stakeholders derive the very best from the Office of Internal Audit in terms of output and impact as well as interaction with its key stakeholders.

C. Other Findings, Conclusions, and Recommendations

In addition to confirming conformance with the *Standards*, we report on the other Internal Auditing EQA objectives together with conclusions and key recommendations and good practices – all designed to enhance Office of Internal Audit impact and effectiveness.

1. Internal audit charter

a. Mandated country office audit cycle

Conclusion: We conclude that the Audit Charter (revised in 2012) requirement that all country offices are audited on a specific cycle has been a major ‘driver’ in past audit planning even though it was not fully achieved.

Key Recommendation:

The Charter mandates that country offices be audited on a 2-year or 5-year cycle depending on size. This limits, to an extent, OIAI’s ability to objectively determine how and where best to deploy its resources on the basis of UNICEF’s evolving risk profile. In part response, the new Director, OIAI has introduced innovative – and cost effective - remote auditing for smaller offices using telephone interviews, video conferencing, and review of documentation through SAP. In addition, the draft 2014 Audit Plan is based on an organization-wide risk assessment with the level of field audit effort determined by the result, rather the Charter requirement. This approach is in line with *Standard 2010*.

We recommend that the Charter be revised to remove the country office audit cycle so as to fully reflect the independence of OIAI in establishing its risk-based audit plan.

OIAI comments and agreed actions: Agreed. The removal of the provision from the Charter would more fully reflect the independence of OIAI in establishing its risk-based plan. However, contrary to the EQA’s conclusion, the provision has never been a major “driver” in past audit planning and OIAI has always prepared its annual work plan on a risk basis.

OIAI will prepare a request to revise the Charter to remove the country office cycle audit cycle provision, and submit it to the AAC for review and comment before submitting it to the ED for his review.

Target date for completion/initiation of ongoing action: June 2014

b. Director, OIAI, performance assessment

Conclusion: We conclude that, for the purposes of the Director, OIAI's annual performance appraisal, the Executive Director should obtain AAC input.

Key Recommendation:

As the Director, OIAI reports to both the AAC and the Executive Director for purposes of independence, both parties should provide input to the annual performance assessment. Doing so underscores the Director's independence of management as well providing the Executive Director with an independent complementary perspective on OIAI performance that is in line with good practice.

We recommend that the Executive Director request AAC input for the Director, OIAI annual performance appraisal.

OIAI comments and agreed actions: The Director of OIAI agrees with the recommendation; however notes this is at the discretion of the ED.

The Director of OIAI will hold a meeting to discuss this recommendation with the ED.

Target date for completion/initiation of ongoing action: January 2014.

c. Code of Ethics

Conclusion: We conclude that the Internal Audit Office could do more to highlight IIA Codes of Ethics issues in its normal office routine.

Key Recommendation:

Internal Audit Office staff is required to conform to two Codes: the IIA Code of Ethics and the UNICEF Code of Ethics. For the latter, OIAI has notably gone beyond mandated requirements. However, there is little evidence

that professional ethics training or routine discussion take place, nor is there written confirmation from staff that they have applied the Code consistently over the past year.

***We recommend** that the Director, OIAI consider introducing (1) IIA Code of Ethics discussions in staff meetings to help staff stay abreast of ethics issues and how best to address these; and (2) a requirement that all OIAI staff confirm annually in writing that they know, understand, and perform their work in accordance with both Codes of Ethics (IIA and UNICEF).*

OIAI comments and agreed actions:

Agreed.

a) With immediate effect a discussion of the IIA Code of Ethics will routinely be included as an agenda item in OIAI staff's meeting.

b) Beginning in 2014, OIAI will require all staff to sign an ethics statement.

Target date for completion/initiation of ongoing action: January 2014

2. UNICEF policies and procedures conformity

Conclusion: We conclude that the Charter and the Internal Audit manual are supported by – and in line with – the general UNICEF legal framework, policies, and procedures.

3. Relevant legislation and regulations conformity

Conclusion: We conclude that so far as we could ascertain, the Internal Audit Office generally conforms to the legislative and regulatory frameworks under which it operates.

4. Management's understanding of the role of the Internal Audit Office and their expectations of it

Conclusion: We conclude that management understands and respects the independent role of the Internal Audit Office and has high regard for the role it plays.

General Observations:

Based on the results of interviews we note that OIAI is accorded appropriate functional and administrative independence, allowing it to act in a professionally objective way. The Internal Audit Office enjoys credibility and an appropriate relationship with both the Executive Director and the Audit Advisory Committee (AAC), thereby enabling it to fulfill its assurance and investigative roles in UNICEF. Management noted that (1) the new Director, OIAI is strongly supported by senior management and staff at UNICEF while also noting her predecessors' legacies; (2) there is strong preference for an annual audit plan that is completed in the year; and (3) it relies on the Internal Audit Office view of risk more than from any other source.

