Internal Audit of the Angola Country Office

September 2017

Office of Internal Audit
and Investigations (OIAI)
Report 2017/11

Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Angola Country Office. The objective of the audit was to assess the office's governance, risk management and internal control processes, with a focus on key risks to delivering UNICEF's objectives. The audit team visited the office from 15-31 May 2017. The audit covered the period from January 2016 to May 2017.

The 2015-2019 country programme has five main programme components: *Child survival and development*; *Water, sanitation and hygiene* (WASH); *Education*; *Child protection*; and *Social policy and evaluation*. There is also an inter-sectoral component that covers common areas such as advocacy, communication for development (C4D), planning and monitoring. The total approved budget for the country programme is US$ 108.5 million, of which US$ 32.5 million is Regular Resources (RR) and US$ 76 million is Other Resources (OR). 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, 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 budget.

The country office is located in the capital, Luanda; there are four zone offices. As of July 2017, the country office had a total of 65 approved posts, of which 18 were for international professionals, 12 for national officers and 35 for general service staff. The total approved country office budget was US$ 21.6 million in 2016 and US$ 36.6 million in 2017. Total expenditure was US$ 21.5 million in 2016, and US$ 8.3 million as of July 2017.

The programme environment in Angola had changed significantly since the 2015-2019 Country Programme had been developed in early 2014. During the period under audit, the office had responded to several crises - including a yellow-fever outbreak, flooding and the influx of refugees from DRC. There had also been a nutritional crisis due to weather conditions linked to El Niño. Angola is heavily dependent on oil prices, and GDP declined in 2015 and 2016 leading to reduced spending in the social sector. These pressures had rightly led the office to change its programming approach. In addition, the Representative, Deputy Representative and Chief of Operations had all taken up their posts in an eight-month period prior to the audit, and at the time of the audit recruitment was underway for four programme chiefs. The new management team was aware of the weaknesses outlined in this audit report and was seeking to address these to improve the performance of the office.

Action agreed following the audit

The audit identified a number of areas where further action was needed to better manage risks to UNICEF's activities. In discussion with the audit team, the country office has agreed to take a number of measures to address these risks and issues. None are being implemented as a high priority; that is, to address issues requiring immediate management attention.

Conclusion

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

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

Office of Internal Audit and Investigations (OIAI)   September 2017

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Objectives

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

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

Audit observations

Achievement of results

The office reported achieving significant results in the emergency responses pertaining to the yellow-fever outbreak, flooding and a nutritional crisis linked to El Niño and the influx of refugees from DRC. For example, it highlighted in its 2016 annual report that since the yellow fever outbreak over 18 million people had been vaccinated against yellow fever in 14 of the 18 provinces of Angola, reaching 70 percent of the total population. Moreover, through 310 Community Management of Acute Malnutrition (CMAM) centres, 59,188 children were screened and 17,762 children (aged 6-59 months) with Severe Acute Malnutrition (SAM) were admitted to outpatient and inpatient treatment centres.

However, the office had faced challenges implementing its regular programme. Four out of the five programme outcomes in the country programme were reported as facing constraints (Child Protection, Child Survival and Development, WASH,[1] and Social Policy). For Child Protection, one out of two large-scale interventions (juvenile justice) was delayed – despite which Child Protection was recorded as being 'on track' in the RAM.[2] Recording the other intervention (birth registration) as 'on track' was also problematic despite progress made against several of the process indicators. In fact, the 2016 Demographic and Health Survey (DHS) data found that birth registration coverage had declined from 31 percent in 2009 to 25 percent in 2016. According to the office, the reduction in coverage in percentage terms was mainly due to a larger population growth than projected.

Eight programme indicators in the RAM lacked targets, and 15 indicators had not been rated and/or provided a status update at the end of 2016. Moreover, some indicators did not really measure progress towards the stated 'aimed-for' result, which weakened the office's ability to measure results achievement. For example, the outcome relating to education focused on quality education and learning; however, the sole indicator pertained to funding.

According to the office, it lacked data – particularly at output level – which made determining results achievement difficult. It should be noted that the insufficient results assessment to some extent was also caused by staff vacancies. Section chiefs in the area of Child Protection and Education left Angola at the time of the 2016 results assessment.

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[1] Water, Sanitation and Hygiene.
[2] The Results Assessment Module (RAM) is an online portal in which country and other offices record progress against planned results, allowing quick and easy access from elsewhere in UNICEF.

