

Internal Audit of the Botswana Country Office

September 2017



Office of Internal Audit
and Investigations (OIAI)
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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Botswana 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 7-16 June 2017. The audit covered the period from January 2016 to June 2017.

The 2017-2021 country programme has two main components: *Child Poverty*; and *Adolescence and HIV*. The total approved budget for the four-year country programme is US\$ 8.5 million, of which US\$ 4.5 million is Regular Resources (RR) and US\$ 4 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 ceiling.

The country office is in the capital, Gaborone. The office had a total of 21 approved posts, of which four were for international professionals, eight for national officers and nine for general service staff; as of July 2017, six of the 21 established posts were vacant, although recruitment efforts were underway following approval of the staffing structure for the 2017-21 country programme.

The total approved annual budgets were US\$ 1.1 million in 2016 and US\$ 2.5 million in 2017. Total expenditure was US\$ 1.1 million in 2016 and US\$ 0.6 million in 2017 so far (as of July). At the time of the audit, the office was in only the fourth month of the country programme and had thus largely focused on work planning and recruiting staff for the newly-approved office structure.

Given that Botswana is an upper-middle income country, the office is mainly engaged in upstream activities such as policy development, data analysis, and advocacy. However, as part of the new programme, the office also aimed to supplement the above strategies with pilot projects in rural and remote districts and communities where children suffer from high HIV-prevalence, malnutrition, sexual exploitation and poor-quality education.

During meetings with key stakeholders, the audit team noted that UNICEF was regarded as a valued partner. The Ministry of Nationality, Immigration and Gender Affairs highlighted the office's performance as a convener of various initiatives and its ability to drive forward the child-rights agenda. The Ministry of International Affairs and Cooperation noted that the Representative had increased the visibility of UNICEF and built strong relationships with the Government. In discussion with the audit team, the UN Resident Coordinator highlighted UNICEF's contribution to the UN country team in Botswana and to UN interagency working groups.

The audit noted a number of other positive practices, including the office's successful use of learning from its previous country programme, its evidence-based advocacy, and its focus on effective evaluation. In addition, the country office had taken action in response to difficulties in raising grants from traditional donors: it had adjusted the financial ceiling for its programme downwards, and redirected its fundraising activities towards the private sector in South Africa, working closely with UNICEF's fundraising specialist based there. It had also reviewed its

programmatic activities in light of its analysis of the country context, and was planning to focus more on supporting existing Government programmes and initiatives and thus help the Government leverage its resources for maximum impact.

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 Botswana 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.

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Objectives

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

This report presents the more important risks and issues found by the audit, the measures agreed with the 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 previous country programme cycle had ended in February 2017. A review of the end-of-programme results assessment in RAM¹ found that only two indicators had been rated as not achieved. However, 62 indicators with a status update had no rating in RAM. A further 10 were recorded as on-track for achievement, 13 as partially achieved and 65 as fully achieved. 72 out of 152 indicators were thus rated as on-track or non-rated after the end-date of the programme, whereas at that point they should be 'not achieved', 'partially achieved' or 'fully achieved', as the implementation period is effectively over.

In many cases ratings were not provided because there was no up-to-date data enabling evidence-based result assessment. However, there were also cases where indicators were rated as on-track or partially achieved despite the absence of data. In view of the data gaps and the many indicators rated as on-track or non-rated, the audit team was unable to understand why the office determined that both programme outcomes (100 percent) and seven out of 10 programme outputs (70 percent) had been achieved. The audit also noted that the office had assessed outcomes and outputs² as having been achieved despite the programme ceiling only being 62.2 percent funded.

The office had already recognized the need to improve data availability, and some important data was expected to be available in 2017 (see also observation *Knowledge of the situation of children and women*, later in this report). However, there was a risk that the office might again lack up-to-date outcome-level data in 2021, when it will again report on end of programme cycle results achievement.

In addition to the insufficient results assessment in RAM, the audit noted that only partially adequate supporting documentation was provided for sampled result statements in the office's annual report. For example, these statements claimed that Government capacity had

¹ 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.

² 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.

been enhanced in several areas concerning children, but no assessments had been conducted to confirm this had been achieved. Instead the office shared as evidence the training modules together with a report by the trainer in which it was summarized that participants had found the training useful.

The audit also reviewed the results structure for the new country programme. Targets for eight out of 22 outcome-level indicators had yet to be determined at the time of the audit. No results structure had been created at output level for the outcome on early childhood and education. The audit team also noted that the office used standard indicators to a very large extent (18 out of 22 indicators). The use of standard, organization-wide indicators to some extent can be appropriate, providing as it does comparability of data across UNICEF. They were chosen following technical input from the regional office, which tracks their usage and rates reliance on them positively in the feedback provided to country offices. However, the audit team observed that there was not always sufficient linkage between standard indicators and the country-specific programming work undertaken by the office, which reduces their usefulness as a management tool.

For one out of five programme outcomes and two out of 11 programme outputs, the office had more than four indicators. This increases the cost of performance monitoring (see also observation *Monitoring and assurance*, later in this report). The audit also noted that there was still room for improvement with regards to making result statements and indicators more equity- and gender-focused.

