

Internal Audit of the Lebanon Country Office

December 2017



Office of Internal Audit
and Investigations (OIAI)
Report 2017/20

Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Lebanon Country Office. The objective of the audit was to assess the office's governance, internal risk management and internal control. The audit team visited the office from 19 September to 3 October 2017. The audit covered the period from January 2016 to September 2017.

The 2017-2020 country programme had five main programme components: *Child survival*; *Child development*; *Child protection*; *Youth development*; and *Social inclusion*. There was also a cross-sectoral component. The total approved budget for the country programme was US\$ 127 million; however, the office also planned to raise US\$ 694 million to respond to the ongoing Syrian refugee crisis. The annual budgets were US\$ 483.8 million in 2016 and US\$ 330.3 million in 2017. The country office is in the capital, Beirut; there is also a zone office there, and further zone offices in Zahle, Tripoli, Tyre and Qobayat. As of September 2017, the country office had a total of 216 approved posts, of which 55 were for international professionals, 90 for national officers and 71 for general service staff. Of the 216 established posts, 29 were vacant.

The audit noted a number of positive practices, including that a comprehensive system had been established for programme monitoring, and that communication for development (C4D) had been mainstreamed as part of the 2017-2020 country programme. The office had also prioritized evidence generation and had established a comprehensive baseline for its 2017-2020 programme structure by conducting a large-scale household survey. This had led to the establishment of up-to-date baselines for 90 percent of indicators in the result framework. Meanwhile the office planned to conduct multiple-indicator cluster surveys (MICS) in 2018 and 2020, which would enable an evidence-based assessment of results achievement against the country programme result structure at both the time of the mid-term review and the end of programme cycle.

Experiences were being shared proactively between the main UNICEF offices dealing with the Syrian refugee response. Besides a two-day knowledge exchange in 2016, the Jordan and Lebanon Country Offices organized an event in 2017 to discuss lessons learned, both from successes and from things which could be done differently. Moreover, the office managements interacted frequently and the Syrian refugee response was reviewed and discussed in detail during the Middle East and North Africa (MENA) regional management team meetings.

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. One of these is being implemented as a high priority – that is, to address issues requiring immediate management attention. This relates to strengthening financial assurance on cash transfers to the country office's implementing partners.

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 Lebanon Country Office, the Middle East and North Africa Regional Office (MENARO) 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 client to address them, and the timeline and accountabilities for their implementation. It does not include lower-level risks, which have been communicated to the client in the process of the audit.

Background: The Syrian refugee crisis in Lebanon

Lebanon hosts an estimated 1.5 million Syrian refugees, of whom 1.01 million are registered. There are also 300,000 Palestinian refugees. This is equivalent to a quarter of Lebanon's own population.

Whereas 63 percent of Palestinian refugees live in camps, 85 percent of Syrian refugees live in host communities and the remaining 15 percent live in 4,792 informal settlements.¹ A sectoral approach has been applied with regards to UNICEF's intervention in host communities and in the informal settlements, and each programme section has large-scale interventions targeting Syrian refugees and vulnerable Lebanese children in the most affected areas of the country. In addition the office has a programme aimed at Palestinian refugees.

With the new country programme (2017-2020), the office had strengthened its focus on ensuring equity for all children in Lebanon through evidence-based advocacy, inclusive national systems, and greater participation and engagement. The office plans a resilience-based approach and intends to prioritize strengthening the capacity of local actors, host communities and Government to respond to immediate needs.

The audit noted several progressive aspects to the Lebanon office's response to the refugee crisis. Some specific points are mentioned below.

Delivering with public institutions: When developing its refugee response, the office was aware that interventions needed to be built on national systems as far as possible. Sites for public services such as schools, Primary Health Care Clinics (PHCs), Social Development Centres (SDCs)² and Community Centres were identified as 'gateways'. Whilst channeled through NGOs, 80 percent of UNICEF's funding for the refugee response reportedly went to support the public system. A benefit of this approach was that ministries were encouraged to allow all children access to services regardless of their origin. According to the office this collaboration had led to the strengthening of the role of SDCs as the decentralized hub for

¹ The 2015 Shelter Strategy formally defines an Informal Settlement as: "Unofficial group of temporary residential structures, often comprising of plastic-sheeting and timber structures and can be of any size from one to several hundred tents. Informal Settlements may have some informal community-led management."

² Government-run centres that provide health and other social services. They are run by the Ministry of Social Affairs.

social services.

Accountability to the affected population: The office systematically used focus group discussions to collect feedback from beneficiaries on UNICEF programmes, and to obtain knowledge (beyond surveys and statistics) of awareness, behavior and attitudes towards various topics relevant to UNICEF programmes. The focus group discussions were managed by the PRIME³ section and findings were presented during programme group meetings. UNICEF staff generally did not attend focus-group discussions when conducted by third parties, to reduce the risk that their presence might otherwise influence participants' responses.

In addition to focus-group discussions, the office had established a hotline to enable the affected population to provide feedback on access to services as part of the back-to-school initiative. According to the office, the hotline staff had been able to resolve issues raised in 80 percent of the calls. For the remaining 20 percent, referrals were made for the caller to get adequate support. Audit thus found that the office had taken positive action with regards to setting up systems to foster accountability to the affected population.

Balancing refugee response with services to host communities: As most Syrian refugees are living in the most impoverished regions of Lebanon, there is an increasing burden on host communities, and refugees find themselves in competition with them for work and for limited public and social services including health and education.

Reflecting the office's decision to use public service providers as a gateway, an inclusive balance had been established between providing services to refugees and host communities. For example, rehabilitated schools benefit both first-shift students (mainly Lebanese) and second-shift students (Syrian refugees), and all students in target schools have received education materials. Similarly, WASH⁴ interventions in host communities benefit both Syrian refugees and the host communities themselves, and the Ministry of Public Health receives support for routine immunization for all under-five children without regard to nationality.

Audit observations

Targeting

In order to identify and prioritize the most vulnerable populations in Lebanon, interagency vulnerability maps were created in 2013 and 2015 under the leadership of the government. The criteria used to determine vulnerability were the numbers of Lebanese living on less than US\$ 4 per day and the proportion of registered refugees at cadastre level.⁵ The 2015 vulnerability mapping led to the identification of 251 localities/cadastres as particularly vulnerable.