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Agreed action 1 (medium priority): The office agrees to strengthen its approach to assessing achievement of results and to results reporting.

Responsible staff members: Deputy Representative, Chief PM&E
Date by which action will be taken: December 2017

Availability of resources

As of March 2017, the office had raised US$ 86.4 million for the country programme; it had thus successfully raised 79.6 percent of the programme ceiling whilst only being in the third year of the programme cycle. However, a review of funding against the results structure found that many regular programmes were severely underfunded, whilst others were substantially overfunded. The ones that were overfunded were emergency-related and reflected the unexpected severity of these crises, so this imbalance was understandable. Nonetheless, the existence of underfunded outputs would not be helpful to the regular programme. The most underfunded output was *The Government of Angola ensures increased equitable access and demand to quality maternal, new born and integrated HIV services and interventions* (only 6.4 percent funded).

The office was relying largely on one donor, which accounted for 60 percent of donor funds received for the 2015-2019 country programme. The second largest donor accounted for 8 percent. At the time of the audit, mid-term evaluations were being conducted of the intervention funded by the largest donor. The evaluations had identified a number of weaknesses in project implementation that affected the relationship with the donor's delegation in Angola. Despite challenges in implementing the projects, it looked as if a one year no-cost extension would be agreed. However, the audit team noted that heavy reliance on this one donor posed a risk to the programme. (See also observation *Relationship management* below.)

The office's fundraising strategy was out of date (2014), and did not adequately reflect the developing context and changing approaches demanded by emergencies such as the yellow-fever outbreak, influx of refugees from the DRC, and drought and flooding caused by El Niño. To address this, a draft Interim resource mobilization[3] plan had been drawn up in mid-2016 and the Chief of Communications was working on a full new fundraising strategy. Meanwhile the office's new management was trying to broaden the donor base, but competing demands, not least the emergency response, meant this was still work in progress.

Agreed action 2 (medium priority): The office agrees to update the resource mobilization strategy as part of the Mid-Term Review, and to engage in outreach work to possible donors with whom UNICEF has strategic engagements elsewhere. When revising the strategy, the office will assess the possibility of raising funds from the private sector/companies that meet UNICEF standards.

Responsible staff members: Deputy Representative
Date by which action will be taken: December 2017

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[3] 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.

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Programme structure

With the introduction of the 2015-2019 country programme, UNICEF changed its strategic direction in Angola and aimed to primarily undertake upstream work on behalf of children (for example on policy and legislative reform) and reduce its direct service delivery. However, events such as emergencies increased the need for downstream work. So did the financial crisis in Angola caused by the drop in oil prices since 2014, which left the Government less able to deliver services itself.

These events also had a negative impact on upstream work that was underway. For example, the Government budget for the justice sector was cut by almost 90 percent in 2016, resulting in a major freeze on all planned expansion projects. This led the Government to suspend construction of provincial courts across the country and put a freeze on recruitment of new staff. According to the office, this had jeopardized plans to expand juvenile courts which heavily relied on this Government investment in infrastructure and human resources. Limited Government funding had also resulted in major institutions of child justice failing to expand and to operate effectively; bodies affected included juvenile courts, police units, social services and the Commission for the Protection of Children (CTM). The office realized that the programme structure needed to be revised to reflect the changed reality, and planned to use its Mid-Term Review (MTR) in 2017 to make the necessary changes.

The programme structure also needed to be adjusted because it was too fragmented. Rather than defining cross-sectoral outcomes when developing the programme, the office had applied a silo-based approach; each section, including Communication for Development (C4D), had its own outcome. In several cases – for example C4D, and Monitoring and Evaluation (M&E) – the outcome result statement was the same as the output result statement.[4] The office was aware of the need to establish cross-sectoral outcomes and planned to revise the programme structure as part of the 2017 MTR process.

In the meantime, steps had been taken by the office to ensure greater cross-sectoral synergy. This was most evident in the office's approach to the emergency response. Joint assessments were conducted and response frameworks developed that outlined how each sector contributed to the needs of the affected population. The child protection section was not always able to participate in joint assessments, and in some cases (e.g. flood response) had provided inputs to the response plans late; this was due to capacity constraints. The office had also introduced an integrated approach to regular programming in Huila province.

