

Internal Audit of the Côte d'Ivoire Country Office

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Office of Internal Audit
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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Côte d'Ivoire country office. The audit sought to assess the office's governance, programme management and operations support. The audit team visited the office from 8 to 24 October 2013, and the audit covered the period from January 2012 to 8 October 2013.

The Côte d'Ivoire country office is in the capital, Abidjan, and there are two zone offices, in Bouaké and in Man. The current country programme initially covered the period 2009-2013. However, in September 2013 the UNICEF Executive Board approved a two-year extension up to the end of 2015. The objective of the extension was to harmonize the UN Development Framework (UNDAF) strategies and duration with the National Development Plan (NDP) 2012-2015.

The Board-approved 2009-2015 country programme has five main components: *Child survival; Basic education and gender equality; Child protection; HIV/AIDS and adolescents; and Social policy, monitoring and evaluation*. The total budget for the original approved country programme (not including the two-year extension) had a ceiling of about US\$ 141.1 million, of which US\$ 31.1 million was expected to be from Regular Resources (RR), while the Other Resources (OR) component was US\$ 110 million. Since the country programme was approved, the office had requested and obtained a ceiling increase for OR of US\$ 48 million. RR are core resources that are not earmarked for a specific purpose, and can be used by UNICEF wherever they are needed. 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 used for other purposes 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 ceiling.

Total expenditure was US\$ 36.5 million in 2012 and US\$ 20.8 million in 2013 as of September. As of October 2013, the country office had a total of 108 approved posts, of which 20 were international professionals and 33 were national officers; 53 were general service staff and two were UN volunteers.

Actions agreed following the audit

As a result of the audit, and in discussion with the audit team, the country office has agreed to take a number of measures. Ten measures are being implemented as high priority. The measures are as follows:

- The country programme was extended by two years. However, no plan had been finalized to review the staffing structure and its budget implications. Also, many staff were hired on temporary appointment contracts over long periods and the positions were often filled on a single-source selection basis. The office will analyse gaps in staffing, review its structure in the light of available resources, comply with regulations on staff hiring, and use appropriate contract types.
- The office continued to operate zone offices that were established to the end of 2007. Furthermore, staff reporting lines were not clearly established. The office will assess the continuing need for the zone offices, make sure they are properly approved, and clarify their role, structure and reporting lines.
- There had been numerous short-term Representatives, and no clear direction and vision

was being communicated to staff. Also, a large number of staff members had not completed harassment- and integrity-related training. The office will: ensure that all staff complete the courses on ethics and integrity; develop and communicate a clear direction and vision to the staff and ensure adequate participation of staff in important decisions affecting them; and take action to improve team cohesion and communication among staff.

- There were long delays in the recruitment of staff covering key programme areas, due to weak capacity in the human resources unit. The office will strengthen the human-resources unit and hold staff involved in recruitment accountable for its timely completion.
- The office had funding gaps for some programmes and some of the intermediate results, and did not adequately monitor resource mobilization. The office will take action to address this concern, including a resource mobilization strategy for the country programme extension.
- The office had not fully implemented the Harmonized Approach to Cash Transfers (HACT). It had not developed or implemented an office-wide assurance activities plan that took into consideration the risk rating of implementing partners. The office will review staff and partner capacity in HACT, establish clear accountabilities for its implementation, and develop a plan for assurance activities and ensure that its implementation is monitored.
- The quality of donor reports was inadequate and the 2012 annual report included inaccuracies and some results that could not be validated. The office will establish a process for monitoring the reports' quality, and will ensure that information in its Annual Report is reliable.
- Some supplies were not stored in good conditions and some others had been in storage since 2005. Furthermore, there was no evidence that ownership of supplies had passed to the host government although these supplies were not included in UNICEF records. Appropriate action will be taken to address these issues, including measures to ensure that the transit warehouse is used as such, and old stocks are disposed of.
- The office issued about 50 percent of individual contracts without competition. Furthermore, payments were often made without contractor evaluations and were not linked to specific deliverables because of inadequate terms of reference. The office will review its procedures on individual contracts and address areas of weakness.
- The office issued payments for services not yet received by preparing bank transfer letters that were kept in the office for extended periods. This exposed the office to risk of fraud and incorrect reporting. The office will ensure that payments are issued only for services that have been completed and that budget allotments are managed with appropriate planning.

Conclusion

Based on the audit work performed, OIAI concluded that the controls and processes over the country office, in the areas examined by this audit, needed improvement to be adequately functioning during the period under audit. The Côte d'Ivoire country office has prepared action plans to address the issues raised.

The Côte d'Ivoire country office, with the collaboration of the Regional Office, and OIAI will work together to monitor implementation of the measures that have been agreed.

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Objectives and scope

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.

The audit observations are reported upon under three headings; governance, programme management and operations support. The introductory paragraphs that begin each of these sections explain what was covered in that particular area, and between them define the scope of the audit.

Audit observations

1 Governance

In this area, the audit reviews the supervisory and regulatory processes that support the country programme. The scope of the audit in this area includes the following:

- **Supervisory** structures, including advisory teams and statutory committees.
- **Identification** of the country office's priorities and expected results and clear communication thereof to staff and the host country.
- **Staffing structure** and its alignment to the needs of the programme.
- **Performance measurement**, including establishment of standards and indicators to which management and staff are held accountable.
- **Delegation** of authorities and responsibilities to staff, including the provision of necessary guidance, holding staff accountable, and assessing their performance.
- **Risk management**: the office's approach to external and internal risks to achievement of its objectives.
- **Ethics**, including encouragement of ethical behaviour, staff awareness of UNICEF's ethical policies and zero tolerance of fraud, and procedures for reporting and investigating violations of those policies.

All the above areas were covered in this audit.

Staff structure

The audit noted the following in this area.

Staffing structure: The original period for the country programme was to end in 2013. Although it had been extended to 2015 (see *Summary*, above), the staffing profile was not expected to be the same for the extension period. However, at the time of audit in October 2013, a plan to review the staffing structure and the budget implications was not yet finalized. Meanwhile 74 staff contracts were due to come up for renewal at 31 December 2013.

For the 2014-2015 extension period, the office had proposed to the programme budget review (PBR) in 2012 that there should be 38 position changes. A further five changes were

proposed in a 2013 PBR.¹ However, while the proposed changes were documented in terms of proposed abolition and establishment of positions and changes in their funding or reporting lines, there was no complete review of the overall structure within the constraints of available resources. In March 2013, the PBR noted that: "...the CO should take its next opportunity to review its overall structure to bring it in line with short- and medium-term projected resources".

Contract types: The audit noted that a high proportion of staff (16) were on temporary appointment (TA) contracts, and that a further 14 TAs (six for WASH²) were under recruitment at the time of audit in October 2013. The management indicated that some of these TA positions could be converted into fixed term (FT) positions as part of an overall review of the office staffing structure. The audit raised the question as to why these positions were not included in the projections and created as FT positions initially. The CO management stated that the projections for FT positions were not shared with the PBR and its technical review team (TRT) in March 2013 as negotiations with the European Union (EU) for US\$ 9.7 million OR funding were not advanced enough. However, according to the TRT chair, the office should have proactively informed the Regional Office on the ongoing EU discussions and sought its advice on whether or not to plan for FT positions.

UNICEF policy is that the TAs can only be used for up to one year (with a one-year extension in exceptional cases). However, the one-year period was exceeded without justification in seven of the eight cases of TA recruitments reviewed by the audit. In three out of these seven cases the period of service ranged between two to five years through multiple contracts. There were also two cases of TA recruitments at the national professional level, for which approval from Regional Director should have been obtained.