However, while the interagency mapping was a good initiative, it was not able by itself to

³ PRIME: Planning, Research, Innovation, Monitoring and Evaluation.

⁴ WASH: Water, Sanitation and Hygiene.

⁵ Lebanon is divided into two basic administrative units: the *muhafazah* or governorates, of which there are eight, and the *aqdya*, or district, of which there are 26. The cadastres, or cadastral zones, are a third-level division connected with registration of land ownership; there are just under 1,500 such divisions in the country. They are not primarily administrative, and can contain more than one municipality.

ensure that the most vulnerable individuals and families were targeted by the interventions as the data sources were outdated and disaggregation was at cadastre level. Thus although the office was aware of the 251 most vulnerable areas, it did not know who were the most vulnerable people living inside these areas.

The office was well aware of this limitation, and at the time of the audit it was refining the methodology for vulnerability assessments to facilitate better targeting. In particular, in collaboration with the Government and with other UN agencies, the office had devised a methodology for developing neighborhood profiles using a combination of quantitative data (from a UNICEF household survey) and qualitative data (from focus-group discussions). As of 24 September 2017, three area profiles had been developed on a pilot basis. Meanwhile, as an interim measure, the existing vulnerability mapping had been reassessed in 2017 using the 2017-2020 country programme baseline data from the household survey, which resulted in the identification of 263 cadastres as particularly vulnerable.

Agreed action 1 (medium priority): The office agrees to accelerate the roll-out of the neighbourhood mapping approach so as to facilitate better targeting of the most vulnerable.

Responsible staff members: Chief PRIME

Date by which action will be taken: 30 June 2018

Programme integration

The 2015 vulnerability mapping found that the vast majority of Syrian (85 percent) and Palestinian refugees (93 percent), and the majority of Lebanon's poor (67 percent), live in 251 localities/cadastres in Lebanon. According to the office, all work implemented through programme corporation agreements (PCAs) was directed towards these 251 localities, which had led to increased programme convergence (although not yet integration)⁶ in the localities that host the most vulnerable.

Programme convergence was monitored monthly and discussed during programme group meetings. Convergence monitoring was done at the level of the cadastre, which can consist of more than one municipality. It would have thus been very helpful to further disaggregate information in order to determine whether meaningful convergence had been achieved.

The roll-out of the neighbourhood mapping (outlined in the previous observation on targeting) was expected to better support programme integration. The office also reported that some analysis had been done to determine possible entry points for integration at the level of service provision, e.g. Social Development Centres. Meanwhile, in the 2017-2020 Country Programme Document, the office had outlined a vision of promoting integration by using a life-cycle approach with a focus on the following years: (0–5), primary (6–14), and adolescence and youth (15-24).

A key strategic shift of the 2017-2020 country programme was to move towards five convergent outcomes (*Child survival, Child development, Child protection, Youth and adolescent development, and Social integration*) to jointly address priority issues for children at different phases of their lives. Further, in 2017 the office had developed a strategy (which

⁶ Convergence was understood by the Lebanon office as programme sections targeting the same geographical areas (with resulting efficiencies), whereas integration would be interlinking the various programme interventions. This integration could include (for example) synchronizing water and sanitation with health services to ensure that both fulfil their potential.

it called 'Thrive') that integrated health, nutrition, WASH and communication for development (C4D) in a convergent approach to secure a minimum Mother and Child Health (MCH) package to the most vulnerable. The approach included a major focus on significantly reducing the charge levied by the Government for its provision of primary health care to Syrians, and creating a strong national platform for primary health care. It would also institutionalize coordination of water and health sector investments, and generate community participation in public services.

In order to realize this strategic shift, inter-sectoral collaboration would need to be intensified. Each programme section was expected to identify opportunities for integration through common gateways for service delivery, strong referral mechanisms, and monitoring systems. As part of the country programme development process, input from sections had been consolidated by the programme monitoring and evaluation section (PRIME) and a discussion held on how to best ensure integration. The launch of the strategy was reportedly planned in close coordination with other UN agencies and led by the Government of Lebanon, and scheduled for early 2018.

At the time of the audit, however, programme integration was still work in progress, and there was no office-wide strategy to ensure it. During meetings with programme sections, the audit team noted that there was no common understanding across the office of integrated programming.

Agreed action 2 (medium priority): The office agrees to clarify its approach to integrated programming and devise a strategy for realizing the life-cycle programming approach⁷ envisioned in the 2017-2020 country programme.

Responsible staff members: Deputy Representative, Programme Section Chiefs

Date by which action will be taken: 30 June 2018

Sustainability

At the time of the audit (September 2017), the office had managed to raise much of the funds it had planned on finding during the year – US\$ 285 million against the US\$ 330 million budget. However, this equalled only 57 percent of the office's 2017 annual workplan, which was budgeted at US\$ 502 million. The latter was higher than the budget in the country programme document (CPD) as the workplan was linked not to the CPD but to the Lebanon Crisis Response Plan (LCRP)⁸, which was more ambitious.

Another US\$ 175 million was in the office's pipeline; however, this left an urgent gap of US\$ 122 million as much of the funding was earmarked, and interventions pertaining to CSD⁹ and child protection faced significant funding shortfalls. Due to funding gaps, the office had issued 6 amendments to PCAs in 2017 at the time of the audit in September and planned to issue another 10 in 2017. Previously agreed scaling-up of interventions in the area of child protection and WASH was revoked, and 11 approved posts had been left vacant.

⁷ The life-cycle approach aims at increasing the effectiveness of interventions throughout a person's life and targets the needs of people at critical periods throughout their lifetime. See <http://www.euro.who.int/en/health-topics/Life-stages/pages/life-course>

⁸ The Lebanon Crisis Response Plan, the umbrella under which the Lebanese Government and its national and international partners are responding to the crisis.

⁹ Child Survival and Development.