Agreed action 1 (medium priority): The office agrees to apply a more evidence-based approach to assessment and reporting of results. This includes updating the Results Assessment Module data for the previous country programme when Demographic and Health Survey³ (DHS) data becomes available. The office will also plan its research agenda so as to ensure outcome-level data is available for results reporting at the end of the 2017-2021 programme cycle.

Responsible staff members: Deputy Representative
Date by which action will be taken: March 2018

Agreed action 2 (medium priority): The office agrees to review and revise its current indicators in the Results Assessment Module, again with support from the regional office, with a view to reducing the number of indicators and making them more country-specific wherever practicable.

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

Staff issues

The evolution from the old to the new (2017-2021) country programme had affected eight out of 19 existing positions. (Changes in UNICEF's staffing structure are normal at the end of a country programme cycle.) Ten recruitments had been undertaken in 2017.

In the course of the audit visit, the audit team observed that while the Representative

³ The DHS programme is an international effort to collect accurate health and population data. It is funded by USAID but also receives contributions from other organizations, including UNICEF.

practiced an 'open-door' policy to encourage active communication within the office, many staff members did not. Several staff interviewed said that it would improve the working environment and help with delivering the office's objectives if all staff followed the Representative's good example.

The audit also noted that the office's learning committee had planned to meet six times in 2016. However, minutes were found for only one meeting. In 2017 the committee had so far met once, and two meetings had been postponed due to lack of a quorum. According to the 2016 and 2017 learning plans, it was a staff responsibility to complete mandatory training and the monitoring thereof should be done by supervisors, but this was not always done; neither had progress been reviewed during CMT⁴ meetings. At the time of the audit no data was available on the completion rate of (for example) training on HACT and on ethics.

More positively, the office had reported completing 91 percent of group training activities and 75 percent of individual training activities included in the 2016 learning plan. It had also organized skills-building activities for staff in positions that were abolished as part of the transition to a new country programme, and who were expected to leave the organization.

Agreed action 3 (medium priority): The office agrees to encourage staff to practice an 'open-door' policy to enable more effective communication within the office. It also agrees to improve documentation of learning committee activities, strengthen the monitoring of mandatory training completion, and review progress of learning activities at selected CMT meetings, including tracking how the learning activities are contributing to improved staff performance.

Responsible staff members: Representative, Learning Committee Chairperson, HR Assistant
Date by which action will be taken: January 2018

Monitoring and assurance activities

Offices use a number of methods to monitor implementation of a country programme. Field-monitoring trips are one. In addition, there are assurance activities conducted to ensure that cash transfers to partners have been used as planned. There should be complementarity between monitoring and assurance. The audit looked at both monitoring and assurance activities, and noted the following.

Monitoring: At the time of the audit the office was mainly engaged in upstream work – that is, policy initiatives, advocacy and pilot, or demonstration, projects, rather than direct service delivery. Plans were underway for demonstration projects in the area of (for example) HIV/AIDS. Once concepts for demonstration projects were endorsed by the Government, the office planned to develop Programme Corporation Agreements (PCAs) with partners to implement these projects, and to conduct more regular programme implementation monitoring.

Meanwhile the office was already strengthening its monitoring efforts. Starting in 2017, office-wide travel plans were developed quarterly. However, a review of the plan for the second quarter of 2017 found that it had not been completed as several programme staff had not

⁴ The country management team (CMT) in a country office advises the Representative on the management of the country programme and on strategic programme and operations matters. It consists of senior staff from Programme and Operations sections, and staff representatives.

been able to access the Outlook-based plan. Thus few field trips were included in the travel plan, and those that were included only pertained to the first six weeks or so of the quarter.

The audit team noted that trip reports were not always drafted for completed field trips. There was a folder for trip reports on the shared drive from April 2017, but only three reports had been uploaded at the time of the audit visit in June. There was also a need for more consistent follow-up on the implementation of recommendations coming out of field monitoring and assurance activities.

Assurance activities: There are several types of assurance activity on the use of cash transfers. These are grouped under the Harmonized Approach to Cash Transfers (HACT). UNICEF is one of several UN agencies that operate this risk-based framework, under which an office assesses the risks involved with a particular partner, and sets the level of assurance activities accordingly. Assurance activities under HACT include programmatic visits,⁵ spot checks of partners' books, scheduled audits and, where necessary, special audits.

The office recorded that it had met the HACT minimum assurance activity requirements in 2016. According to the office, all six required programmatic visits were conducted in 2016. However, reports were generated for only two of these. The office said this was due to the monitoring checklist issued by Field Results Group (FRG) at UNICEF headquarters not reflecting the type of programming work actually done in Botswana. Following discussions with the regional office in 2017, the office decided to use a simplified reporting checklist.

The audit team agreed that the simplified approach was more appropriate for the Botswana context. Nonetheless, a review of the two programme visit reports, plus one from 2017, found that the quality of reporting should be improved. The reports outlined planned results and achievements and also indicated some constraints. However, they did not always clearly show whether interventions were on track or include recommendations to address the constraints identified.