In four cases, the appointments were single-source recruitments, while one appointment was based on a desk review where the recruitment processes were not fully followed. In case of renewals, the audit could not locate satisfactory performance evaluation forms, written justification for extension, or documentation regarding availability of funding. This lack of compliance with recruitment rules had been raised by the Joint Consultative Committee (JCC);³ in its 24 October 2012 meeting, it was noted that "it is important to follow the rules and ensure transparency in the recruitment process."

The audit also reviewed a sample of individual contracts from 2012 and 2013 and noted that there were six individual consultants who performed staff functions, of which four were contracted for periods varying from five to 14 months. According to HR policy, individual contracts should not be used for the performance of staff functions, except for short periods not exceeding three months.

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

- i. Develop a staff gap analysis for 2014-2015, and review its overall staff structure to bring it in line with short- and medium-term projected resources, taking into

¹ The PBR is a review of a UNICEF unit or country office's proposed management plan for its forthcoming country programme. For a country office, it is carried out by a regional-level committee, which will examine – among other things – the proposed office structure, staffing levels and fundraising strategy, and whether they are appropriate for the proposed activities and objectives.

² Water, Sanitation and Health.

³ In UNICEF offices, the JCC is a joint management/staff body that meets to discuss points of common interest.

consideration unfilled positions, projected full-time positions required and upcoming contract renewals. This review will be submitted to the next Programme Budget Review.

- ii. Ensure transparency, competition and compliance with rules and regulations in the hiring of staff.
- iii. Replace the contracts of individual consultants performing staff functions with appropriate types of contract.

Target date for completion: April 2014

Responsible staff members: Representative, Deputy Representative, Chief of Operations and Human Resources specialist

Zone offices

The 2004 PBR had approved the establishment of the Man zone office and the extension of the Bouaké zone office, both until the end of 2007. These zone offices were still operating; each one had 14 staff members and cost, according to the management's estimate, about US\$ 1.2 million per annum. However, the country office could not provide the audit with PBR approvals for their extension. The audit also noted that the mission and role of the zone offices was not clear and was not documented.

A concept note dated 5 December 2011 on UNICEF's Côte d'Ivoire field structure highlighted a plan to close the Man zone office, but this had been put on hold due to the resumption of the political crisis in 2010. This plan was not revisited in 2012 while scaling down humanitarian interventions, although this could have been the occasion to consider the other available options (such as providing oversight from Abidjan and working remotely with the help of implementing partners).

In its 2012 PBR submission, the country office proposed the abolition of the positions of chiefs of field offices in Man and Bouaké by December 31, 2012. It proposed instead to establish a new field coordinator position in Abidjan to manage the two field offices, with a team leader to be selected from the national staff in each zone office. The PBR rejected the field coordinator position, as insufficient justification was provided. The PBR also recommended maintaining the two positions of chiefs of field offices, albeit vacant and unfunded, as an emergency contingency, taking into consideration that unfilled positions should be closed after two years. The chief of Man zone office left in August 2012. However, although the chief of Bouaké zone office position was also to be kept unfilled and vacant starting January 2013, the position was still occupied at the time of the audit in October 2013. The office stated that the incumbent had continued in this position due to the rejection of the field coordinator position by the PBR, and that a decision about continuing this position further would be made as a part of the assessment on the need for the zone offices.

The chief of Man zone office's duties were being performed by a series of officers-in-charge (OICs)/'team leaders'. A review of the VISION Structural Authorization (ViSA) 4 report for OICs in 2012 revealed that none of these staff members were shown as the OIC for the period that they were acting as such. There was also confusion about the reporting lines, since the staff in the Man zone were required by an instruction issued in April 2012 to be reporting to the

⁴ ViSA is a custom program in VISION that registers users who need to receive documents in the workflow or who would get access to certain HR and travel-related functions. ViSA is also used to assign temporary access to an individual for OIC purposes.

chief of the zone office (a vacant post). Another instruction, issued in June 2013, required the zone office to report to chiefs of sections in the country office retroactively from January 2013. However, the team leader/OIC of the Man zone office did not have any input to the annual performance objectives and performance appraisal of the zone office staff. The audit's discussions with staff, and the low PER completion rate in the Man field office (64 percent in 2012), suggest a need to improve clarity in reporting lines.

Guesthouse in Man zone office: In 2012, the office converted some of the buildings in the compound of the Man Zone Office into a guesthouse. This guesthouse was not being fully used and the office management had yet to decide whether to submit the rationale for its establishment to the Regional Office and DFAM. The audit noted that hotels were available in Man and that some staff did use them when visiting this area.

Agreed action 2 (high priority): The country office agrees to assess the continued need for the zone offices and ensure that they are approved; and, as appropriate, clarify and document their role and their management structures (including clarification of the reporting lines for the zone-office staff). The assessment should include the rationale for maintaining the guesthouse in Man to ensure that it is a necessary establishment.

Target date for completion: April 2014

Responsible staff members: Representative, Deputy Representative and Chief of Operations

Ethics and staff morale

With seven Representatives/OICs heading the Côte d'Ivoire office for various periods between 2011 and 2013, there was no clear direction and vision that was consistently communicated to staff. Discussions with the Staff Association, and with staff members in general, highlighted the issue of communication between supervisors and supervisees.

During the 2012 PBR, the office undertook significant changes to the staffing structure, and the process was not fully participatory. In one of the programme coordination team (PCT) meetings held in 2012 during the PBR process, it was reported that "Some members of the PCT regretted that the process was not participatory." The TRT/PBR minutes of May 2012 also mentioned that "the document does not highlight the involvement of staff in the process".

Online training: The office stated that during all-staff meetings, on several occasions, all staff had been asked to complete online ethics and integrity courses and send the certificates to HR. The all-staff meetings were not minuted and this was therefore not verifiable. As of 8 October 2013, 48 staff members had not completed the harassment-related online training, and 46 had not done the integrity-related online training.

Agreed action 3 (high priority): The country office agrees to:

- i. Reinforce the United Nations code of conduct and ethical behavior by ensuring that all staff complete the courses on ethics and integrity.
- ii. Develop and communicate a clear direction and vision to the staff and ensure their adequate participation in important decisions affecting them.
- iii. Take action to improve team cohesion and communication between staff.

Target date for completion: July 2014

Responsible staff members: Representative, Deputy Representative, and Chief of Operations with support from Ethics Office in New York

Timeliness of recruitment

There were delays in recruitment of staff posts. During 2012-2013, 24 of the 108 posts went through recruitment processes; nine of the 24 were international professional (IP) posts, 12 were national officers (NOs) and three were general service (GS) posts. In the 2012 and 2013 AMPs, the office had established standard timelines for the recruitment cycle as 90 days for IPs, 60 days for NOs and 45 days for GS posts. However, recruitment for nine posts (two IP, six NO and one GS) showed delays beyond the target timeline, averaging 118 days (excluding the review/endorsement steps involving the Regional Office or Headquarters). Generally, the delays were between candidate selection and finalization of the recommendation by the selection panels, or between the latter stage and endorsement from the local Central Review Board (CRB). The audit's discussions with staff indicated that the delays were contributed to by a lack of proactive participation from the supervisors and staff on the panel and a lack of follow-up by the HR unit in finalization.

In addition, there were five staff posts for which the recruitment process had come to a halt (for over a year in some instances). Two of these posts were critical posts for the operations section – Human Resources Specialist (L-3) and Finance Officer (NO-B). The first of these two posts, HR Specialist, had been vacant for over four and a half years, and for the whole of this period, the Human Resources Officer (NO-2) had acted as the officer-in-charge. This understaffing and overload of the HR unit strongly constrained recruitment processing. For the Finance Officer post, the recruitment had been put on hold for four years, although it had now been restarted. The funding was available for these five posts and the office could not provide the audit with acceptable reasons for the lack of activity in their recruitment.