The audit team looked at the fundraising efforts through the Humanitarian Action for Children (HAC) appeal for the Syrian refugee crisis (covering Jordan, Lebanon, Iraq, Turkey and Egypt). At first sight, the 2017 appeal appeared less ambitious than the 2016 appeal, since the percentage of vulnerable children targeted was reduced from 58.3 percent in 2016 to 30.4 percent in 2017. However, the vulnerability of children had increased significantly overall, and while the percentage targeted had fallen, it actually included more children. Thus the 2016 appeal had targeted 1.4 million children but the 2017 appeal targeted double that number, 2.8 million.

So whilst the offices were being more ambitious, they were simply not able to meet the increasing needs of children affected by the crisis – although the audit team noted that, overall, the Lebanon office was performing well against its 2017 HAC indicators.

Meanwhile, services within the emergency and the stabilization components of the various programmes required continued support. For example the evaluation of the WASH programme noted that relevant government institutions lacked the resources to adequately maintain the emergency WASH infrastructure. Similar challenges existed in the area of education, where the Government was not able to cover the cost of the second shift or the transportation fees associated with bringing eligible students to school. At the time of the audit, the office was in the process of analyzing possibilities for exiting interventions or reducing their cost through (for example) better targeting. However, this was still ongoing.

Agreed action 3 (medium priority): The office agrees to review and refine its programme approach in view of the funding environment, so as to move further where possible towards system strengthening and upstream technical support.

Responsible staff members: Deputy Representative, Country Management Team

Date by which action will be taken: 31 July 2018

Efficiency

The office had worked on results-based budgeting and, as the biggest sector contributor to Reaching all Children with Education (RACE II),¹⁰ it had worked to reduce the unit cost of education in close collaboration with the Government and donors. According to the office, there had been considerable savings through the implementation of the cash transfer programme, under which communities were supplied with the money they needed to buy essentials rather than with the items themselves. This had resulted in a saving of 20 percent (approximately US\$ 1.4 million) in programme costs associated with transport, storage and distribution of supplies through implementing partners in 2016. Moreover the supply unit and Health & Nutrition section had activated the WHO humanitarian mechanism¹¹ in 2017, reportedly as the first UNICEF office to do so; the office expected this to result in a cost saving of US\$1.6 million for the procurement of 71,000 pneumococcal conjugate vaccine (PCV) doses.

These were important initiatives, but there was otherwise limited reference to efficiency gains in planning documents. For example, the 2017-2020 country programme management plan does not give details of any efforts towards operational efficiency or discuss opportunities for

¹⁰ This is a Government project with extensive participation from donors and international agencies such as UNICEF.

¹¹ The WHO's Humanitarian Mechanism is a facility for helping Governments, UN agencies and NGOs provide vaccination services to populations facing humanitarian emergencies.

further savings to be realized.

Agreed action 4 (medium priority): The office agrees to determine the costs and benefits of key interventions and devise clear exit strategies to the extent possible. The office also agrees to look to build on its successful cost reduction initiatives and adopt a more holistic and comprehensive approach to identifying and realizing efficiency gains across its programmes and operations.

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

Date by which action will be taken: 30 June 2018

Achievement of results

In 2015 UNICEF commissioned an independent evaluation¹² of its overall response to the Syrian crisis. It found that following a slow start in 2011-2012, the offices in Jordan, Lebanon and Turkey had rapidly scaled-up and achieved significant results in the period 2013-2015. The Lebanon office itself had completed or near-completed evaluations of the WASH Programme within the UNICEF Country Programme in Lebanon (2013-2016), the Winter Cash Programme for poor Lebanese children and their families, and the No Lost Generation (Min Ila) programme.¹³ The audit team noted that the evaluation of the WASH programme could not fully assess the relevance of the stabilization activities for the most vulnerable population due to lack of disaggregated data.

During field visits to Northern Lebanon and Bekaa Governorate, the audit team found that a wide-ranging package of interventions was being provided. However, it noted the following.

Schools: With regards to the school rehabilitation project, construction works were found to be of good quality, but disabled access was not being ensured. According to the office, this had not been possible because the building was privately owned. Instead the education section planned to cover eligible children's transportation costs so that they could attend another school with better access.

Youth and adolescents: During the audit team's visits to sites pertaining to the youth and adolescents programmes, it was clear that these provided a package of services and that high-demand items were used to attract and enroll youth and adolescents in, for example, life-skills training as well. However, it was also found that further work should be done to link up the monitoring of the various components of the youth programme.

The office was aware of this need; however, monitoring these components was complex, as they were numerous and diverse in nature. They were also implemented by multiple partners. The office had been developing a platform over a 15-month period that would enable this to be done. More specifically, templates had been developed and tested by implementing

¹² Evaluation of UNICEF's humanitarian response to the Syria crisis, December 2015. A summary of the conclusions and links to the full report is at https://www.unicef.org/evaldatabase/index_91062.html.

¹³ No Lost Generation (Min Ila) is a cash-transfer programme for displaced Syrian children in the governorates of Mount Lebanon and Akkar, created by UNICEF Lebanon with WFP and the Lebanese Ministry of Education and Higher Education. As cash transfer was the subject of a separate audit, No Lost Generation and the winterization cash programme were not assessed as part of the main country audit, and the findings of evaluations of these programmes are not taken into account in the observation on results in this report.

partners together with a partial prototype of a technical platform. At the time of the audit, the youth and adolescents development section and PRIME were discussing ways forward with regards to the selection and roll-out of a technical platform.

Results assessment module (RAM):¹⁴ According to the office's end-year 2016 self-assessment it was 'on track' to achieve all five programme 2010-2016 country programme outcomes. However, 2016 was the end of the country programme cycle, so outcomes should not have been rated as 'on track' at that stage: they had either been achieved, in full or in part, or they had not.

The audit also found that ratings in some cases did not reflect the actual performance against indicators. For example, the indicator '# of school counsellors trained on PSS package' had a target of 234. No counsellors were trained, but the indicator was still rated by the office as partially achieved.