Agreed action 3 (medium priority): The office agrees to develop cross-sectoral outcomes with sector-specific indicators rather than having separate outcomes for each section. It also confirms its intention to use the Mid-Term Review to ensure programmatic revisions that fully reflect the changing environment, defining clearly what outcomes are sought by those revisions, and how they will achieve them.

Responsible staff members: Deputy Representative, Chief PM&E
Date by which action will be taken: March 2018

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[4] UNICEF programmes plan for results on two levels. An outcome is a planned result of the country programme, against which resources will be allocated. It consists of a change in the situation of children and women. An output is a description of a change in a defined period that will significantly contribute to the achievement of an outcome. Thus an output might include (say) the construction of a school, but that would not in itself constitute an outcome; however, an improvement in education or health arising from it would. It follows that the result statement for an output would not be the same as that for an outcome, as the former is a step that leads to the latter.

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Office structure

The office had outposted staff in four locations – Bie, Cunene, Lubango and Moxico. The field presence consisted of a programme officer and a driver in each location, plus a supply assistant in Lubango. In Cunene there was also a second driver, who assisted UNICEF staff on mission from Luanda to respond to emergencies.

In 2017 the reporting line of the programme officers in the field was changed in order to ensure consistency. Previously, two of them had reported to the Chief of Planning and two to the Chief of Social Policy. This was due to the funding source of the latter two field positions, which was from social policy projects. In other words, the office structure had in the past been somewhat funding-driven.

The audit team's review of the structure found that it was based on the upstream approach envisioned in the country programme document. If the office moves towards more service delivery and alters the results framework in the 2017 MTR (see previous observation), there might be a need to revise the field presence to ensure sufficient critical mass. The field presence should also be reviewed in view of availability of funding. As Angola moves to middle-income country status, the availability of both OR and RR is likely to be reduced. Examples of traditional donors withdrawing had already been noted.

There was no clear accountability framework for the four field presences. The programme officers compiled monthly reports, but did not always get feedback on these from programme sections, and apart from these reports communication with Luanda was *ad hoc*. There were no regular meetings between or exchanges of visits by programme officers working in the field, and detailed and integrated workplans had yet to be developed apart from Lubango.

Agreed action 4 (medium priority): The office agrees to review affordability of its office and staff structure in view of challenges raising OR funds, especially given that Angola is graduating to a middle-income country – which will lead to a reduction in RR funds. The office also agrees to establish an accountability framework for UNICEF's decentralized field presence in Angola.

Responsible staff members: Chief PM&E
Date by which action will be taken: March 2018

Staff association

When revising the programme and office structure during the Mid-Term Review (see the observations on *Programme structure* and *Office structure* above), it will be important to manage the change with active staff involvement. This in turn will require strengthening the local staff association (LSA).

The office management was relatively new, with the Representative, Deputy Representative and Chief of Operations all having been in post for less than a year at the time of the audit visit. The management was aware of the need to strengthen the LSA and had reminded staff of its importance on several occasions. It had also encouraged staff participation in office matters, for example the office relocation. A retreat was held in February 2017 that focused on teambuilding and improving working relations.

The main staff concern was a heavy workload due to the emergency response and many vacancies. However, in its interview with the audit team, the LSA welcomed the fact that the new management had empowered the staff association and encouraged dialogue and good

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working relations. Increased interaction between management and the staff association was reported.

However, the audit noted that the LSA needed to attend to some internal issues of its own. Two of the five seats on the LSA's executive committee were vacant, and the mandate of that committee had ended on 31 May 2017. No workplan had been drawn up for the LSA for 2017. According to the LSA, there had been a workplan valid up to 31 May 2017 and the new executive committee was expected to develop a workplan for the remainder of the year upon its election. This work was still pending at the time of the audit. So was revision of the charter of the executive committee to ensure that it was aligned with the UNICEF LSA template. The audit team also noted that there was scope to improve staff participation in the LSA; as of 26 May 2017 no staff had been nominated for the elections to the new executive committee.

An active staff association can help contribute to an effective professional working environment in the office, thus helping UNICEF achieve its objectives.

Agreed action 5 (medium priority): The local staff association (LSA) agrees to conduct an election for its executive committee without delay. It also agrees to revise its charter to ensure that it is aligned with UNICEF's LSA template.