Agreed action 4 (high priority): The office agrees to ensure that the human resources unit is strengthened and that all staff involved in recruitment are held accountable for completing the recruitment process within the office's established timeline.

Target date for completion: June 2014

Responsible staff members: Representative, Human Resources specialist, and Chief of Operations

Priorities, staff accountabilities and performance

The guidelines on preparation of 2013 annual management plans (AMPs) recommend that key priorities should be limited to 10 or less so as to increase the office's capacity to focus on strategic issues. However, the CO's AMP included a large number of priorities – 41 (15 related to Programme and 26 related to Operations), making it hard to allocate accountability for each one. The audit reviewed the office priorities and a sample of staff Performance Evaluation Reports (PERs). It noted the following:

- While the AMP identified priorities for each section, such as Education and HIV/AIDS in Programme area and Finance in Operations, the key positions (e.g. section chiefs) were not assigned specific responsibilities that could be reflected in their PERs.
- The Deputy Representative had been acting as the OIC for the social policy section since July 2012; however, this responsibility was not stated in her PER.

- The performance indicators in the PERs were either not mentioned, or if mentioned, did not have target values to allow for an objective assessment.
- As of 5 September 2013, only 29 percent of 2012 PERs had been completed. By 8 October 2013, this rate had improved to about 61 percent overall. The general services staff had the lowest completion rate (52 percent).

Assigning authority and accountability was made harder by the fact that the office did not have standard operating procedures (SOPs) documented for most of its processes, despite a decision by the Country Management Team (CMT) in February 2013 that operations and programme staff should jointly develop workflows. The office did develop draft SOPs in 2010 for donor reports and proposals, field visits and implementation of the integrated monitoring and evaluation plan (IMEP). However, these SOPs had not been signed by the Representative and issued to all staff.

Agreed action 5 (medium priority): The country office agrees to:

- Establish clear standard operating procedures for commonly used transactions in the office, communicate them to all staff and reinforce their implementation.
- Ensure that the number of priorities that are identified in the annual management plans are manageable as per organizational guidelines so as to focus on the most critical ones.
- Ensure that key staff members' contributions to the office's priorities are clearly identified and consistently reflected in their performance evaluation reports.
- Ensure that performance indicators that measure the staff performance are SMART (specific, measurable, achievable, realistic and time-bound).
- Ensure that the staff performance reviews and evaluations are performed on time for all staff.

Target date for completion: July 2014

Responsible staff members: Representative, Deputy Representative and Chief of Operations

Delegation of authority and segregation of duties

Access to VISION is given through the provisioning of a user identification (ID) that has "roles" assigned to it. Heads of Offices, and their delegates, approve the provisioning of VISION user IDs and their corresponding roles, using the guidelines in UNICEF Financial and Administrative Policy No. 1: *Internal Controls and its supplements*. Each office is also required to maintain a manual Table of Authority (ToA); the Head of the Office should review the ToA periodically (preferably quarterly) to confirm its continued accuracy and appropriateness. UNICEF uses a program called Approva to manage segregation of duties and to detect conflicts.

The ToA for the Côte d'Ivoire country office had been updated in 2011 and September 2013. However, it had not been reviewed in 2012, despite the launch of VISION in January 2012. When the audit compared the Approva reports in July 2013 with the ToA of 2013, it was noted that six high and four medium conflicts existed in Approva but had been manually deleted in the ToA. The office stated that it planned to delete the conflicting authorities in Approva at the time of preparing the ToA in September; however, this had not been done.

Agreed action 6 (medium priority): The country office agrees to address the segregation of duties conflicts rated high and medium risks noted in Approva as soon as possible; and review the ToA periodically.

Target date for completion: March 2014

Responsible staff members: Representative and Chief of Operations

Supervisory structures

UNICEF's Programme Policy and Procedure Manual (PPPM) states that the CMT in a country office should monitor the key management performance indicators in the AMP regularly – monthly, or more often as required. However, although the CMT reviewed certain performance indicators, it did not monitor the status of implementation of office priorities in the AMP. The office's AMP stated that the CMT should review progress on key priorities monthly. However, the CMT had held only five meetings in 2012, and three in 2013 up to September.

Much of the agenda and minutes of the CMT was devoted to the review of routine matters rather than strategic issues. For instance, a review of sampled CMT minutes showed that routine human resources matters were discussed in detail while office priorities, fundraising and advocacy priorities were not discussed.

There was no process to track the implementation of decisions reached in CMT meetings. Also, although the AMP specified that the minutes of the CMT should be distributed to staff within six days, this was not done.

The office had noted in its 2012 annual management review that the Training and Staff Development Committee had only partially fulfilled its role. The JCC was reported to have met once during 2013, and there were no minutes for this meeting. The ICT (information and communications technology) Governance committee had not met in 2012. The ICT Governance committee members came from the Operations team and there was no participation from the Programme sections, although they were cross-function ICT users.

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

- i. Ensure that the country management team meets regularly and that the meetings focus on key office priorities included in the Annual Management Plan and on strategic issues, and ensure timely sharing of the minutes of meetings with all staff.
- ii. Ensure systematic review of action points from the previous Country Management Team meeting.
- iii. Ensure that all the supervisory and review structures have appropriate memberships and that their meetings are held according to their terms of reference.

Target date for completion: January 2014

Responsible staff members: Representative, Deputy Representative, Chief of Operations and the Country Management Team

Human resources capacity development

The office's management had set up a Training and Staff Development Committee, but although it had apparently met during 2013, it had done so only once – and no minutes of this meeting were prepared. In the audit's discussions with the HR officer, staff association and other staff members in the country office, it was stated that the office engaged mostly in

online courses and that many planned group training activities were not implemented due to lack of resources.

The audit review noted the following:

- There was no budget set aside, or communicated to the staff, at the beginning of the year for the consolidated office learning plan.
- The management had not reviewed or approved the consolidated office learning plan.
- There was no system to incorporate the development/training plans identified in PERs into the consolidated learning plan. The plan was based on requests for training submitted directly to the HR unit. Out of 39 individual requests, only nine were implemented, due to funding constraints.
- The planned training activities were not consistently monitored in order to identify and address any constraints in implementation.

Shortcomings in the management of staff learning and development could result in failure to develop adequate capacity and skills required for effective and efficient programme implementation.

Agreed action 8 (medium priority): The country office agrees to review and improve its oversight mechanism to ensure effective planning, budgeting, implementation, monitoring and reporting of training and learning activities.

Target date for completion: October 2014

Responsible staff members: Representative, Chief of Operations, Human Resources

Specialist/Staff Learning and Development Committee

Governance: Conclusion

Based on the audit work performed, OIAI concluded at the end of the audit that the controls and processes over governance, as defined above, needed improvement to be adequately established and functioning.

2 Programme management

In this area, the audit reviews the management of the country programme – that is, the activities and interventions on behalf of children and women. The programme is owned primarily by the host Government. The scope of the audit in this area includes the following:

- **Resource mobilization and management.** This refers to all efforts to obtain resources for the implementation of the country programme, including fundraising and management of contributions.
- **Planning.** The use of adequate data in programme design, and clear definition of results to be achieved, which should be specific, measurable, achievable, realistic and time bound (SMART); planning resource needs; and forming and managing partnerships with Government, NGOs and other partners.
- **Support to implementation.** This covers provision of technical, material or financial inputs, whether to governments, implementing partners, communities or families. It includes activities such as supply and cash transfers to partners.
- **Monitoring of implementation.** This should include the extent to which inputs are provided, work schedules are kept to, and planned outputs achieved, so that any deficiencies can be detected and dealt with promptly.
- **Reporting.** Offices should report achievements and the use of resources against objectives or expected results. This covers annual and donor reporting, plus any specific reporting obligations an office might have.
- **Evaluation.** The office should assess the ultimate outcome and impact of programme interventions and identify lessons learned.