Extent to which OIAI's interacts with senior management

Conclusion: We conclude that the OIAI/Internal Audit Office could do more to interact with senior management at key stages of the audit process.

Key Recommendations:

First, interaction with senior management is essential at an early stage of annual audit plan formulation – and at the individual audit scoping stage - if OIAI's relationship with management is to be enhanced. Doing so provides both parties with the opportunity to discuss risk and control matters that might influence, directly or indirectly, what is audited - and when. It also gives management the opportunity to share specific concerns about which they seek OIAI's independent assurance and/or advice. For individual audits, senior managers seek OIAI interaction at the scoping stage to allow them to provide personal input.

Second, while OIAI observes key management meetings, senior management expect OIAI to use these opportunities to provide valuable, real time, objective insight on risk and control matters related to the topic under discussion that should also enhance the Internal Audit Office/OIAI's impact at the senior management level.

***We recommend** that the Internal Audit Office systematically engage senior management, more than before, to obtain their views on risk and to consider if and how this impacts the scope of audits.*

***We recommend** that the Director and OIAI senior staff consider taking a more strategic view of their 'observer' role in key management meetings and provide senior managers with needed risk and control information in real time.*

OIAI comments and agreed actions:

- a.) Agreed. As was done in preparing the OIAI Work plan for 2014, OIAI will more systematically engage senior management by surveying all senior managers annually, and will supplement this with by one-on-one interviews as necessary. Further, for the individual audits, OIAI will continue its practice of obtaining the views of senior managers regarding risk and controls to better scope the audits.
- b.) Agreed. Although to a large extent OIAI already routinely provides senior managers with insight on risk and control matters under discussion at key management meetings, it will increase its effort in this area in 2014.

Target date for completion/initiation of ongoing action: Completed with immediate effect.

5. Integration into governance process

Standard 2050 requires OIAI to interact with other functions with oversight responsibilities and to collaborate with them to the fullest extent possible by sharing plans, work results, insight, and advice so that together they can provide combined assurance to executive management and the Board that there is proper coverage, collaboration where possible, and minimum duplication of effort.

Conclusion: We conclude that OIAI could develop a more coordinated approach with other UNICEF oversight units.

Key Recommendation:

While there is some interaction, OIAI can do more to coordinate its work with that of the Evaluation Office, Risk Office in the Change Management Office, and the Board of Auditors, to better understand each other’s mandates and identify perceptions of overlap and gap and address these. Where this has been practiced, each function shares its plans and activities, findings and observations, to ensure there is good collective understanding of risk and control across the organization. The new Risk Advisor in the Office of Change Management would both benefit from the collective insights of the group - and offer a useful risk perspective.

We recommend that the Director, OIAI consider facilitating the ‘oversight forum’ on a quarterly basis. At least annually the forum could review the value and impact of oversight coordination, address any new gaps or overlaps and

communicate the results of their collaborative effort to a wider audience as part of a 'combined assurance' effort.

OIAI comments and agreed actions:

Agreed. The Director, OIAI agrees to facilitate an oversight forum at least annually. The frequency will be determined in consultation and agreement with the other oversight groups including the Change Management Office, Evaluation Office, and Board of Auditors.

Target date for completion/initiation of ongoing action: March 2014.

6. Tools and techniques employed

a. Quality Assurance and Improvement Program (QAIP)

Conclusion: We conclude that the Internal Audit Office has recently established a professional practices function that also oversees aspects of the QAIP but that consolidating all QAIP matters under it would make it fully effective.

Key Recommendations:

The QAIP *Standard 1310* mandates that a fully-fledged QAIP be in place. Its primary responsibility is the 'ongoing and periodic assessment of the entire spectrum of audit and consulting work performed by the internal audit activity' (PA1310-1). Moreover, *Standard 1311* mandate a range of activities on quality matters, many of which are being carried out (e.g. management ensures that audit quality is supervised as part of the audit routine) and some that need to be further developed (e.g. periodic internal assessment). Good practice consolidates all these quality activities under the QAIP function description. The results of the periodic internal assessment are then communicated 'at least annually' to key stakeholders on an annual basis (PA1311-1).

