Internal Audit of the Liberia Country Office

September 2017

Office of Internal Audit
and Investigations (OIAI)
Report 2017/13

unite for
children

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Summary

This internal audit formed one section of a three-part review by the Office of Internal Audit and Investigations (OIAI) of UNICEF's corporate response to the Ebola outbreak in West Africa. OIAI undertook a field visit to the Liberia Country Office during the period from 25 April to 17 May 2016, and subsequently carried out further remote work at headquarters as part of the tri-partite internal audit review. In addition to its focus on the Ebola emergency management, the audit also sought to assess the effectiveness of the governance, risk management and control processes over the Liberia Country Office's programme in general. Where transactions were selected for testing during the audit, these covered activities for the period from 1 September 2014 to 7 May 2016.

The Liberia country programme for 2013-2017 consists of five main programme components: *Young child survival and development*; *Inclusive quality education*; *Child protection*; *Policy advocacy, communication for development and partnerships*; and *Planning, monitoring and evaluation.* There is also a cross-sectoral component. The overall goal of the 2013-2017 country programme is to contribute to national priorities and results, with specific focus on the most vulnerable and disadvantaged children, particularly in areas low on the Child Well-being Index. The total budget of the five-year programme as approved in 2012 was approximately US$ 150 million, of which US$ 23.5 million was Regular Resources (RR) – that is, non-earmarked funding provided to the office by UNICEF headquarters – and US$ 126.5 million was Other Resources (OR), which consists of funding raised in other ways, the use of which may be specified by the donor.

Liberia reported its first case of Ebola on 30 March 2014. The virus went on to take a significant toll on Liberia, with 10,672 cases of Ebola being reported and 4,808 deaths. These figures represented 37 percent and 42.6 percent respectively of the cases and deaths in the region as a whole. UNICEF's Liberia Country Office, with the support of the regional office and headquarters divisions, mobilized significant financial and technical resources. The office advanced emergency funding to programme activities before receiving the funds itself, and greatly simplified its administrative procedures to enable more rapid delivery.

The emergency resulted in the size of the UNICEF country office increasing significantly: the number of staff increased from 92 positions in 2014 to 132 positions in 2016, and three zone offices were created. Some US$ 128 million of financial resources were raised through humanitarian appeals. The scale and complexity of programme activities and funding increased by an even greater factor, with a financial uplift from US$ 42 million in 2014 to US$ 132 million in 2015.

The huge increase in funding, and the rapid scale-up of the emergency response, presented major operational and programmatic challenges for UNICEF and its partners. Nonetheless, OIAI was pleased to note that all the partners interviewed during the audit considered that UNICEF was a key contributor to the successful Ebola response in Liberia. One of that response's most distinctive elements was social mobilization and community engagement, and importantly UNICEF Liberia led the Social Mobilization pillar among the UN agencies, held a formal inter-agency leadership role for Communication for Development (C4D), and co-chaired technical work groups on social mobilization with the Government.

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On 9 May 2015, the World Health Organization (WHO) declared Liberia free of Ebola virus transmission. Although six more cases occurred during June and July 2015, no further spread was noted, and Liberia was again declared free of Ebola on 3 September 2015. Two other flare-ups occurred in November 2015 and March 2016, but they were quickly contained. On 29 March 2016, WHO declared that the Ebola epidemic in West Africa no longer represented a Public Health Emergency of International Concern (PHEIC), confirming that Guinea, Liberia and Sierra Leone all had the detection and response capacities to effectively contain and manage small outbreaks should they occur.

Action agreed following the audit

As a result of the audit, in discussion with the audit team, the country office has agreed to take a number of measures. Five are being implemented as a high priority; that is, to address issues requiring immediate management attention, as follows:

- While UNICEF was successful in mobilizing financial resources for fighting Ebola, regular programme activities had severe funding gaps. Only 47 percent of required funds had been raised, with some programme activities being under-funded by up to 79 percent of required amounts. The office has agreed to take a number of measures to strengthen its resource mobilization strategy.
- The office did not adequately plan, implement and monitor its cash-transfer assurance activities. Further, reporting on implemented assurance activities was inaccurate. The office has agreed to look at financial audits of partners, implement special audits as necessary, and monitor use of results of micro-assessments and assurance activities.
- Cash transfer disbursements were not linked to planned activities, and there were incorrect calculations and disbursements to implementing partners. There were also errors in reporting the use of cash transfers, which were not always supported by appropriate activity reports. The office has agreed to strengthen its control systems, including training partners on requesting direct cash transfers (DCTs) and reporting on their use, and linking DCT requests to annual workplans.
- Submissions to the Contract Review Committee (CRC) were not adequately supported with appropriate information and documentation, especially for single-source selections. Also, although local procurement of goods and services had increased significantly, no local market survey had been done. The office has agreed to conduct such a survey, to ensure adequate assessment of single-sourced contractors, and to require submission of adequate documentation to the CRC.
- Some payments to service contractors were not linked to agreed deliverables and/or an agreed period, and some were not supported by sufficient documentation. The office has agreed to strengthen linkages with deliverables and timeframes, and to ensure contract payments are accurate and are supported with adequate documentation.