All the above areas were covered in this audit.

Satisfactory key controls

The audit found that controls were functioning well over a number of areas including (but not necessarily limited to) the following:

There were regular mid-year and annual reviews with the involvement of the implementing partners. The Programme section held regular and well-minuted coordination meetings. A set of programme indicators was reviewed at each meeting and there was systematic follow-up on previous action points.

Programme and budget planning

The current Country Programme covers the period 2009-2013. The preparation of the next Country Programme had been planned for 2012, but the UN agencies in the country agreed to extend all their current country programmes by two years in order to align them with the Government's 2012-2015 National Development Plan.

In order to obtain the clearance of the UNICEF Executive Board, the country office prepared a justification with a request for additional funding of US\$ 60.8 million (US\$ 16.8 million of RR and US\$ 44 million of OR). The country programme extension for the period 2014-2015 was approved by the Executive Board on 4 September 2013 during its second regular session. The Executive Board agreed to the extension of the existing Country Programme Document; however, its decision did not mention the additional budget approved, and the planned

budget in VISION did not reflect the budget requested by the office for the extended programme.

Regardless of the extension, the office had not recorded the original 2009-2013 Board-approved budget of the country programme accurately in VISION. The OR budget planned for Child Survival and Development was 22 percent higher than the Board-approved level. For the programme components HIV/AIDS, Child Protection, Basic Education and Social Policy, the OR amounts planned in VISION were less than planned in the country programme document (CPD) by respectively 62 percent, 33 percent, 28 percent and 21 percent. The audit noted that this was the result of the budget assistant recording the planned amounts based on the planned figures in the signed rolling workplans (RWP) and not based on the budget levels set up in the approved CPD.

Country Programme Action Plan (CPAP): The office had signed a Country Programme Action Plan (CPAP) with the Government in 2008 that covered the current programme period, i.e. 2009-2013. The CPAP constitutes a formal agreement between the Government and UNICEF on the programme of cooperation, and forms the basis for annual and rolling/multi-year workplans. It stipulates the respective responsibilities of the Government, partners and UNICEF during the period of the approved country programme. However, the audit noted that the country office had yet to initiate contacts with the Government to discuss and agree on: the revised CPAP for the extension period; and results matrix amendments to take into consideration the additional budget and the impact of the programme extension on the expected results to be achieved.

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

- i. Obtain confirmation of the additional budget needed for the extension of the country programme over the period 2014-2015.
- ii. Discuss and agree with the Government the major changes in the Country Programme Action Plan for 2009-2015, and their impact on the planned results; and, as appropriate, update the Country Programme Action Plan and the results matrix.
- iii. Establish procedures and accountabilities to ensure that planned amounts recorded in VISION at the programme components level are aligned with the Board-approved budget, and that the rationales for any significant adjustments of budget ceilings, and the impact of those adjustments on planned results, are documented.

Target date for completion: January 2014

Responsible staff members: Representative and Deputy Representative

Advocacy plan

According to the PPPM, a strong, purposeful and sustained advocacy plan, when properly prepared, will help raise awareness of children's issues among policy-makers and the public, and promote action in support of children's rights.

The 2009-2013 Board-approved country programme document (CPD) states that advocacy with parliamentary and government officials will help influence national policies and programmes. According to the CPD, this in turn will help to address the many structural causes of mortality among children, the low school-attendance rates, and child-protection issues, including inadequate allocation of budget resources to basic social services and the insufficient application of policies in certain areas. In its 2012 annual report, the office

reiterated the need for advocacy at the highest level. However, the country office did not have an advocacy plan or strategy.

The office was aware of the need to develop an advocacy plan, and provided the audit with a draft strategy that it had started to develop in 2010. This draft had not been finalized because of the post-electoral crisis; according to the office, it had not been reviewed since because of other competing priorities.

Agreed action 10 (medium priority): The country office agrees to prioritize the preparation of an advocacy plan, assign responsibilities to relevant staff, and establish a process for monitoring the implementation of the plan.

Target date for completion: June 2014

Responsible staff members: Representative, Communication Specialist, Chief PSSE, and Deputy Representative

Fundraising

According to the approved CPD for 2009-2013, the planned country programme budget amounted to US\$ 141 million, of which US\$ 110 million was OR – i.e. 78 percent. The country office relies heavily on raising OR to achieve its planned programme results.

Out of the approved OR ceiling of US\$ 147 million, only US\$ 66 million, or 45 percent, had been raised at the time of the audit (which was very close to the end of the current country programme). The office explained that this shortfall was due to shift of focus to ORE⁵ to fund its activities during the post-electoral crisis — the office received US\$ 39 million in ORE funding in 2011-2012. However, the audit noted that although the office had prepared draft resource mobilization⁶ strategies for 2012 and 2013, they had not been finalized. Moreover, the audit noted that the draft strategies did not indicate critical funding needs by sector, or specific fundraising targets such as IR 2.1 (*institutional support to young child*) and IR 2.3 (*improving school offer*) that had OR funding of 5 percent and 40 percent respectively. The office did not assign fundraising responsibilities clearly to specific staff members and did not have a plan of action, or mechanism to monitor implementation.

The office's management informed the audit that it had used different procedures to monitor the status of the grants received, those in the pipeline, and the status of programme funding against rolling workplans. The audit reviewed the operation of these different procedures and noted the following.

The resource mobilization specialist had a procedure to monitor the funding of IRs against the planned amounts in the rolling workplans, and identify those that were underfunded. According to the office, this procedure had been abandoned in October 2012 and replaced by other tools that monitored the status of available grants. The audit found no evidence of such monitoring, at either at the CMT or the programme section levels. There was also a tracking

⁵ ORE is Other Resources (Emergency), and is funding raised for and used by an office to deal with an emergency.

⁶ While the terms "resource mobilization" and "fundraising" are often used interchangeably, the former is slightly broader; although fundraising is its largest single component it also includes mobilizing resources in the form of people (volunteers, consultants and seconded personnel), partnerships, or equipment and other in-kind donations.

tool for proposals to donors, but this did not allow for systematic monitoring of the proposals, proactive follow up with potential donors, or assignment of responsibilities for these functions.

The audit also reviewed a sample of senior programme staff PERs and noted that there were no clear fundraising responsibilities assigned to them.

Agreed action 11 (high priority): The country office agrees to:

- i. Prioritize the preparation of the resource mobilization strategy for the 2014-2015 country programme extension, including specific objectives for fundraising, and list of planned activities with assigned responsibilities and timeline. The office will regularly monitor implementation of the strategy at an appropriate level.
- ii. Assign responsibilities for the management and monitoring of resource mobilization activities, and reflect those responsibilities in the performance evaluation reports of relevant staff.
- iii. Establish a mechanism to monitor, on a regular basis, the funding status of the intermediate results against planned amounts, and the status of proposals to donors; and take appropriate action as needed.

Target date for completion: June 2014

Responsible staff members: Resource Mobilization Specialist, Deputy Representative and Representative

Harmonized Approach to Cash Transfers

Offices are required to implement the Harmonized Approach to Cash Transfers (HACT). With HACT, the office relies on implementing partners to manage and report on use of funds provided for agreed activities. This reduces the amount of supporting documentation UNICEF demands from the partner, thus cutting bureaucracy and transaction costs.