As required by *Standard 1312* the *Standards* mandate an external assessment at least once every five years. Good practice is that this cycle is adjusted to the needs of management and the AAC. When followed, the cycle takes into account: (1) terms of office of key stakeholders (i.e. audit committee and chief executive officer who are likely to want more current external assurance on the quality of the work of internal audit); (2) the speed with which the risk profile of the organization is evolving; and (3)

new professional practice requirements. In other organizations the cycle has been reduced to three years.

***We recommend** that the Internal Audit Office consider enhancing its QAIP so that all cross-cutting quality matters are consolidated into the professional practices function with formal terms of reference and full implementation.*

***We recommend** that the Director, OIAI – following an internal assessment - provide an annual assurance statement to the AAC and Executive Director on OIAI’s quality performance.*

***We recommend** that the Internal Audit Office review its current 5-year EQA cycle practice to align it with the assurance needs of the Executive Director and Audit Advisory Committee.*

OIAI comments and agreed actions:

- a.) Agreed. The senior auditor of the professional practices function is already responsible for the QAIP. OIAI will revise the TORs of the senior auditor for professional practices to include specific reference that coordination of all QAIP functions will fall under the responsibility of the professional practices function.
- b.) Agreed. Each year OIAI makes includes a statement in its Annual Report to the Executive Director, Executive Board and AAC that OIAI adheres to International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors (IIA), and also follows the reporting standards of the International Organization of Supreme Audit Institutions (INTOSAI). This obviously includes compliance to the QAIP standards. To provide added assurance and clarity on OIAI’s annual quality performance to the ED and AAC, the Director, OIAI will revise the TORs of the senior auditor of the professional practices function and the Audit Manual, to require he/she complete a yearly internal assessment so the Director of OIAI can provide an annual assurance statement to the AAC and ED on OIAI’s quality performance.
- c.) Agreed. OIAI will review its current 5-year EQA cycle practice against the other UN agencies and obtain input from the ED and AAC as to whether to maintain or reduce the current 5-year cycle.

Target date for completion/initiation of ongoing action:

- a) March 2014; b) March 2014; and c) June 2014

b. Adequacy of quality assurance over IT audits

Conclusion: We conclude that quality assurance for IT audits could be enhanced.

Key Recommendation:

Standard 2340 mandate that audits (including IT audits) be supervised and quality-assured by audit staff with required proficiency and experience and who did not perform the audit. *Standard 1311* mandate that the QAIP quality assure the performance of the internal audit activity (including IT audit) on an ongoing basis. With focused IT audit work at the field level through to complex organization-wide IT audits, the professional practices function should have the technical capacity to cover all OIAI work (including IT audits). Also, with QAIP separate from line auditing, line auditors and supervisors should not do this.

We recommend that the Director, OIAI consider strengthening its QAIP capability to also cover IT audit work. This need not add new IT staff because it could be achieved in collaboration with other UN IT auditors or engaging consultants on a part-time basis to perform this very specific task.

OIAI comments and agreed actions:

Agreed. OIAI already includes IT audit work under its QAIP; however, it will explore ways to further strengthen this function. OIAI will explore options to strengthen its QAIP capability of its IT audit work by soliciting the views of other UN oversight agencies and views of the IT consultant OIAI will partner with to complete an IT risk assessment in 2014.

Target date for completion/initiation of ongoing action: September 2014

c. Adequacy of IT audit risk assessment

Conclusion: We conclude that the Internal Audit Office consider reviewing its IT risk assessment to confirm it is both complete and well documented, and flowing from this, that its IT audit universe is complete.

Key Recommendation:

Standard 2120.A1 mandate that risk exposures be evaluated (including those relating to information systems). We find that the IT audit universe could be better defined to ensure that all key IT risks have been considered when

developing the IT audit plan. Part of the solution is for the preferred IT audit methodology (COBIT) to be fully utilized to address all its components supplemented at a more technical level to ensure that IT risks (not specified by COBIT but relevant to UNICEF) are also considered (e.g. social media, privacy, big data analytics, cloud computing, virtualization, websites, and cyber security, etc.). Doing so would result in a more complete inventory of IT risks - and how and where these impact systems and processes - resulting in a comprehensive audit universe for the purposes of planning the audit cycle.

We recommend that the Internal Audit Office reconsiders its IT risk assessment process and audit universe to confirm that it is comprehensive and properly documented.

OIAI comments and agreed actions:

Agreed. OIAI will partner with an expert outside IT consultant to perform a comprehensive IT risk assessment in 2014.

Target date for completion/initiation of ongoing action:
September 2014

d. Use of performance metrics

Conclusion: We conclude that the Internal Audit Office measures its performance.