Conclusion

Based on the audit work performed, and acknowledging the challenges of the Ebola outbreak and the difficult environment during the period under audit, OIAI concluded that the controls and processes over the country office needed improvement to be adequately established and functioning.

The Liberia Country Office, the West and Central Africa Regional Office and OIAI will work together to monitor implementation of the measures that have been agreed.

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Audit objectives and scope

The objective of the country office audit is to provide assurance as to whether there are adequate and effective controls, risk management and governance processes over a number of key areas in the office, with a focus in this case on the Ebola Virus Disease emergency management, including preparedness, response and recovery activities. In addition to this assurance service, the audit report identifies, as appropriate, noteworthy practices that merit sharing with other UNICEF offices.

Audit Observations

The audit observations in this report are presented in two sections. The first sets out those related directly to the Ebola emergency response. The second section reviews more general issues regarding the office and its programme and operations. However, it is important to note that routine office operation was significantly impacted by the Ebola emergency, and so there is some crossover between the two sections of this report.

1   Ebola emergency management

Background

The 2013-2016 West Africa Ebola virus outbreak began in Guinea at the end of 2013. On 30 March 2014, Lofa County[1] reported the first case of Ebola in Liberia. Additional cases in May and June signalled the severity of the country's outbreak. Events in Liberia drew widespread attention to Ebola as a threat to global health security, because of the urbanization of the disease and its international spread. On 6 August 2014, the President of Liberia declared a state of emergency, and on 8 August the World Health Organization (WHO) called Ebola in West Africa a Public Health Emergency of International Concern (PHEIC) – WHO's term for a public health crisis that it considers may have global implications. On 4 September 2014, the UNICEF Executive Director declared a Level 3 emergency[2] and activated the Corporate Emergency Activation Procedure (CEAP) in the countries affected by the Ebola crisis. The CEAP was extended four times, until 31 December 2015.

The Ebola outbreak in West Africa was the largest ever reported. Its rapid spread in West Africa was exacerbated by weak health systems and poor hygiene and sanitation practices. In particular, unsafe burial practices, and lack of early isolation and care, drove rapid transmission. Ebola took a significant toll on Liberia, with 10,672 cases of Ebola being reported

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[1] Located in the northern part of Liberia at the border of both Sierra Leone and Guinea.
[2] UNICEF defines an emergency as a situation that threatens the lives and well-being of a population and requires extraordinary action to ensure their survival, care and protection. There are three levels of emergency response: Level 1 – the scale of the emergency is such that a country office can respond using its own staff, funding, supplies and other resources, and the usual Regional Office/HQ support; Level 2 – the scale of emergency is such that a country office needs additional support from other parts of the organization to respond, and the Regional Office must provide leadership and support; and Level 3 – the scale of the emergency is such that an organization-wide mobilization is called for.

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and 4,808 deaths. These were, respectively, 37 percent and 42.6 percent of the cases and deaths in the three countries that were most heavily affected (Guinea, Liberia and Sierra Leone).

UNICEF's Liberia Country Office brought in significant financial and technical resources. It also advanced emergency funding to programme activities in advance of receiving the funds itself, and greatly simplified its administrative procedures – both of which enabled a swifter response to the country's needs for support. The office also found itself working with more staff than it would normally have had, with an increase from 92 positions in 2014 to 132 in 2016. Three zone offices were created in 2014 close to the hotspot counties. US$ 128 million was raised through the humanitarian appeal. During the period 2014 to 2015, programme expenditure increased from US$ 42 million to US$ 132 million. All of this represented a substantial logistical and administrative challenge for the office.

On 9 May 2015, the World Health Organization declared Liberia free of Ebola virus transmission. Six cases occurred during June-July 2015, but no further spread was noted, and Liberia was again declared free of Ebola on 3 September 2015. Two other flare-ups occurred in November 2015 and March 2016, but they were quickly contained. On 29 March 2016, WHO declared that the Ebola epidemic in West Africa no longer represented a PHEIC, confirming that Guinea, Liberia and Sierra Leone had the detection and response capacities to effectively contain and manage small outbreaks if they occurred.

Partners interviewed during the audit all considered that UNICEF was a key contributor to the Ebola response. One of that response's most distinctive elements was social mobilization and community engagement, and UNICEF Liberia led the Social Mobilization pillar among the UN agencies, held a formal inter-agency leadership role for Communication for Development (C4D), and co-chaired technical work groups on social mobilization with the Government. Nonetheless, the huge increase in funding and the rapid scale-up of the response inevitably presented significant operational and programmatic risks, and the observations that follow in this audit report should be viewed against that background.