Responsible staff members: LSA Polling Officers, LSA Chairperson and ExCom members
Date by which action will be taken: October 2017

Human resources

As noted above, the second half of 2016 and the first part of 2017 had been a time of transition, with the Representative, Deputy Representative and Chief of Operations all taking up their posts within this period. At the time of the audit, four chief-of-section positions remained vacant – for Education, Child Protection, Social Policy, and Child Survival and Development (CSD). Recruitment had been completed for only one of these (CSD). Of the office's 68 positions, a total of 17 were vacant (a vacancy rate of 25 percent). Recruitment for seven of these positions was on hold due to lack of funds.

Where the office was able to recruit successfully, this often took considerable time due to the difficulties of attracting staff of the required calibre. For example, there had been three rounds of recruitment for the Chief of Social Policy. The high cost of living in Angola and, for international staff, the Portuguese language requirement were seen as the main barriers to recruitment.

An illustrative example pertained to a large-scale social donor-funded policy project. With the project came funding for a sizeable project team. However, although the project was approved and signed in August 2014, the first recruitment (for a national officer) was only completed seven months later. The P4 project manager position was filled only in June 2015 (10 months after the start of the project) and the research officer (P2) only arrived in February 2016 (a year and a half into project implementation). At the time of the audit the P4 manager position had been vacant for about six months, as the recently-recruited incumbent had left the post early. The audit team also noted that there had been challenges in obtaining visas since 2015. At the time of the audit, four recruited staff had been awaiting visas for an extended period. The many vacancies and delays in new staff being able to take up their posts, combined with multiple emergency responses, had put a strain on the office and posed a significant risk to the achievement of programme results.

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Due to difficulties in recruiting international staff, many, including heads of sections, were new to UNICEF and in some cases also lacked previous management experience. They therefore needed additional training and support, not least with regard to UNICEF policies and procedures and the organization's approach to working with government counterparts, which in turn put more strain on the office's management. A review of training completion found that either the completion rates for mandatory training was very low or certificates had not always been shared with HR to evidence that training. The low completion rate occurred despite close monitoring by HR and senior management, and was probably contributed to by the high workload of staff, and a lack of oversight by section chiefs who are the supervisory officers.

Agreed action 6 (medium priority): The office agrees to review and strengthen the recruitment process. This will include identifying alternative ways of advertising national officer and general service positions in order to improve the office's ability to attract strong candidates and thus reducing the need for re-advertising and repeat recruitments.

Responsible staff members: HR Specialist
Date by which action will be taken: October 2017

Agreed action 7 (medium priority): The office agrees to hold section chiefs accountable for staff members' completion of mandatory training, and will provide adequate management information to chiefs to support this. Performance in this area will be reflected in the performance appraisals of both individual staff members and their section chiefs.

Responsible staff members: HR Specialist, all supervisors and section heads
Date by which action will be taken: September 2017

Monitoring, evaluation and assurance activities

The office had a well-functioning system for monitoring the office-wide performance indicators included in the annual management plan. The office was performing well against a number of these. For example, there was 100 percent utilization by grant expiry date in 2016, and all donor reports were submitted on time (17 in 2016, and six so far in 2017).

However, the audit noted the following.

Monitoring: Monitoring and evaluation (M&E) frameworks were not systematically developed and implemented for large-scale projects or pilot projects. The audit team noted that with projects for the largest donor, there is a window for a revision of log-frames as part of the inception phase, should this be found necessary. This window could have been used to make revisions that would have reflected the changing financial environment following the oil-price crisis. Instead, the audit team was informed that they were going to be revised in year three of implementation (May/June 2017) as part of the mid-term evaluation. This had led to the Government not endorsing one policy (on entitlement-based cash transfers). Log-frames for several projects and programme cooperation agreements (PCAs) could also have been improved.

The quality of end-year reviews varied amongst sections. All sections reviewed progress against the outcome and output level results. However, there was no systematic assessment of performance against indicators and targets. It was thus not always clear if interventions

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were on track or delayed.

The office only had one reporting template for field monitoring. It was based on a UNICEF-wide template, but the audit team's review found that the quality of monitoring and programmatic visit reports was insufficient. For example, challenges to project implementation, and recommendations to address them, were not always clearly set out. Nor was it clear from reports whether programme implementation progressed well or adjustments were required.

The office did not systematically follow up on recommendations coming out of field visits, and thus ensure that monitoring informed programme implementation. Nor were assurance activities (see below) always translated into capacity building of implementing partners in areas where weaknesses had been identified.