HACT makes this possible by requiring offices to systematically assess the level of risk before making cash transfers to a given partner, and to adjust their method of funding and assurance practices accordingly. HACT therefore includes micro-assessments of the individual implementing partners that are either government entities or NGOs. There should also be audits of implementing partners expected to receive more than US\$ 500,000 during the programme cycle. There should also be a macro-assessment of the country's financial management system. As a further safeguard, the HACT framework requires offices to carry out assurance activities regarding the proper use of cash transfers. Assurance activities should include spot checks, programme monitoring and special audits.

HACT is required for three other UN agencies (UNDP, UNFPA and WFP), and country offices should coordinate with them to ensure best use of resources.

Cash transfer to implementing partners was one of the major inputs to UNICEF's Côte d'Ivoire programme. In 2012 the country office had disbursed a total of US\$ 9.7 million in Direct Cash Transfers (DCTs); this was 27 percent of programme expenditure. In 2013 (as of 9 September), DCTs had accounted for US\$ 4.1 million, or 20 percent of programme expenditure.

A HACT working group had been established at the inter-agency level; this working group finalized and approved the macro-assessment of the public financial management system of the Government of Côte d'Ivoire in January 2013. The macro-assessment concluded that the

government's financial management system and the Cote d'Ivoire Supreme Audit Institution could not be relied upon regarding cash transfers or audit of the government departments. Meanwhile, micro-assessments were launched for 66 eligible implementing partners, of which 24 were partners of UNICEF. These micro-assessments were being finalized at the time of the audit.

The Representative had issued a memorandum on 19 April 2013 instructing the programme staff to follow an "appropriate strict quality assurance regime". The memorandum told the programme staff to discontinue requiring the partners to submit the original receipts for the liquidation of DCTs, in accordance with HACT. At the time, the micro-assessments of implementing partners were in progress, and the office decided that, while waiting for them to be completed, all the implementing partners would be considered as high risk.

The audit review noted the following:

- All the programmes used the simplified form (FACE)⁷ for the DCT requests; however, some programmes allowed their partners to use the simplified form to liquidate the DCTs, while the other programmes continued to request and review the full supporting documentation to liquidate the DCTs.
- The programme sections did not have assurance-activity plans, except for three international NGOs that were receiving US\$ 500,000 each. For these, the programme concerned, on the advice of the Regional Office, did prepare an assurance plan; however, it included a spot check for each cash transfer before its liquidation and full onsite verification of supporting documents for each DCT. This is not in line with the simplification of procedures implied by HACT.
- Programmes did not prepare and implement an assurance plan because they were not yet fully aware of the HACT assurance activity procedures. All programme staff and implementing partners interviewed by the audit indicated that the training they received on HACT was not sufficient.

Agreed action 12 (high priority): The office agrees to ensure full and adequate implementation of HACT, working in coordination with other United Nations agencies where possible. Specifically, it will:

- i. Reinforce the capacity of staff and partners in Harmonized Approach to Cash Transfers (HACT) procedure, and in particular in the area of assurance activities.
- ii. Develop and implement an office-wide assurance activities plan that takes into consideration the risk rating of partners from the micro-assessments and the magnitude of cash transfers to individual partners.
- iii. Establish clear staff accountabilities for HACT implementation and assign responsibilities accordingly.
- iv. Establish a monitoring mechanism to ensure that the assurance activities are satisfactorily implemented.

Target date for completion: June 2014

⁷ The Funding Authorization Certificate of Expenditure (FACE) form is used by the partner to request and liquidate cash transfers. It is also used by UNICEF to process the requests for and liquidation of cash transfers. The FACE forms should reflect the workplans, which set out the activities for which funds are being requested, or on which they have been spent. The FACE form was designed for use with the HACT framework, but can also be used outside it.

Responsible staff members: Representative, Chief of Operations, Deputy Representative, and the CMT

Field monitoring of programme implementation

At the time of the audit, the office had no standards/norms and no performance indicators related to field-monitoring visits. Field-visit responsibilities were not always in the PERs of programme staff, and when they were, there were no related performance indicators.

According to the office, the plan for field visits was prepared every six months by the programme section and consolidated at the deputy representative level. As of October 2013, however, the first six-monthly travel plan had not been reconciled against actual travel, and the second was not yet available. There was also no established monitoring mechanism to follow up on the recommendations/action points from trip reports.

The audit reviewed four reports from field-monitoring trips from the Health and Education programmes – the most significant programme components. The following were noted:

- The monitoring objectives were not formulated in terms of expected results, and the progress noted was not assessed against expected achievements.
- In some instances, recommendations were not specific, being formulated in broad terms or omitting responsible staff and timeline.
- The quality of the inputs provided (cash and supply) was not systematically reviewed.
- None of the trips reviewed were in the office travel plan.

The office had not established field-monitoring standards and the quality review of field monitoring reports was not adequate.

Agreed action 13 (medium priority): The country office agrees to enhance its field monitoring of programme implementation by establishing a system that ensures the following:

- i. Planning of field monitoring over a shorter period.
- ii. Inclusion, in all field-monitoring reports, of the results expected from the field visits and an indication as to whether the expected results were achieved or not.
- iii. The framing of all field-trip recommendations so that they are specific, with assigned responsible staff and timeline.
- iv. A process for monitoring the status of implementation of recommendations from field visits.

Target date for completion: March 2014

Responsible staff members: Chief of Operations, Representative, and Deputy Representative

Integrated Monitoring and Evaluation Plan (IMEP)

Annual IMEPs had been prepared as well as an overall IMEP for the 2009-2013 country programme. As of end December 2012, out of 11 studies and evaluations planned in the IMEP for that year, three had been completed, two were cancelled, and six were carried over (of which three were not included in the 2013 IMEP) – a completion rate of 27 percent. According to the office, this was due to delays in the preparation of the terms of reference, non-availability of qualified consultants or insufficient funding.

The audit noted that there was no formal process to periodically review the IMEP and ensure that it was focused on the most important activities, and that planned activities would be completed. The country office stated that the monitoring and evaluation (M&E) unit discussed the status of IMEP implementation with the respective programme sections during programme and annual management reviews, but these discussions were not recorded.

The M&E unit said that it had drawn lessons from this situation, and that it had already planned to establish a checklist for the selection of studies and evaluations to be included in the next update of the IMEP, based on the checklist prepared by the Regional Office that was shared with the audit.

The audit noted also that the office had not prepared any management response to the three evaluations completed in 2012 and 2013. The office explained that this was due to lack of enforcement by management of the related policy. However, the audit interviewed a sample of programme staff and noted that most of them were not aware of the organizational guidance on the subject of providing management responses to completed evaluations.

Agreed action 14 (medium priority): The office agrees to:

- i. Establish an office-wide process to strengthen oversight over the preparation, implementation and follow-up of the Integrated Monitoring and Evaluation Plan, and ensure a satisfactory implementation rate.
- ii. Train programme staff on organizational guidance regarding evaluations and establish a mechanism to ensure a management response to all completed evaluations.

Target date for completion: March 2014

Responsible staff members: Representative and Deputy Representative

Donor and annual reporting

Country offices are expected to produce timely, good-quality donor reports that are acceptable to donors. This includes comparing results achieved, activities implemented and actual expenditures against those planned.

According to VISION data on donor reporting, out of 14 reports due in 2012, 10 (71 percent) were sent on time and four (29 percent) were late. In 2013, as of 9 September, out of 17 reports due, 13 (76 percent) were sent on time, two (12 percent) were overdue and two (12 percent) were late.