In any case, the audit team found that assessing achievement of outcomes was a challenge as the outcome indicators did not correspond sufficiently to the outcome-level results being measured. This was in many cases due to the country programme having been designed before the Syria crisis developed; the crisis had of course changed the nature of some of the outcomes. For example, most of the upstream work (such as policy) was replaced by the urgent emergency response work. However, the office kept to the original programme structure, even though this no longer matched the actual work being done on the ground. This made assessment of results in RAM more difficult.

Agreed action 5 (medium priority): The office agrees to review its system for results reporting, and strengthen the quality assurance process pertaining to results assessment in RAM, to ensure there is adequate and reliable evidence recorded to support the results being claimed. The office also agrees to revise and finalize the results assessment for the 2010-2016 country programme to provide an accurate and comprehensive reflection of results actually achieved.

Responsible staff members: Chief PRIME, Programme Section Chiefs

Date by which action will be taken: 30 June 2018

Agreed action 6 (medium priority): The office agrees to accelerate the finalization of the design of the referral and track platform for the youth programme and prioritize its roll-out.

Responsible staff members: Chief YAD, Chief PRIME

Date by which action will be taken: 30 June 2018

Programme structure

UNICEF country programmes are planned to achieve a specific set of results. This is done 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. This means that the programme must be planned so that the outputs could, if achieved, be expected to lead to the outcome. It is also important that the outcome be framed in such a way that UNICEF's contribution to its achievement can be measured. This requires appropriate indicators.

¹⁴ An online portal to which offices upload their programme results so that they can be seen across the organization.

The audit reviewed the results structures of both the current and previous country programmes, and noted the following.

2010-2016: Outcome indicators were frequently absent or did not relate to result statements, and output level indicators were generally at activity level. An example of an inadequate output indicator is 'The Model is conceptualized and implemented as a pilot'. It is not clear what the model pertains to, nor how it will contribute to the output in question (which concerned national education systems). In many cases, the ratio of indicators to outputs did not assist effective and efficient management for results. One output, on child protection, had 23 indicators. Another had 21 indicators.

As stated in the previous observation, some of the shortfalls in the result structure reflected the fact that the programme environment had changed significantly since the inception of the 20120-2016 country programme. Instead of a fairly small upstream programme that had been envisioned, the office became engaged in a very large-scale response to the arrival of Syrian refugees. The office's high-level planning had not been adapted to reflect this change.

2017-2020: The audit team's analysis found that the office had improved the results structure for the current country programme. However, some weaknesses remained. As of 20 September 2017 – eight months into the new country programme – targets were frequently absent at outcome level in RAM, despite being mentioned in annual workplans. More specifically, only eight out of 29 outcome indicators had targets. The audit noted that results statements and indicators had not been systematically uploaded to RAM. Outcome-level result statements for social inclusion were absent and only one of five indicators pertaining to this outcome had been uploaded. The audit team also noted that one output (on technical and vocational training and skills-building) had 32 indicators. The office was planning to reduce the number, but noted that the relevant programme section came under four different sectors of the LCRP and had to use the sector-specific indicators for all of them. The fact that the output covered nine sub-programmes did not help. The result was a big pool of indicators that needed to be reported against frequently. (The audit team did observe that the number of indicators was generally more realistic for other outputs.)

The audit also noted that just eight months into the 2017-2020 programme, internal discussions were held with regards to revising the result frameworks for some sections. The discussions were largely due to funding gaps caused by earmarking of funding, but also because further refinement was required with regards to (for example) system strengthening.

Gender: Further work was needed on gender programming. The results structure for several programmes, including social inclusion, did not capture aspects pertaining to gender inequality. Moreover, even in cases where the result statements did include a gender dimension, indicators or targets were generally not disaggregated by gender. The office was aware of this shortfall, and in September 2017 it appointed a gender focal point to help define and implement gender programmatic priorities and monitor gender results. At the time of the audit, the office was in the process of developing its gender workplan and identifying gender focal points for each section. The office said that it would conduct a thorough gender programmatic review in 2018 to prepare for the mid-term review and prioritize mainstreaming programming relating to gender equality and Gender-Based Violence.

Programme strategy for 2017-2020: Programme sections had thoroughly outlined their programming context, including barriers and bottlenecks, described key planned programme interventions and stipulated expected results. What they had not always done, was to set out how the planned interventions were to lead to the desired change in the situation of children

and women. Only the Child Protection section had used UNICEF's recommended methodology for this (the Theory of Change, or ToC¹⁵).

Agreed action 7 (medium priority): The office agrees to review and finalize the 2017-2020 results structure in RAM. This will include streamlining the use of output-level indicators where appropriate.

Responsible staff members: Chief PRIME, Programme Section Chiefs

Date by which action will be taken: 30 June 2018

Agreed action 8 (medium priority): The office agrees to further strengthen gender programming. This includes ensuring that the result structure captures programming relating to gender equality and includes gender disaggregated targets.

Responsible staff members: Deputy Representative, Chief PRIME

Date by which action will be taken: 31 March 2018

Agreed action 9 (medium priority): The office agrees to ensure that each section sets out the Theory of Change (ToC) for the achievement of its 2017-2020 country programme objective, and to make revisions to the results structure if this is required following the in-depth ToC analysis (as part of the Midterm Review).

Responsible staff members: Deputy Representative, Chief PRIME, Programme Section Chiefs

Date by which action will be taken: 30 June 2018

Work planning

The PRIME section had issued clear guidance on the development of 2017 workplans. However, the audit team's review of the sectoral workplans for 2017 found uneven implementation of that guidance.

Most importantly, there was inadequate alignment between the country office and zone office workplans in the areas of youth and adolescent development, and health and nutrition. Additionally there were no field-office workplans pertaining to education. According to the office, education targets had been established nationally in consultation with the Ministry of Education and Higher Education (MEHE), but these had not been translated into zonal targets.

In the area of health and nutrition, the major challenge for work planning was lack of data on the target population/denominator for Mother & Child Health activities in the public health sector, and over-estimation of the immunization coverage.

It was also noted that, apart from education, none of the workplans indicated funded and unfunded amounts, and it was thus not possible to determine how much of the budget was available – a key factor for effectively managing programme implementation. The office said it had decided not to provide the funded/unfunded breakdown in 2017 as much of the funding was derived from short-term grants, and thus information was frequently not available at the time of planning (although there were indications that funds were likely to be received).