Evaluation: The country programme document specifically mentions the importance of evaluations in the area of WASH and social policy. However, no UNICEF-led evaluations had yet been undertaken in those areas.

More positively, an evaluability assessment[5] of the 2015-2019 country programme had been undertaken, and the office planned to conduct an evaluation of the country programme while it was in progress. Terms of reference had been drawn up for this, and the office wanted the evaluation to inform the Mid-Term Review (MTR). In order for this to happen, a high-quality evaluator will have to be selected and complete their work very quickly, as the MTR will have to be held towards the end of 2017.

The audit team noted, however, that key recommendations coming out of the evaluability assessment were not systematically implemented by the office. In particular, the office did not conduct periodic reviews to ensure continued relevance, in particular for the three key programme results (child mortality, birth registration and social assistance). The only exception was the Social Policy Section, which attempted to develop a framework to ensure that activity in social assistance continued to evolve towards the desired goal.

An M&E specialist had been recruited to help the office strengthen results-based management, and relevant training was planned for the second quarter of 2017.

Assurance activities: For UNICEF offices, a key component of the monitoring system is a suite of assurance activities designed to ensure that cash transfers to implementing partners have been spent as intended. These activities are part of the Harmonized Approach to Cash Transfers (HACT), a broader risk-based framework that several UN agencies including UNICEF use to govern cash transfers to partners. Assurance activities under HACT include spot checks of partners' paperwork and administration, programmatic visits,[6] scheduled audits for more

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[5] An evaluability assessment establishes the extent to which a programme or initiative could be evaluated; in so doing, it may indicate whether the intervention is specific enough. The Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) defines an evaluability assessment as "The extent to which an activity or project can be evaluated in a reliable and credible fashion". Such an assessment, it states, should assess "whether or not the development intervention is adequately defined and its results verifiable, and if evaluation is the best way to answer questions posed by policy makers or stakeholders."

[6] According to the latest UNICEF-specific HACT procedure issued in 2014 (page 2), programmatic visits are defined as "a review of progress towards achievement of planned results, challenges and constraints in implementation and ways to address them performed with the partner at the

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significant partners, and special audits when deemed necessary.

The office had established a HACT framework (including criteria for programmatic visits) and closely monitored implementation against HACT minimum standards. At Country Management Team (CMT) and Programme Management Team (PMT) meetings, they reported on HACT implementation at the level of implementing partners and whether field visits used the programme visit checklist included in the HACT framework.

However, despite close monitoring by the Planning Monitoring and Evaluation (PM&E) section and senior management, programme sections did not implement HACT as required. It was found that the monitoring checklist which qualified a trip as a programmatic visit (according to the office criteria) was used for only 39 visits in 2016. The office thus did not fully comply with HACT minimum assurance standards for programmatic visits, but it reported to the regional office that it did. It was reported that 94 programmatic visits were conducted, whereas the correct number was 39 (by the office's own criteria) together with 55 regular monitoring visits. Four partners did not receive any programmatic visits at all in 2016.

Minimum HACT requirements with regards to spot checks were not fully met either; the office planned 19 spot checks and conducted 22 in 2016, whereas according to minimum requirements 26 spot-checks should have been conducted. A review found that five implementing partners did not receive any of the required spot-checks. In particular, one of them should in fact have had three spot-checks as it was rated as a significant risk. Two partners only received one spot-check where the minimum requirement was two. The audit also noted that some misunderstandings arose in 2017 when a third party conducting spot checks on UNICEF's behalf had approached the task in a way that the partner did not expect. To avoid such misunderstandings, and help ensure the efficiency and effectiveness of the HACT process, it is important that the programme sections brief implementing partners on the objectives of the assurance activity and, to the extent possible, participate themselves in the assessment missions.

The HACT criteria only required the office to conduct one audit, but it had planned three and completed two. This was the only aspect of assurance activities where minimum requirements were met in 2016.

Agreed action 8 (medium priority): The office agrees to establish clear monitoring and evaluation frameworks for all pilot projects and large-scale programme interventions, and to ensure appropriate high-quality evaluations are conducted which provide evidence on results and feed back into improving future programming.