Quality assurance of donor reports had been assigned to the resource mobilization specialist for all donor reports, and the Deputy Representative had overall oversight responsibility over donor reporting.

The audit reviewed four donor reports. The following were noted in one or more of them:

- Expected results were formulated in terms of activities and not results to be achieved.
- Generally, the reports described only the activities implemented, and did not inform the donor of improvements achieved for the target population.
- In cases where not all the activities could be completed, there was no mention of measures to mitigate risks arising from non-completion.

- There was no systematic comparison between the initial budget in the proposal and the actual expenditure.
- The donor was not systematically asked for feedback on the report.
- For final reports, when some activities were still on-going, the report did not indicate if the donor would be kept informed until implementation was complete.

The programme personnel in charge of writing the donor reports were not aware of the standard requirements (such as the PARMO⁸ checklist), and quality assurance was not recorded.

Country office annual report: Information reported by a country office in its annual report should be accurate and reliable, especially since one of its overall purposes is to provide input to organization-wide reporting on results for children and women, and to contribute to organizational learning. However, the 2012 annual report included some inaccuracies. For example, it stated that the office assessed the risk level of the implementing partners through micro-assessments and that it had prepared a proposal of assurance activities to be implemented in 2013. As of October 2013, the micro-assessments evaluations were being finalized and the office had not yet developed a HACT assurance activity plan (see observation on *Harmonized Approach to Cash Transfers*, p16 above). Furthermore, the audit selected a sample of 10 results reported by the Health and Education programmes, and found that the evidence provided by the office could not corroborate eight of them.

The above weaknesses occurred because the office had not established a robust quality review process over the preparation of donor and annual reports.

Agreed action 15 (high priority): The country office agrees to:

- i. Establish a process for monitoring the quality of donor reports.
- ii. Strengthen its quality assurance process to ensure that results achieved and reported in the Country Office Annual Report are based on reliable information.

Target date for completion: May 2014

Responsible staff members: Representative/Deputy Representative, Resource Mobilization Specialist

Programme management: Conclusion

Based on the audit work performed, OIAI concluded that the controls and processes over programme management, as defined above, needed improvement to be adequately established and functioning.

⁸ PARMO is UNICEF's Public Sector Alliances and Resource Mobilization Office.

3 Operations support

In this area the audit reviews the country office's support processes and whether they are in accordance with UNICEF Rules and Regulations and with policies and procedures. The scope of the audit in this area includes the following:

- **Financial management.** This covers budgeting, accounting, bank reconciliations and financial reporting.
- **Procurement and contracting.** This includes the full procurement and supply cycle, including bidding and selection processes, contracting, transport and delivery, warehousing, consultants, contractors and payment.
- **Asset management.** This area covers maintenance, recording and use of property, plant and equipment (PPE). This includes large items such as premises and cars, but also smaller but desirable items such as laptops; and covers identification, security, control, maintenance and disposal.
- **Human-resources management.** This includes recruitment, training and staff entitlements and performance evaluation (but not the actual staffing structure, which is considered under the Governance area).
- **Inventory management.** This includes consumables, including programme supplies, and the way they are warehoused and distributed.
- **Information and communication technology (ICT).** This includes provision of facilities and support, appropriate access and use, security of data and physical equipment, continued availability of systems, and cost-effective delivery of services.

All the above areas were covered in this audit.

Satisfactory key controls

The audit found that controls were functioning well over a number of areas including (but not necessarily limited to) the following:

The office had established and implemented financial controls to ensure that payment for supplies was based on adequate supporting documents. Also, the office had distributed the Chart of Accounts once every year to remind staff of the correct use of GL codes for recording transactions in the system. There was a Contract Review Committee (CRC) with defined terms of reference (ToRs) and membership. All programme supplies procurement and institutional contracts over the threshold of US\$ 50,000 were adequately reviewed by the CRC. The office had created a translated table of items in the system to ensure that ToRs for contracts were correctly recorded.

The office had established a Property Survey Board (PSB) with defined ToRs and membership, which was functioning.

Supply procurement

In 2012, the programme supplies expense was US\$ 11.31 million, approximately 31 percent of annual expenditures. From January to 9 September 2013, the programme supplies expense was US\$ 8.62 million, approximately 41 percent of total expenditure, with goods-in-transit a further US\$ 2.66 million.

Timeliness in delivery of programme supplies: The audit reviewed a sample of nine programme supplies transactions with total value of approximately US\$ 504,000, and found that there were delays in the delivery of eight of the nine samples. The delays were between 14 days to six months against the target arrival date on the purchase order.

The audit noted from the interviews and document reviews that the reasons for the delays varied – they included poor performance from the suppliers, unforeseen security situations, and distribution lists that had not been finalized at the time of ordering. For printing materials, the office informed the audit that time spent on additional work after the sample review was not taken into consideration in determining the delivery date.

Also, the office had yet to establish a process to monitor the outstanding deliveries against the delivery dates in the purchase orders. The office had included delivery delay penalty clauses for some purchase orders but this was not systematically enforced.

The audit could not verify the impact of the above delays on the actual programme activities as the activity dates were not specified or systematically included in the supply plan. In the absence of the activity dates, the target arrival dates indicated in the purchase orders were based on the supplier's delivery capacity from the order date.

The audit also found cases of weak planning. In one of the nine samples, motorcycles, which are normally procured through a global supplier, were submitted for CRC review to be procured locally. The audit found through the CRC minutes that this was due to insufficient time to meet the programme activity date. In another case, the office had made an order for printed material which then required significant changes in specifications at a cost of US\$ 18,600 on top of the original US\$ 44,200 order. The audit noted, through interview with staff, that this case was caused by weak review of the partner specifications when the order was being made.

Market survey for regularly procured commodities: Country offices should carry out a market survey so that they are aware of opportunities for local procurement, and can identify potential suppliers.

In the 2013 AMP, the office had planned to finalize the market survey and shortlist the suppliers by July 2013. However, the consultant contracted for the work did not fully complete the market survey. The audit was not shown any written justification as to why the consultant did not fully deliver. The audit also found that the scope of this contract had not included all the types of suppliers and service providers regularly used by the office. The office informed the audit that it was planning to recruit another consultant in early 2014 to complete the project.

Supplier evaluation mechanism: The office had yet to establish a process for evaluating the performance of suppliers and service providers. At the time of the audit, the office was putting together a blacklist of those that had not performed satisfactorily. However, this procedure was not based on systematic review at the end of each contract or purchase order, and not all blacklist entries were supported by adequate evidence or acted upon promptly.

Agreed action 16 (medium priority): The country office agrees to establish effective oversight processes and controls to:

- i. Ensure that supply procurements are planned realistically and implemented based on specified programme activity dates.
- ii. Establish a process to monitor delivery of supplies and proactively follow-up to prevent delays.
- iii. Complete the market survey.
- iv. Establish a supplier evaluation process that systematically reviews the performance of the suppliers and vendors based on adequate evidence.

Target date for completion: July 2014

Responsible staff members: Representative, Supply Manager, Chief of Operations, Deputy Representative

Inventory and warehouse management

As of 24 September 2013, the office had a total stock value of US\$ 1.84 million of which US\$ 1.12 million, i.e. 61 percent by value, was over six months old. The audit noted the following.

Abidjan warehouse: As at 5 October 2013, the Abidjan warehouse had a stock value of US\$ 864,700, Bouaké US\$ 193,100 and Man US\$ 272,500. The Abidjan warehouse was strategically positioned as a transit warehouse, while Bouaké and Man were intended as distribution warehouses.