¹⁵ See *UNICEF Guidance on the development of programme strategy notes* (revised December 2016), pp5-6.

Agreed action 10 (medium priority): The office agrees to strengthen sections' work planning and ensure alignment between national and field-office plans.

Responsible staff members: Deputy Representative, Chief PRIME, Programme Section Chiefs, Chief of Field Offices

Date by which action will be taken: 31 March 2018

Monitoring and assurance activities

Offices use a variety of tools to monitor the progress of the country programme. They include field visits, including field-monitoring trips; periodic programme reviews together with partners; and assurance activities to ensure that funds disbursed are being used for the correct purpose.

The Lebanon Country Office had a comprehensive approach to programme monitoring in the field. This included use of third-party monitors (TPMs), whereby an NGO or other type of contractor undertakes monitoring on behalf of UNICEF. Third-party monitoring is sometimes used by UNICEF offices where there are problems of access to certain areas. The office also used tools beyond ordinary field monitoring, such as focus-group discussions and key informant interviews to determine the outcome of interventions and the relevance of UNICEF programming. The audit found it commendable that Compiler¹⁶ had been used to determine the extent to which C4D (Communication for Development) interventions and school rehabilitation interventions had resulted in an increase in enrolment.

According to the office, it implemented interventions in 6,000 sites each day. The TPMs were expected to visit 20 percent of these sites. In addition to third-party monitors, zone-office staff in particular conducted regular monitoring. The office had in 2017 established a target that each field-based staff member undertake at least eight monitoring trips each month. Moreover, Beirut-based staff were expected to travel to the field and/or field office at least twice a month. However, no office-wide system had been established to track the extent to which staff met these standards, despite a decision made in this regard at the June 2017 country management team (CMT) meeting.

To ensure a unified result platform, the office had established an information management system where data in Activity Info¹⁷ was transferred into eight dashboards covering: Education, Child Protection, WASH, Health & Nutrition, Youth, Palestinian Programme, Social Policy and Communication for Development. Whilst managed by PRIME, the accuracy of dashboard data was verified by programme sections, and by the statistics and monitoring officers (SMO) in field offices.

The office's comprehensive programme monitoring framework ensured that an impressive amount of information was gathered, which was then effectively analyzed by PRIME, including that arising from sources such as focus-group discussions. However, the available data was

¹⁶ Compiler is an online platform created by the Lebanon office's PRIME Section. It is a response to the growing need for rapid and accurate data collection in schools as part of the support that UNICEF provides the Ministry of Education and Higher Education. Its first use was to collect registration and attendance on child level for the 2016 Advanced Learning Programme (ALP) and the 2016/2017 second-shift schools. Compiler enables this by (for example) allowing a pupil's attendance to be confirmed by scanning a barcode.

¹⁷ Activity Info is a multi-agency platform managed by the UN's Office for the Coordination of Humanitarian Affairs (OCHA). It collates data and reporting on humanitarian interventions.

not being used to its full potential at sector level, for (for example) cost-benefit analysis of interventions. Whilst data in the dashboards were presented at monthly programme group meetings and bi-annual review meetings, the audit team saw no examples except WASH where programme sections had used dashboard information to analyze programmes with a view to making corrections to programme strategies if required.

The audit also noted monitoring weaknesses in communication. There had been a draft communication and public advocacy strategy prepared for 2016, but no monitoring and evaluation (M&E) framework had been established and performance against priorities outlined in the plan was not monitored. No strategy or M&E framework had been established for communication and public advocacy in 2017.

Programme reviews: PRIME had issued clear guidance for the mid-year and annual reviews in 2016-2017. This included the provision of presentation templates. At the 2016 annual review, planned results were compared with actual achievement with regards to Humanitarian Performance Monitoring (HPM)¹⁸ indicators and key challenges discussed.

Assurance activities: UNICEF offices use several types of activity to provide assurance on the use of cash transfers. These are grouped together under the Harmonized Approach to Cash Transfers (HACT), a risk-based system used by several UN agencies under which partners are assessed for their level of risk, and the number and type of assurance activities fixed accordingly. Assurance activities include programmatic visits, defined in the HACT guidance 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.” Other assurance activities include spot checks of the partner’s financial management, scheduled audits (for partnerships over a certain size), and special audits where the office has a particular concern.

The audit found that the implementation of HACT needed to be further strengthened. The implementation rate of financial assurance activities was only 78 percent as of 29 September 2017. In order to accelerate implementation, a second audit firm had been contracted and ongoing discussions were held with service providers on timely reporting.

The number of programmatic visits, in contrast, exceeded minimum requirements. However, while this was clearly positive, the quality of the visits themselves was not sufficient – risking a waste of effort, and also possibly giving the office false assurance. For example, there was a need to better link the programmatic visits to monitoring tools such as the dashboard. The latter includes data on beneficiaries and service providers reported by partners, and programmatic visits to intervention sites could have been used to check its accuracy. This was not always done, or at least not recorded in the visit reports. Given that the office’s partnership standard operating procedure (SOP) required sections to undertake at least two programmatic visits for each programme document, but the office made at least 12 per partner per year, even if the partners were known to be good performers. The number per partner could have been reduced with a view to improving the quality and making each visit more substantial.

Spot checks: Partners highlighted a need for greater synchronization of spot-checks, as they

¹⁸ When UNICEF is engaged in a humanitarian response, HPM helps it monitor progress regarding its country cluster/sector Lead Agency responsibilities. The key components of HPM include an agreed limited set of priority indicators that are monitored frequently through partner implementation reporting.

were sometimes subject to a high number within a few weeks or a month, which put unnecessary pressure on their work. In cases where partners had multiple projects underway with UNICEF, they reported that spot-checks were carried out for each, instead of UNICEF organizing spot checks that covered the various components of the overall partnership. This led to duplication of work for both UNICEF and the partners' staff and was inefficient.

The office told the audit team that it had no record of conducting spot-checks in excess of HACT requirements and thought these comments were due to confusion, with the partners mistaking financial audits for spot checks.