Responsible staff members: Chief PM&E
Date by which action will be taken: February 2018

Agreed action 9 (medium priority): The office agrees to strengthen implementation of HACT. This includes accurate reporting to the regional office on HACT implementation, and stronger oversight by section chiefs, who will be held accountable for achieving compliance with UNICEF's minimum assurance standards.

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programme site. Depending on the nature of the partnership, programmatic visits may be undertaken at a field location (field monitoring), the partner's office and/or in the form of a meeting involving key stakeholders. Programmatic visits focus on programmatic issues, including attention to matters of financial management."

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Responsible staff members: Chief of Operations, Chief PM&E
Date by which action will be taken: August 2017

Contracts for services and partnerships

An activity under a UNICEF country programme can be implemented either by a consultant/contractor or through a partnership with a Government body or NGO. The audit reviewed the office's arrangements in both cases and noted the following.

Contracts for services: In some areas, such as Social Policy, the office largely implemented its technical assistance through the private sector. This was partly due to the high level of vacancies and lengthy recruitment process discussed earlier (see observation *Human resources* above). However, this reliance on the private sector was also due to a culture of outsourcing. The new management was trying to change this, and thus help address the risk that too heavy a reliance on the private sector could damage the working relationship with the Government, due to insufficient interaction between UNICEF staff and Government technical staff.

Meanwhile the office hired individual consultants (11 at the time of the audit). Five of those performed staff functions - three in CSD and two Social Policy. Only one of these 11 consultants was selected through single-sourcing; in general, selection was competitive.

In 2016 there had been insufficient segregation of duties with regards to contract management. For example there were several cases where the requesting officer was also the certifying and approving officer. This had been addressed at the time of the audit. The establishment and recruitment of a P3 HR specialist had been important in this regard.

A review of a sample of institutional contracts found several cases where UNICEF rules and regulations had not been adequately adhered to. There was a need to strengthen the selection of consultants (including timeliness) and improve terms of reference and contracts, with a particular focus on ensuring that these included clear deliverables and criteria for quality. Moreover, the audit noted that the office generally provided positive evaluations of contractors, even though the office acknowledged to the audit team that the quality of deliverables had varied in practice. One donor had raised a concern in respect of one of their projects that significant funds were used on consultancies to establish financial and administrative processes, but there were as yet no results for children.

Partnerships: According to the 2015-2019 country programme document, experience from the previous country programme had shown the need to further promote partnerships between the Government and civil society organizations, as this would assist smoother implementation of programmes on the ground and sustainable exit strategies. Work was still in progress in this regard. More positively, a civil society strategy was being developed as part of the large-scale Social Policy project.

For the moment, however, the office's approach to implementing programmes through partnerships with civil society was still nascent, as the previous management had tended to rely more on the private sector. In the period 2016-2017, limited funds were allocated to partners: US$ 4.8 million, of which 23.8 percent went to NGOs. Out of 52 partners, nine were NGOs whilst 43 were Governmental organizations. Of the nine partnerships with NGOs, six were under Programme Cooperation Agreements (PCAs) and the other three were Small-Scale Funding Agreements (SSFAs); the latter can be used for amounts up to US$ 50,000.

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The audit team reviewed four of the PCAs. In three cases, it had taken about six weeks from approval of PCA to transfer of funds. This came on top of the time it took to develop PCAs, which lasted several months. In one case it took four months from approval of partnership to transfer of first tranche. In three out of four PCAs, partners contributed less than 3 percent to direct programme costs. In two out four PCAs, UNICEF allocated more than 35 percent to indirect programme costs; there is no rigid threshold for these, but the audit team felt that this percentage was too high.

All four PCAs had an insufficient results framework. Moreover in three out of four PCAs, no funds were allocated to monitoring, even though 20 percent of funds allocated to partners (US$ 1 million) were allocated to partners that the office considered high risk.

Insufficient understanding of UNICEF rules and regulations, combined with late PCA development, had led to issues in the management of partnerships. Two partners told the audit team that they were receiving funding retroactively due to delays in developing and approving a PCA in the area of Community-Led Total Sanitation. One implementing partner had covered the cost of implementation in March 2017, despite the absence of a PCA, and included this as its financial contribution in the PCA budget, which was in the process of being approved at the time of the audit.

Agreed action 10 (medium priority): The office agrees to strengthen contract management and hold section chiefs accountable for the proper management of consultancies.