No spot-checks were required in 2016 according to HACT criteria; however, the office had done four, and issued a short report for each.

For 2017, at the time of the audit, the office had undertaken only limited HACT assurance activities. As of June 2017, one out of 12 planned programmatic visits and neither of the two planned spot-checks were completed. This reflected the fact that the office was only four months into the new country programme and had used this time to plan interventions.

In fact, office should not have been using HACT as it relied on using contractors rather than partnerships, and as a result was not transferring money to implementing partners. The Government was involved, supporting the development of terms of reference, reviewing research products and helping organize workshops. Rather than use HACT, the office should simply have made payments to the consultants against the contracts, having first satisfied itself that deliverables provided by consultants were in accordance with the contract and of

⁵ 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 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."

good quality. The office's approach thus incurred unnecessary costs, and reflected insufficient understanding of how HACT should be used.

Annual review: The office's 2016 annual review did not systematically compare planned against achieved results. Nor were bottlenecks systematically identified and assessed. This is a particular issue as the 2016 annual review coincides with the end of the previous programme cycle, and lessons from the office's prior performance should feed into planning for the next country programme.

Agreed action 4 (medium priority): The office agrees to apply appropriate assurance activities for the transaction types being used. Where programmatic visits are conducted, the office will use the simplified reporting template as relevant, and will systematically follow up on recommendations arising from assurance activities and regular field visits. The office also agrees to strengthen staff members' knowledge of HACT and related procedures.

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

Agreed action 5 (medium priority): The office agrees to strengthen the programme assessment conducted as part of the annual review cycle. Key findings coming of the annual review should inform RAM reporting.

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

Knowledge of the situation of children and women

UNICEF country programmes should be evidence-based. A key information source is the Situation Analysis (SitAn) on the situation of children and women; a country office will perform or commission a SitAn at least once during a programme cycle, and it will inform planning for the one that follows.

The most recent SitAn for Botswana had been published in 2012. A Joint UN Common Country Assessment (CCA) had been performed in 2015. Moreover, the office had uploaded reports of six research activities to the evaluation and research database in 2015-2016. Several of these were forward-looking, helping the office to design its new country programme based on evidence as to the real needs. Examples included *Construction of Adolescent and Youth Profiles* and *Mapping of Policies and Programmes*. These research activities directly contributed to the two priority areas of the 2017-2021 Country Programme. In order to ensure ownership of research findings, the office engaged government counterparts in the development of terms of reference and in review of reports prior to their finalization. Finally in 2016 the office conducted a Multiple Overlapping Deprivation Analysis (MODA).⁶ The audit team also found several examples of the office systematically using research to conduct evidence-based programming and advocacy (see also observation *Advocacy* below).

However, while the audit noted the extent and relevance of research activities, it also identified problems with data. For example, outcome-level data available for the MODA was frequently outdated (more than five years old). The office had included updating the MODA

⁶ MODA is a UNICEF methodology devised to capture a comprehensive approach to multidimensional aspects of child poverty.

in the Social Policy workplan, and income consumption data was expected to become available in 2017. Moreover, a DHS and a large-scale survey on HIV/AIDS were scheduled for 2017. In the meantime, however, the lack of up-to-date outcome-level data had had an impact on results reporting in 2016 (see also observation *Achievement of Results* above). The 2017-2021 country programme document acknowledged this problem, stating that “bottlenecks in the supply and quality dimensions of child poverty include inconsistent and incomplete collection and analysis of data, including on the effectiveness of existing social programmes.”

Addressing these data gaps had already been identified as a priority for the office. According to the 2017-2021 country programme document, each section will conduct strategic evidence-generating interventions. In fact, three outputs are specifically related to evidence generation. However, to increase the frequency with which outcome-level data becomes available, the office should consider advocating to the Government that there be alternating DHSs and Multiple Indicator Cluster Surveys (MICS)⁷ every two to three years. MICS can complement the DHS, as it has been reviewed to respond to the data needs relevant to the Sustainable Development Goals by broadening the scope of its tools and including new SDG indicators.

Another opportunity the office could exploit is the use of PRIME – Plan for Research, Impact Monitoring and Evaluation. This is an updated electronic version of the Integrated Monitoring & Evaluation Planning (IMEP) tool used by UNICEF country offices, regional offices and headquarters to share information about future and on-going evaluations, research, studies and M&E capacity-development activities. However, no activity had been uploaded to PRIME by the Botswana Country Office since 2014. Instead the office relied on paper-based IMEPs.

Agreed action 6 (medium priority): The office agrees to advocate Government funding of MICS, and to systematically use PRIME to report on key research activities undertaken by the office.

Responsible staff members: Deputy Representative

Date by which action will be taken: January 2018

⁷ The MICS is a survey technique developed by UNICEF to provide rigorous data across a range of fields from households, from women, from men and concerning under-fives. MICS is designed to provide internationally comparable data on the situation of children and women.

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.

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.