Agreed action 11 (medium priority): The office agrees to establish a results framework for communication and public advocacy and systematically monitor performance against key performance indicators (KPIs) pertaining to voice, reach, engagement and brand.

Responsible staff members: Chief of Communication, Chief PRIME, Deputy Representative
Date by which action will be taken: 30 June 2018

Agreed action 12 (high priority): The office agrees to review and revise the implementation of financial assurance activities to ensure adequate coverage, ensure that the number of checks conducted is proportionate to the assurance required, and improve the quality of programmatic visits, their reporting and follow-up to ensure adequate assurance is obtained.

Responsible staff members: Programme Section Chiefs, Chief of Field Offices, Chief of Operations
Date by which action will be taken: 30 June 2018

Agreed action 13 (medium priority): The office agrees to strengthen its approach to the use of data gathered through monitoring and ensure that it is used for programming purposes.

Responsible staff members: Chief PRIME, Deputy Representative, Chief of Field Operations, Programme Section Chiefs
Date by which action will be taken: 31 March 2018

Partnerships with NGOs

The office worked with 93 partners in 2016, of which eight were Governmental. The HACT micro-assessment findings rated eight partners as high risk, seven significant risk, 17 moderate risk and the remaining 61 partners as low risk. The number of high and significant risk partners had been reduced to four each in 2017. As of 17 July 2017 the office had 77 partners. The audit noted the following.

Unregistered partners: In October 2016 the office issued a standard operating procedure (SOP) for transferring funds to NGOs. In exceptional cases, the office works with unregistered NGOs where there are no alternative options to work with other partners and where efforts have been made by the NGO to register officially with the Government. There were three such partners at the time of the audit visit.

Where an unregistered partner is used, the office's SOP specifies that justification must be provided to the Partnership Review Committee (PRC). The justification should include the importance to the programme, a risk analysis, confirmation that the partner has opened a bank account in Lebanon under its own name, evidence that it has made a formal application

for registration, whether other UN agencies also partner with it or propose to do so, and a plan to recover the funds disbursed without programme implementation in case the partner is expelled or the registration is denied.

The PRC submissions only mentioned that the partners were unregistered in two of the three cases. None of the three submissions provided the detailed justification required by the SOP, although the office explained that all three NGOs had submitted registration papers to the Government.

Performance against benchmarks: The SOP stipulates that PCAs/project documents should be ready within 45 working days of the receipt of the partner's declaration of intent to work with UNICEF. The office had a system to monitor performance against the benchmark, but at the time of the audit it had not analyzed how it was performing against the SOP benchmarks.

Zone offices: The roles of programme sections and zone offices are clearly set out in the SOP. It was positive that zone offices were increasingly engaged in the development of PCAs, and initiated them themselves in cases where project implementation only pertained to one zone office's 'catchment area'. In 2017, a total of 15 PCAs and project documents were initiated from the Field Offices. (However, the audit team was told that the participation of field offices in quarterly partnership reviews could be further strengthened.)

Results frameworks in PCAs: A review of a sample of eight project documents found that the result structures (logframes) could be improved. In most cases they did not capture the content of the partnership. Whereas the office had in the past sometimes used too many indicators in its programme results structure (see observation on *Programme structure*, above), it was using very few outputs and indicators in the individual project documents. It also had a requirement that they were captured in the monitoring and evaluation (M&E) plan for annual workplans. This may have discouraged the incorporation of sufficient indicators. For example, one log-frame stated that cultural, financial and social barriers to education would be addressed. In fact the indicators only pertained to financial barriers (covering transportation cost of students).

In some cases the inadequacy of log-frames was also due to poor selection of indicators. For example the result statement (output) in a project document included '[strengthen] demand for essential services among the most disadvantaged'. However, the indicators did not measure demand but instead the number of people being reached with child-rights messages.

During the audit team's meetings with partners, the audit heard that whilst the office was regarded as a good partner, particularly in implementation, the result frameworks were imposed by UNICEF. However, partners also acknowledged that the move towards fewer indicators reflected a joint decision taken as a result of having too many in the past, and that they had been involved in the exercise to select the key indicators that should be used to measure the Lebanon Common Response Plan.

Liquidations: Partners noted that the liquidation process was very cumbersome and that they had to re-submit FACE forms¹⁹ several times. This was reportedly due to UNICEF's requirements varying over time and was driven by the individual UNICEF staff involved in the

¹⁹ 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.

liquidation process rather than by clear and consistent guidance or checklists shared with implementing partners.

Partners highlighted cases of inconsistency in instructions and requests coming from UNICEF country and zone offices. This included removal by the country office of components in project documents that had been requested by UNICEF itself at zone-office level.

Agreed action 14 (medium priority): The office agrees to further strengthen its approach to managing partnerships with unregistered NGOs.

Responsible staff members: Deputy Representative, Chief PRIME, Chiefs of Programme Sections

Date by which action will be taken: 31 January 2018

Agreed action 15 (medium priority): The office agrees to review and strengthen its approach to results frameworks in PCAs, and seek to validate and address feedback received from partners with regards to inconsistent messaging, a cumbersome liquidation process and insufficient coordination of spot checks. The office also agrees that, to the extent possible, zone offices should participate in partnership review meetings, so as to ensure that experiences from the field inform those discussions.

Responsible staff members: Chief PRIME, Deputy Representative, Chiefs of Programme Sections

Date by which action will be taken: 31 March 2018

Supply management

The office had strengthened the management of supply during 2016-2017, compared to previous years. This included improving the oversight of partners' own management of the supply and logistics function. This reflected the fact that many partnerships had a heavy supply component: out of US\$ 103 million transferred to implementing partners in 2017, US\$ 44 million will have been used to procure supplies and services.

Several key improvements were being made. For example, the Supply and Logistics Manager was a member of the PRC for partnerships with a large supply component, and partners were required to have supply policies in place in cases where they received more than US\$ 10,000 to procure supplies. Another good practice was that the supply unit was now a member of the programme group meeting (PGM) and thus privy to programmatic discussions. Meanwhile the office was developing tools for more systematic end-user monitoring; these were being piloted for two partnerships in 2017, and full roll-out was expected in 2018.