Responsible staff members: HR Specialist
Date by which action will be taken: October 2017

Agreed action 11 (medium priority): The office agrees to improve the quality of Programme Cooperation Agreements and ensure these provide good value for money.

Responsible staff members: Deputy Representative, Chief PM&E
Date by which action will be taken: November 2017

Relationship management
The audit team met a number of UNICEF's partners in Angola in order to gather feedback on the way UNICEF worked and how well it related to its partners. It noted the following.

Donor delegation: One donor's delegation in Angola suggested that UNICEF needed to improve its performance. This included more transparent progress reporting. The audit found that UNICEF had frequently told the delegation of the challenges faced by the activities it funded, but had not clearly outlined how these challenges affected achievement of planned results. For example the office had reported that despite difficulties in implementation of a birth registration project, birth registration points were functional. This would lead the reader to assume that the objective of the project was being achieved, which was 'modernization' or digitalization of target registration points. This was not the case. In fact what the section meant by 'functional' was that birth registration points were open and that birth registration took place (manually outside Luanda).

It should be noted that some of the problems in managing the relationship with this donor (including the expectations of both parties) arose from significant turnover of staff, not only

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within UNICEF but also at the donor's delegation and within the Government. For example there had been three different EU delegation managers responsible for the interaction with UNICEF since the current projects were approved in August 2014. There were meant to be steering-group meetings for communication and joint decision-making between UNICEF, the government and the donor's delegation, but the audit team was informed that these had not been held due to lack of Government availability.

Some challenges were also due to the financial crisis in Angola, which had changed the context since the design of the projects funded by the donor. Even so, the donor's own evaluator during the field work stage of the mid-term evaluation found that UNICEF could have performed better and thus enabled the achievement of more tangible results.

Government: There had been some criticism at national level of UNICEF's performance. The audit team was informed that complaints had previously included not ensuring sufficient involvement of Government staff in the design of interventions, which could risk their sustainability. Moreover, the Ministry of Health had written several times to UNICEF expressing concerns on practical issues pertaining to the implementation of interventions.

The newly-arrived Representative and Deputy Representative had prioritized improving working relations with Government, and told the audit that several improvements had already been made. For example, Government involvement in the development of interventions was more consistently ensured through the development of joint workplans. An example of this was the 2017 workplan with the National Institute of Statistics, a Government partner with which UNICEF had not interacted for several years. These actions seemed to have had the intended effect; during the audit team's face-to-face meetings with Government counterparts, no concerns were raised, and positive feedback was provided on UNICEF's performance. This included UNICEF being aligned with national priorities.

During one of these meetings, it was acknowledged that the delay in implementing programmes was a joint responsibility, and the ministries had been slow to move ahead during the first year and a half of the programme. At provincial level, local authorities told the audit that UNICEF performed well and was a good partner.

Other UN agencies: These said that UNICEF was well-positioned and respected in Angola. UNICEF chaired three working groups (the outcome group on human development; the communication working group; and the disaster management team). It had also contributed 50 percent to the maintenance of the UN building in Luanda.

UNICEF had in many ways taken a lead in the recent emergency response relating to the influx of refugees from the DRC. For example it enabled the initial Security Risk Assessment (SRA) by covering the cost of UNDSS's[7] involvement, and also paid daily subsistence allowance to UNDSS so that they could have a presence in Dungo during the early phases of the response. Despite this, however, and despite having the largest staff presence and a senior and experienced Representative, UNICEF had not been asked to perform the Resident Coordinator (RC) and Designated Official roles when the RC was away from duty station.

Implementing partners: These noted that UNICEF was a good and supportive partner. However, development of project documents were found to take too long (see previous observation), and release of funds was often delayed.

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[7] UN Department of Safety and Security.

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Agreed action 12 (medium priority): The office agrees to take steps to better manage its partners' expectations. This will include making timely changes to log-frames and clearly reporting how constraints in programme implementation affect the achievement of intended results.

Responsible staff members: Chief of Communication
Date by which action will be taken: September 2017

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Annex A: Methodology, and definitions 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 headquarters division).

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

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

Priorities attached to agreed actions

High: Action is considered imperative to ensure that the audited entity is not exposed to high risks. Failure to take action could result in major consequences and issues.

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

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

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Conclusions

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

[Unqualified (satisfactory) conclusion]
Based on the audit work performed, OIAI concluded at the end of the audit that the control processes over the office were generally established and functioning during the period under audit.

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

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

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