Key Recommendation:

Standard 1300 mandate that internal audit activity performance be measured as a key QAIP component in order to assess its efficiency and effectiveness and identify opportunities for improvement. This should be a routine and part of the annual internal assessment.

We recommend that the Director, OIAI consider incorporating OIAI measurement criteria together with other QAIP activities under in the professional practices function.

OIAI comments and agreed actions:

Agreed. The senior auditor responsible for the professional practices function is already assigned and responsible for these activities. OIAI will further clarify these responsibilities by including these activities in the TOR of the senior auditor responsible for the professional practices function.

Target date for completion/initiation of ongoing action: March 2014

7. Mix of knowledge and expertise in staff and sufficiency of IT audit resources

a. General comment

Conclusion: We conclude that at present OIAI has sufficient staff and consultancy budget to meet its needs but that, going forward, this could change depending on the outcome of the IT risk assessment.

Key Recommendation:

Standard 2030 mandates that ‘resources are appropriate, sufficient, and effectively employed to achieve the approved plan’. The Director, OIAI is working on this, but we are of the view that internal IT audit skills will need to be supplemented to address IT risk and audit requirements going forward. Our view is that the IT risk assessment (see Para. 6C) will highlight areas (over the next 3-5 years) that OIAI’s current expertise mix will not be able to address. Good practice is to plan ahead to find the right balance between retaining internal IT audit capacity and using external subject-matter consultants to cover the full range of IT risk complexities - and ensure that knowledge overall remains in-house.

We recommend that, after completing an IT risk assessment, the Director, OIAI considers how best to balance the need to build internal technical IT audit capacity and external subject-matter expertise to deliver on the plan in the longer term.

OIAI comments and agreed actions:

Agreed. After the IT risk assessment has been completed in 2014, the Director of OIAI, in consultation with the Deputy Director and audit section chiefs and IT consultant who completed the assessment, will develop a strategy to best address internal IT capacity for the longer term.

Target date for completion/initiation of ongoing action: September 2014

b. Auditing for fraud

Conclusion: We conclude that audit staff could do more to consider the potential for fraud.

Key Recommendation:

Standard 2120.A2 mandate that the potential for fraud be evaluated as well as how the organization manages fraud risk. Given the nature of UNICEF’s work the risk of fraud and theft is significant. The Investigation’s Office reports that the Internal Audit Office identified fewer allegations of fraud than might be expected when compared with statistics that show that internal audit is usually the primary source for investigative leads.

Good practice is for Internal Audit Office staff to receive fraud training and to implement fraud and abuse audit methodology specific to the organization’s fraud risk profile. An inter-OIAI protocol would require that potential fraud and abuse issues are communicated to the Investigations Office for follow-up and that the Investigations Office communicate trends and fraud-related issues to the Internal Audit Office so that OIAI as a whole is fully informed on fraud and abuse matters.

We recommend that the Director, OIAI consider implementing a protocol for Investigations and Internal Audit to cover ongoing fraud training and communications on new risks and trends.

OIAI comments and agreed actions:
 Agreed. OIAI will develop and implement a protocol to ensure fraud training is routinely provided to all staff, and new risks and trends are communicated among staff.

Target date for completion/initiation of ongoing action: September 2014.

c. Audit training

Conclusion: We conclude that training is made available that the OIAI’s technical requirements will likely demand that training cover OIAI-wide requirements and individual staff development needs beyond UNICEF-wide standard training allocation.

Key Recommendation:

Standard 1210 mandate that internal audit staff have the knowledge and skills to carry out their professional responsibilities. To stay abreast of the organizational assurance needs, OIAI should continue to seek out and provide demand-driven specific technical audit training for all or some of its staff. Good practice is to develop a training plan for each staff member. This is often undertaken as part of QAIP responsibilities.

We recommend that the Director, OIAI consider developing staff individual training and development plans to complement the technical needs of the audit plan going forward.

OIAI comments and agreed actions:

Agreed. To a large extent this is already being done under the electronic Performance Appraisal System (EPAS). OIAI will access the current Individual Development Plans (IDPs) under the EPAS and identify areas to enhance its IDP process.

Target date for completion/initiation of ongoing action: June 2014

8. Whether the activity adds value to UNICEF and the effectiveness of OIAI's mission

The Internal Audit Office already adds value to UNICEF in the eyes of senior management. The following two good practices would further enhance its value to the organization and its key stakeholders:

a. Assurance opinion

Conclusion: OIAI does not provide an annual overall assurance opinion (reasonable assurance) on the state of internal controls in key processes and units within UNICEF, based on the work done during the year.