However, the audit noted the following.

Lead times: The supply unit needed sufficient lead-time to procure and distribute supplies in a cost effective manner. For example, whilst education supplies had been distributed to schools in time for the start of school in both 2016 and 2017, late finalization due to continuous changes of specification had forced the office to use air-freight in 2016 with an additional cost of about US\$ 408,000. In 2017 the planning had improved, enabling the office to use sea-freight. However, distribution was left to the last minute due to late agreement with Ministry of Education and Higher Education on the selection of schools to receive education materials. Thus the distribution list was only shared with the supply unit two weeks

before school started in 2017.

The office was aware of the need to strengthen supply planning. However, although the supply unit had in 2017 started attending programme group, it did not yet always attend section meetings, although the office had decided that it should. So far only one section had invited the supply unit to attend its 2017 mid-year review.

Oversight of partners: Despite the large-scale supply component of partnerships, the office had undertaken no systematic capacity assessment of its partners in the area of supply and logistics management, beyond HACT assurance activities. The HACT assurance framework is not sufficient to determine the functioning of supply management systems, and thus the office was considering introducing a more comprehensive system for capacity assessment.

Expired supplies: UNICEF stored three containers of Government-owned expired drugs, some of which had been procured by UNICEF and other organizations (e.g. WHO). Their destruction was on hold due to a Government ban on disposal in Lebanon. Some had been expired for more than 10 years. The office was in discussions with the Government on shipping the expired items to another country for disposal.

In order to reduce the scale of expired drugs, there was a need to support the Government in strengthening the health supply-chain. This could include the introduction of better forecasting, enabling the Government to move away from periodic bulk procurement and towards stock-level replenishment. UNICEF funding was available to recruit a consultant to provide the necessary support.

There is also a need to agree with the Government on standardized essential drugs available through UNICEF procurement services. Items not included in UNICEF's supply catalogue should be procured by Government through another mechanism without the involvement of UNICEF. At the time of the audit, the Government was in discussion with UNFPA to procure drugs that were not UNICEF-standard materials.

Agreed action 16 (medium priority): The office agrees to strengthen supply planning, including through:

- i. Timely involvement of the supply unit in programme section meetings and twice-yearly programme reviews.
- ii. The establishment of timelines (benchmarks) to which sections should adhere to with regards to procurement and distribution in order to avoid delays, including (to the extent possible) avoiding last-minute changes to specification and distribution of supplies.

Responsible staff members: Supply & Logistics Manager, Chief of Field Operations, Chiefs of Field Offices, Chiefs of Programme Sections, Chief PRIME

Date by which action will be taken: 31 March 2018

Agreed action 17 (medium priority): The office agrees to accelerate the roll-out of the newly-developed supply end-user monitoring tools together with an approach to assessing implementing partners supply and logistics' capacity. Building upon the capacity assessment of partners, the office agrees to further analyze the risks and scope of procurement by implementing partners and take corrective action as required.

Responsible staff members: Supply & Logistics Manager

Date by which action will be taken: 31 March 2018

Agreed action 18 (medium priority): Funding permitting, the office agrees to accelerate support to improving the Government's Health Supply Chain system and further strengthen advocacy efforts with regards to disposal of expired medical supplies (drugs).

Responsible staff members: Supply & Logistics Manager, Chief of Child Survival

Date by which action will be taken: 30 September 2018

Contracts for services

The office implemented construction and rehabilitation projects with a total value of US\$ 19.8 million in 2016, and US\$ 31.2 million in 2017 up to the time of the audit (in September). In 2016 the majority, US\$ 18.5 million, was utilized by the WASH programme and the remaining US\$ 1.3 million by the Education and Health programmes. In 2017, for WASH, construction and rehabilitation works contracts with a value of US\$ 13.5 million had so far been issued. The rehabilitation of 123 schools had been undertaken under the education programme across 2016/2017 with a value of US\$ 19 million.

The audit noted the following.

Schools rehabilitation: The office's management of the schools rehabilitation generally appeared to work well. It had a comprehensive approach to bills of quantity, tendering and quality assurance of rehabilitation works. This was evident in the way the office had recruited UNICEF staff with expertise to oversee the intervention (i.e. architects in the education section) and an engineer for the supply unit to provide technical support. It had hired contractors to assess the schools selected for rehabilitation, draw up bills of quantity and supervise contractors undertaking the rehabilitation works. The office had also arranged third-party monitoring of the construction works. All this had, according to the office, led to rehabilitation works of good quality.

Outsourcing of recruitment: In addition to outsourcing of services for the construction programme, the office relied on outsourcing for recruitment and management of individuals embedded with the Government and related institutions. The services also covered some people delivering UNICEF's winterization programme during a four-month period each year, and C4D volunteers to support the back-to-learning initiative.

The office's long-term agreements (LTAs) with two third-party human resources (HR) service providers stipulated three types of services that could be provided, either separately or as a package: sourcing; recruitment; and management of contracts. There was no requirement in the LTA to conduct a competitive recruitment process.

The use of a third party had various rationales. The recruitment of technical people to be embedded with the government and related institutions became necessary following a Decision issued by the Council of Ministers during the year of 1999 freezing the recruitment of additional civil servants, employees and contracts in ministries and other public administration. Because these staff were working for the Government and not for UNICEF, the latter found it more cost-efficient and practical to leave recruitment to a third party. The audit did find occasional cases of staff recruited in this way filling regular Government roles; embedded staff should not be doing this but should be providing needed technical input.

The use of third-party recruitment for people to support the winterization programme was, according to the office, due to a need for flexibility because of the short duration of the winter programme and a need for individuals to frequently access red zones – that is, high-security areas – of Lebanon in order to assist and monitor the programme. Accessing the red zone by UNICEF staff or consultants would require the use of two armed vehicles each time and a four-day security clearance process, and it would thus not be possible for the office to provide the necessary services. The office's use of the third party instead allowed deployment of local staff who were familiar with the localities.