In practice, however, the Abidjan facility was being used as a distribution warehouse. The existing stocks had exceeded the storage capacity and there were several items stored outside on the warehouse lawn. These included 72 motorcycles, 10,000 plastic items (cups, buckets, plates), 1,760 plastic straw mats and 27 foot pumps. Though the majority of the items were covered, it was evident that age and weather had affected some of them, and the plastic items could be easily broken. Also, there were temperature-sensitive medicines stored at room temperature as there was no space available in the cold room.

There were items received in 2005-2009 and not yet released. These items included tents, pumps, writing materials and blankets with total value of US\$ 18,500. The tents, blankets and pumps were in a poor condition. The office informed the audit that the drugs were scheduled for pick-up shortly and that the majority of the items were remainders from the emergency stock – excluding motorcycles, some of which were waiting for license plates and some for distribution information.

The warehouse assistant sent the inventory stock list to programme sections monthly, but the office did not monitor, and act on, the volume and age of stocks.

Programme supplies storage: In 2012-2013, the office made its largest procurement for the essential drugs funded by a donor at a total value of US\$ 8 million over 18 months. This project was part of free healthcare initiative for 193,917 pregnant women and 758,433 under-fives in 17 districts.

At the time of the audit, the office had been storing some of these drugs (total value US\$ 434,600) in two of the partner UN agencies' warehouses since June 2013. This was

because when the drugs arrived, the Government counterpart did not have sufficient capacity for storage and had requested the office's assistance to seek other storage options. However, the audit visited one of the partner UN agency warehouses and found that some drugs that require storage between 10 to 30 degrees Celsius were stored at room temperature. Also, the office, after using these facilities for four months, had no final written agreement with the other agencies, including costs of storage and damage/loss accountability. Finally, although these supplies were not recorded in the office's inventory, the office could not provide the audit with evidence that these supplies were under the Government's control.

Agreed action 17 (high priority): The office agrees to:

- i. Establish planning mechanisms and assign responsibility to ensure that the transit warehouse is used for that purpose, and that existing stocks are periodically monitored, and appropriate action taken, by each programme section.
- ii. Assess old stocks, and those in poor condition, for disposal.
- iii. Ensure that use of any non-UNICEF warehouses is based on a written agreement.
- iv. Ensure ownership of supplies under the office's control is established and that all supplies are recorded in the office's inventory and in VISION.

Target date for completion: March 2014

Responsible staff members: Supply Manager/Chief of Operations/ Representative

Individual contracts

From January to 9 September 2013, contracts for services accounted for US\$ 1.35 million, or 6 percent, of expenditure for the year so far. In 2012, they accounted for about US\$ 2.35 million, also 6 percent of annual expenditure. Of this amount, from January 2012 up to the time of the audit, the office had established 88 individual contracts alone with a total value of US\$ 1.44 million, of which US\$ 1.09 million had been expensed during the period.

The audit noted that, out of 88 contracts issued in 2012-2013, 44 were single-sourced without competition. The audit found that two of these single-sourced contracts, both over US\$ 50,000, had not been submitted to CRC for its review and recommendation. Forty-six contracts were not signed before the start date and 10 were missing dates of signature. The audit also noted that 72 contracts with end dates before or during August 2013 remained open in October 2013. Of the unclosed contracts, 52 did not have the evaluations completed and 59 had remaining balances of under US\$ 500.

Discussions with staff, and sample reviews, indicated that the above observations were due to lack of understanding of required procedures and/or rushing through processes without fully comprehending the risks. Also, there was no comprehensive system for monitoring individual contracts.

The audit selected three individual contracts with a total value of US\$ 109,400 for a detailed review, and noted the following.

The ToRs and contracts did not always specify the deliverables with adequate details, or link the deliverables to the payments. This was particularly the case when staff functions were assigned through a consultant's contract. In one contract, the deliverables were stated as: 'Communication material is developed and disseminated to key donors; activities are implemented to get children and women issues high on national agenda; partnership with

media and key support groups is developed.' In this contract, the payment was not linked to a specific output but was instead paid based on the monthly report of the activities.

Payments were not always linked to the terms in the contract. One consultant who had not completed the deliverables was nonetheless evaluated as having fully completed their work and was paid US\$ 11,300 of US\$ 11,400 (99 percent of the total value of the contract). The office informed the audit that this was due to constraints in the execution of the contract; however, this had not been documented and the contract was not revised. In another case, a consultant was paid for rest and recuperation travel although this benefit had not been in the contract.

ToRs did not always specify the relevant PCR/IRs⁹ or workplans, or contractual amount (instead of the latter, some contracts stated that the consultant would be compensated at the equivalent staff level). In one case, the ToRs did not specify the contractual amount and the actual contract exceeded US\$ 50,000. This case was one of those not reviewed by the CRC, and had been single-sourced without written justification. The audit was informed that this case was due to an oversight.

The office management had SOPs for individual (and institutional) contracts; these had been communicated to staff in April 2013. These SOPs laid down the requirements for the ToRs and stipulated that they be cleared by the human resources section. However, this SOP was missing some important elements, such as the competitive review process, specification of deliverables and their link to payments.

Agreed action 18 (high priority): The office agrees to review its standard operating procedure on individual contracts and strengthen the areas of weakness identified, including ensuring competitive selection of consultants, linking payments to specific outputs and evaluation of performance and closure of the contracts in VISION. It will also establish a monitoring mechanism to ensure implementation of the agreed standard operating procedure.

Target date for completion: July 2014

Responsible staff members: Human Resources Specialist, Chief of Operations, Deputy Representative and Representative.

Property, plant and equipment (PPE)

In 2012, the total value of property, plant and equipment (PPE) reported to the Division of Financial and Administrative Management (DFAM) was US\$ 247,000. In September 2013, the office's total PPE was US\$ 769,000. The majority of the increase in value was due to the acquisition of vehicles, which accounted for around US\$ 416,000.

PPE records management: The office's PPE records were not complete. The office had conducted physical counts at 2012 year-end and in September 2013; however, the office records had not been reconciled with the physical count, and items disposed of had not been recorded in the system since 2012. Also, Information Communication and Technology (ICT) assets were managed separately by the ICT section, without periodic reconciliation of their records with the office's overall PPE inventory. The 2012 year-end closure report submitted to DFAM had not been reconciled with the physical counts.

⁹ A PCR is an output of the country programme, against which resources will be allocated. An IR is a description of a change in a defined period that will significantly contribute to achievement of a PCR.

At the time of the audit, the office had started the reconciliation of the records from the physical count results. From its discussions with staff, the audit noted that those accountable for the maintenance of PPE records in VISION were not fully aware of their responsibilities. They themselves expressed the need for training in order to complete the reconciliation in a timely manner.

Office vehicles management: As of October 2013, the office had 38 vehicles, of which 23 were used by the office (11 in Abidjan, six in Bouaké, six in Man), five were on loan and 10 were not in service, pending PSB decision for disposal since November 2012. However, the office records did not fully reflect the vehicles on-loan as they were managed individually by each programme section. Also, the office did not correctly report the number of office vehicles. In the 2012 year-end closure submission to DFAM, the office reported 55 vehicles, although at the time it had only 32.

The PSB had recommended establishing a vehicle replacement plan for 2013 before disposing of, or replacing, any vehicles. However, the office had not drawn up this plan while new vehicle procurements were made in 2013.

Vehicles on loan: As at October 2013, there were five vehicles loaned to NGO partners. These vehicles on loan were managed by programme sections and not centrally by the Administration unit. The lack of central monitoring contributed to untimely follow-up on the return of the vehicles. A vehicle loaned to an NGO in 2008 was stolen in 2010; however the NGO had not reported this to the office until 2012. (At the time of the audit, the office had submitted a request to the Comptroller for authorization to write off the cost of the vehicle from its records). The loan agreements did not include consistent information. For example one loan agreement lacked both an expiry date and the terms for return of the vehicle after completion of the activity.