Key Recommendation:

Standard 2450 recommends, but does not mandate, the provision of an overall statement on reasonable assurance. Best practice is to provide this as it (1) requires the internal audit function to consider the results of all its work and provide a comprehensive statement on annual basis; and (2) doing so makes internal audit planning – both in the annual plan and individual audits - more strategic by ‘forcing’ internal audit to think carefully about what it audits and what can be said about the results of the body of its work at yearend. Greatest beneficiaries are executive management and the audit committee who receive an opinion – based on

internal audit’s professional judgment - on the overall state of internal controls, on the basis of internal audit’s assurance work. We believe that OIAI is well positioned to deliver an annual overall opinion.

We recommend that the Director, OIAI consider introducing an overall opinion and conclusion based on the results of its risk-based annual assurance work.

OIAI comments and agreed actions:
 As noted by the EQA team this is not a requirement under the Standards. The Director of OIAI will discuss this recommendation with the AAC and ED.

Target date for completion/initiation of ongoing action: June 2014

b. Communications strategy

Conclusion: We conclude that OIAI would benefit from developing a formal communications strategy.

Key Recommendation:

With multiple stakeholders in and out UNICEF, and with its decision to make internal audit reports public, OIAI will face growing demands for more information and greater transparency. This calls for a formal, comprehensive strategy to ensure that (1) its messaging is clear and consistent; (2) due consideration is given to how best to communicate with stakeholders without imperiling UNICEF’s ‘brand’ and mindful of its professional duty to demonstrate its independence; and (3) the impact of its communications strategy is assessed over time and revised as the needs arise.

We recommend that OIAI consider developing a formal comprehensive communications strategy to cover the work of the Division as a whole and to align this with UNICEF’s overall communications strategy.

OIAI comments and agreed actions:
 Agreed. OIAI will develop a formal comprehensive communications strategy and include this in its Audit Manual.

Target date for completion/initiation of ongoing action: June 2014

9. Use of good/best internal auditing practices

Conclusion: We conclude that the Internal Audit Office employs good practices that are innovative, forward-thinking, and good examples of internal auditing (and organizational) transparency.

Prime examples are:

- Pioneering publication of Internal Audit Office reports on the UNICEF website – with the Director of OIAI as the final arbiter on publication;
- Introducing off-site audits to ensure compliance work on smaller country offices in the interests of efficiency, effectiveness, and economy;
- Introducing, with management, audit reports that record ‘agreed action’ rather than recommendations separate from management response, etc.; and
- The management plan 2014-2017 is aligned with UNICEF’s 2014-2017 MTSP and Results and Resources Framework 2014 -2017 along with other of UNICEF’s strategic and operational documents.

D. Approach and Methodology

We generally followed the IIA’s Quality Assessment Methodology that looks extensively at the authority, structure, methods, output, and resources in for the Internal Audit Office. We obtained input and feedback from OIAI management and staff as well as those of its key stakeholders. We compared the Office with similar functions in other UN organizations as well as comparing it with good practice in both the public and private sectors. With this information we assessed conformance to the *Definition of Internal Auditing, IIA Standards and Code of Ethics*.

A key requirement for the EQA was to obtain views on its professionalism, and the usefulness of its assurance and investigations products. For these purposes, we interviewed the full range of OIAI stakeholders from headquarters leadership and senior management, to regional and country teams. OIAI’s mandate, its approach to its work, have a wide impact across multiple stakeholders. The EQA received input from the Audit Advisory Committee Chair and the UN Board of Auditors.

In parallel to the EQA, OIAI was developing its 2014 Audit Plan and had revised its Audit Manual. While these were not provided to us while on site, we have considered them fully as they were both instructive in forming our final conformance opinion.

For comparison purposes, the EQA obtained information from the internal audit departments of UNDP, UNICEF, and WFP, Inter-American Development Bank, and the

Global Fund to Fight Aids, Tuberculosis and Malaria for benchmarking purposes. Other good practice is drawn from both public and private sectors. It also reviewed Joint Inspection Unit Reports.

Finally, EQA results were compared to the Internal Audit Capability Model (IA-CM) For the Public Sector (2009) confirming that the Internal Audit Office achieved a capability level (Level 3 - Integrated) consistent with *general conformance* with the IIA *Standards*. We noted activities where the capability was greater than Level 3 and others that should be institutionalized if they are to be sustained. The body of this report communicates these activities.

E. Management Action Plan

The Director, OIAI provided us with a response to the EQA Report and an Action Plan that was reviewed in terms of substance and timelines for each recommendation. *We confirm that management's action plans appropriately respond to each recommendation - and are achievable within the timelines indicated.*