At the time of the audit a total of 138 individuals were contracted through the two LTAs with the third party. Of these, 24 supported UNICEF programmes during 2016-2017 and 114 were embedded with the Government. The audit found that, of the 114 contracts issued on behalf of the Government, 20 were issued without evidence of a competitive recruitment process.

Agreed action 19 (medium priority): The office agrees to establish an SOP for outsourcing of human resources recruitment and management through third-party vendors, and ensure that it is clearly stipulated that all recruitments should be competitive and have relevant Government and UNICEF staff on the selection panel. These contracts should not be issued for regular Ministry work. The SOP should also outline the performance management framework for embedded experts. Furthermore, the LTA with the third party vendors or a separate document should outline the security procedure to be applied when contracted third party personnel travel to red zone areas as part of the winterization programme.

Responsible staff members: Supply & Logistics Manager, Chief of Operations

Date by which action will be taken: 31 December 2017

Fraud risk management

Lebanon was ranked 136 out of 176 countries in the Transparency International Corruption Perception Index of 2016, and the scale-up of UNICEF's programme has occurred in an environment where fraud and corruption constitute a significant risk. Whilst a comprehensive framework had been established for programme monitoring, the office faced challenges meeting the HACT financial assurance requirements (see observation *Monitoring and assurance activities*, above).

The office was aware of the degree of risk of fraud, corruption and other abuse. When updating the Risk Control Self-Assessment (RCSA)²⁰ in July 2017, it had rated the area 'fraud, waste and mismanagement' as high risk, especially given large-scale funding from UNICEF to its partners. Moreover there had been several allegations of fraud and misuse of funds. Some of these allegations were still under review at the time of the audit, and the office was also planning to assess its procedures with a view to strengthening them as required.

A number of practical steps had already been taken to better manage fraud risk (although these were not all recorded in the RCSA). As stated earlier in this report, a second audit firm had been hired in 2017 to accelerate implementation of HACT assurance activities and to conduct capacity building of partners. The office worked with partners to draw up action plans following assurance activities, and followed up to make sure that identified weaknesses were

²⁰ Under UNICEF's Enterprise Risk Management (ERM) policy, offices should perform a Risk and Control Self-Assessment (RCSA). The RCSA is a structured and systematic process for the assessment of risk to an office's objectives and planned results, and the incorporation of action to manage those risks into workplans and work processes. The risks and their mitigation measures are recorded in a risk and control library.

addressed. Meanwhile UNICEF's *Policy Prohibiting and Combatting Fraud and Corruption* had been circulated to all staff in August 2017, together with an office procedure on how to address and escalate allegations of fraud or misconduct.

However, the office did not have assurance that the residual fraud risk level was managed down to within UNICEF's risk appetite. Accordingly, the audit team advised that management should conduct a fraud risk assessment to inform the office's strengthening of their local processes to prevent and detect fraud and corruption.

Agreed action 20 (medium priority): The office agrees to, with assistance from the Division of Financial and Administrative Management (DFAM) and from the regional office as required, conduct a fraud risk assessment and to take action to address its findings, including undertaking capacity building as necessary with staff and partners to ensure they know what specific steps they should be taking to manage the risk of fraud, corruption and other abuse.

Responsible staff members: Deputy Representative, Chief of Operations

Date by which action will be taken: 30 September 2018

Evaluations

The office had experienced challenges with regards to management of the evaluation function. As a complement to the 2015 evaluation of UNICEF's emergency response to the Syria crisis, the office planned to conduct six evaluations in 2016 (one of which was to be completed in 2017). However, only one of these evaluations was actually completed as planned.

The office acknowledged this shortfall in its 2016 annual report, and stated: "A key gap remains in the evaluation of UNICEF Lebanon's programmes. UNICEF Lebanon is committed to completing robust evaluations. Two evaluations (Winter Cash and WASH) were initiated in 2016. Remaining evaluations (child protection, education, and health and nutrition) were delayed due to a prolonged validation process and will be initiated in 2017." These evaluations should have been an important input to the country programme development process.

At the time of the audit visit, three evaluations had been completed. These were:

- Evaluation of the Water, Sanitation and Hygiene (WASH) Programme within the UNICEF Country Programme in Lebanon (2013-2016) (July 2017).
- Evaluation of the Winter Cash Programme for Lebanese Poor Children and their Families (January 2017).
- Evaluation of No Lost Generation/Min Ila, a UNICEF and WFP Cash Transfer Programme for Displaced Syrian Children in Lebanon – Rapid Follow-up Report (May 2017).

Only the winterization and WASH evaluation reports had yet been uploaded to the central evaluation and research database. However, the audit team noted that both evaluations were rated as satisfactory by the Global Evaluation Reports Oversight System (GEROS), and a management response had been uploaded to the Evaluation Management Response Tracking System in both cases.

According to the office, the shift towards more systematic capacity development of public institutions (system strengthening) will need to be informed by rigorous evaluations of

UNICEF's investment in capacity development. A review of the costed evaluation plan for the 2017-2020 country programme found that five strategic evaluations had been selected, but it was not clear whether capacity development would be evaluated.

Agreed action 21 (medium priority): The office agrees to strengthen the management of its evaluation function and ensure timely evaluations to provide evidence of results and input to future planning processes. The office also agrees to ensure that the evaluations included in the costed evaluation plan evaluate UNICEF's investment in capacity development or alternatively conduct a separate evaluation of this area.

Responsible staff members: Chief PRIME

Date by which action will be taken: 31 December 2018

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 its clients and helping them to strengthen their internal controls, governance and risk management practices in the way that is most practical for them. With support from the relevant regional office, the country office reviews and comments upon a draft report before the departure of the audit team. The Representative and their staff then work with the audit team on agreed action plans to address the observations. These plans are presented in the report together with the observations they address. OIAI follows up on these actions, and reports quarterly to management on the extent to which they have been implemented. When appropriate, OIAI may agree an action with, or address a recommendation to, an office other than the client's own (for example, a regional office or headquarters division).

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

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

Priorities attached to agreed actions

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

Conclusions

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

[Unqualified (satisfactory) conclusion]

Based on the audit work performed, OIAI concluded at the end of the audit that the control processes 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.