Agreed action 19 (medium priority): The office agrees to strengthen its asset management by:

- i. Establishing and implementing a vehicle replacement plan to ensure that the office is equipped with adequate vehicles and drivers.
- ii. Assigning responsibilities for the management of all assets, including monitoring of the vehicles at both the country office level and zone office level, and centralized management of vehicles on loan by the Administrative unit.
- iii. Requiring relevant staff to use online resources for training on asset management in VISION, and providing additional training opportunities if needed.
- iv. Completing the reconciliation of the property, plant and equipment records in the system with the physical count, including disposed-of assets, and after review of the physical-count discrepancies by the Property Survey Board.
- v. Ensuring that the Comptroller, Division of Financial and Administrative Management, is provided with the information and circumstances leading to the loss of the motor vehicle loaned to an implementing partner and confirm that no additional action is necessary to lodge a claim against the insurers and/or the implementing partner that was loaned the motor vehicle.

Target date for completion: March 2014

Responsible staff members: Administration Officer, Chief of Operations and Representative

Outstanding bank transfers

In January 2012, the office had issued bank transfer letters to seven construction companies and recorded them as paid before the service was completed, in order to avoid losing funds due to expiry of related grants. These bank transfer letters were kept in the office safe and were intended to be deposited in the bank upon completion of the services. There was no formal written authorization for this decision. From the review of bank reconciliation reports, the seven bank transfers amounted to approximately US\$ 106,000. Four of the construction companies were considered unable to complete the work, and the related payments were therefore cancelled after being kept in the safe for more than 15 months. Of the others, one was paid in August 2013, i.e. 20 months later, and two were reversed to the payable GL account and were still pending at the time of the audit. Such payments exposed the office to loss of funds through fraud and also resulted in incorrect reporting of expenditure incurred against the grants.

Agreed action 20 (high priority): The office agrees to ensure that payments are issued only for services completed/rendered and that correct expenditure is reported under each funding source. The office will ensure that programme budget allotments are managed by appropriate planning, and that, where activities cannot be completed as planned, appropriate extension of the allotment or agreement is sought.

Target date for completion: February 2014

Responsible staff members: Finance Officer, Chief of Operations and Representative

Information and communication technology (ICT) security

The following issues were noted.

Backup: Country offices should ensure that only authorized staff are given access to IT resources. The audit assessed whether ICT security controls ensured authenticity, confidentiality, integrity and availability of corporate information. This is particularly important in emergency contexts.

The backup network with an international service provider had been terminated and no alternative had been set-up as at October 2013. This exposed the office to risks, as no 'fail safe' network was available.

Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP): Country offices are expected to develop adequate business continuity and disaster recovery plans that include dedicated risk assessment, business impact analysis, institution of an alternate site, clear identification of critical staff, training strategy, incident management and recovery timelines. The audit noted that the ICT DRP is one of the critical components of the BCP; however, no comprehensive simulation exercise had been conducted in three years since the DRP had been put in place. A peer review by the regional chief of ICT had recommended conducting simulation tests of ICT DRP at least once a year, and business impact analysis as part of the BCP simulation.

User access security: A review of access security noted that consultants had been given access to UNICEF ICT resources such as the LAN, laptops, shared drives, mobile 3G internet, etc. without non-disclosure agreements. The ITSS policy CF/ITSS/Policy/2011-003 states that this requires approval from the Country Representative and the Director of UNICEF's Information

Technology Solutions and Services Division (ITSSD). However, the approval from the Country Representative was only available in one of the six cases reviewed, while the Director of ITSSD approval was not available in any of the six cases.

In nine samples tested where staff had left UNICEF, the audit noted that human resources (HR) forms for termination of ICT access were delayed from HR from two to 14 months after the actual date of termination. In the meantime, these terminated staff members had access to UNICEF LAN and systems, which could threaten information security. In September 2013, the Active Directory (active user list in the system) was reconciled with the active-staff list and 14 terminated employees were removed from the list. However, there was no monthly reconciliation.

User satisfaction survey: There had been no user satisfaction surveys on ICT services.

ICT operations manual: There was no ICT operations manual. This is important for ICT staff working in countries such as Côte d'Ivoire that have to deal with emergencies, so that any ICT staff who have access to the systems in an emergency can perform the required tasks. An example of the operations manual that has been recommended for use in country offices is available on ITSSD's field-office intranet site.

Agreed action 21 (medium priority): The office agrees to:

- i. Perform an analysis of options regarding vendors available to provide an adequate backup network, and establish such a network.
- ii. Perform simulation testing of the Business Continuity Plan/Disaster Recovery Plan, including the business impact analysis.
- iii. Implement a process for granting and terminating access to the ICT systems, aligning user access privileges with the ICT access policy. Any exceptions should be documented and approved in line with the policy.
- iv. Perform periodic reconciliations of the active directory.
- v. Conduct a user satisfaction survey.
- vi. Prepare an ICT operations manual.

Target date for completion: July 2014

Responsible staff members: Representative, Chief of Operations, Deputy Representative, ICT Officer and Section Heads

Operations support: Conclusion

Based on the audit work performed, OIAI concluded that the controls and processes over operations support, as defined above, needed improvement to be adequately established and functioning.

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 auditees and helping them to strengthen their internal controls, governance and risk management practices in the way that is most practical for them. With support from the relevant regional office, the 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 auditee's (for example, a regional office or HQ division).

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

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

Priorities attached to agreed actions

- High:** Action is considered imperative to ensure that the audited entity is not exposed to high risks. Failure to take action could result in major consequences and issues.
- Medium:** Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
- Low:** Action is considered desirable and should result in enhanced control or better value for money. Low-priority actions, if any, are agreed with the country-office management but are not included in the final report.

Conclusions

The conclusions presented at the end of each audit area fall into four categories:

[Unqualified (satisfactory) conclusion]

Based on the audit work performed, OIAI concluded that the controls and processes over the

country office [*or audit area*] were generally established and functioning during the period under audit.

[Qualified conclusion, moderate]

Based on the audit work performed, OIAI concluded that, subject to implementation of the agreed actions described, the controls and processes over [audit area], as defined above, were generally established and functioning during the period under audit.

[Qualified conclusion, strong]

Based on the audit work performed, OIAI concluded at the end of the audit that the controls and processes over [audit area], as defined above, needed improvement to be adequately established and functioning.

[Adverse conclusion]

Based on the audit work performed, OIAI concluded at the end of the audit that the controls and processes over [audit area], as defined above, needed **significant** improvement to be adequately established and functioning.

[Note: the wording for a strongly qualified conclusion is the same as for an adverse conclusion but omits the word “significant”.]

The audit team would normally issue an **unqualified** conclusion for an office/audit area only where none of the agreed actions have been accorded high priority. The auditor may, in exceptional circumstances, issue an unqualified conclusion despite a high-priority action. This might occur if, for example, a control was weakened during a natural disaster or other emergency, and where the office was aware the issue and was addressing it. Normally, however, where one or more high-priority actions had been agreed, a **qualified** conclusion will be issued for the audit area.

An **adverse** conclusion would be issued where high priority had been accorded to a significant number of the actions agreed. What constitutes “significant” is for the auditor to judge. It may be that there are a large number of high priorities, but that they are concentrated in a particular type of activity, and that controls over other activities in the audit area were generally satisfactory. In that case, the auditor may feel that an adverse conclusion is not justified.