Emergency preparedness

There was a significant delay between the identification of the first cases in March 2014 and the UNICEF corporate response, which was in September 2014. The audit noted that the Liberia Country Office did not use the Early Warning-Early Action (EW-EA) system. This was not the cause of the delay in the corporate response. However, it does focus attention on the need for country offices to alert headquarters on a timely basis to any potential emergency in their area.

UNICEF's EW-EA system, established in 2009, should trigger an "Early Warning Alert" to warn the organization about potential emergencies that may require UNICEF assistance. EW-EA does this by providing a framework and tools to support the monitoring of risks, indicators, triggers and changing conditions. The EW-EA online system consists of three elements: Preparedness, Early Warning, and Key Actions. All offices are required to update all their data in the EW-EA system in line with the specified requirements and based on the ratings on exposure to emergency risks.

The Liberia Country Office reacted at the onset of the emergency by preparing its first response plan for the period from March to June 2014 and by issuing 26 Situation Reports

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(SitReps) between 28 March and 26 June 2014. The office did not however use EW-EA, saying that it found the system cumbersome, time-consuming and not user-friendly. Because it did not use the system, the office had not updated its Emergency Preparedness and Response Plan (EPRP), and the latest EPRP was dated May 2010.

The audit also noted that emergency preparedness activities were not part of the office's annual programme reviews and discussions with partners during the preparation of the annual workplans. There was no established oversight process to ensure that preparedness measures were included in these documents. This did not mean that the office did no emergency planning; in fact all programme sections were asked in November 2015 to prepare contingency stocks for likely emergency scenarios in 2016 (small outbreaks of Ebola, floods and acute nutritional crisis) using a target population of 10,000 people. However, systematic use of the EW-EA and updating of the EPRP would have assisted readiness for an emergency at both the country and organizational level.

In December 2016, UNICEF's Office of Emergency Programmes (EMOPS) issued a new Emergency Preparedness Platform (EPP) to replace the EW-EA that will become effective in March 2018. EMOPS asked country offices to use the EPP to plan preparedness, and to self-assess their fulfilment of the minimum preparedness standards. EMOPS has stated that until the EPP is up and running, UNICEF country offices should continue to use the EW-EA platform to plan and monitor preparedness.

Agreed action 1 (medium priority): Pending full use of the new Emergency Preparedness Platform that is expected to be up and running by March 2018, the country office agrees to continue using elements of the Early Warning-Early Action platform to plan and monitor the office's emergency preparedness.

Target date for completion: December 2017
Responsible staff members: Emergency focal point

Emergency response

UNICEF mobilized important technical and financial resources to support the Ebola response in Guinea, Liberia and Sierra Leone. This included deployment of over 80 surge staff[3] to increase the office capacity to address the crisis. The surge staff included an immediate response team, surge support from other offices, and stand-by partners.[4] A UN Mission for Ebola Emergency Response (UNMEER)[5] was established on 19 September 2014 as a temporary measure to support the fight against Ebola. At UNICEF Headquarters, a dedicated Ebola Crisis Cell was created to coordinate UNICEF's scale-up efforts; this cell was led by the Global Emergency Coordinator (GEC) for Ebola. Regular oversight support was also provided to the country office by the regional office.

As part of the emergency response in Liberia, the UNICEF country office held a formal inter-

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[3] Surge capacity is an arrangement under which UNICEF makes staff temporarily available from across the organization to assist in a particular emergency.

[4] Stand-by partners are other international organizations, including but not limited to other UN agencies, with which UNICEF has arrangements under which it can borrow international staff for up to three months in an emergency.

[5] UNMEER was established after the unanimous adoption of General Assembly resolution 69/1, and the adoption of Security Council resolution 2177 (2014) on the Ebola outbreak.

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agency leadership role for Communication for Development (C4D), led the Social Mobilization pillar among the UN agencies, and co-chaired with the Government the Incident Management System (IMS) technical work groups on social mobilization. Leading the Social Mobilization pillar was a major challenge as there was no cluster for social mobilization/community engagement under the IASC[6] structures, but UNICEF managed the pillar successfully.

Feedback received from different partners – in particular, the Government chair of the Ebola IMS – was that the UNICEF office had performed well, by bringing in the needed resources and expertise and by ensuring, along with the Government, the coordination of the dedicated working groups at national, county and district levels. UNICEF's contribution to the response to the Ebola emergency was acknowledged by all the various donors and Government and NGO partners who were met by the audit team.

However, the audit noted the following.

Human resources management: Although over 80 extra staff were deployed in Liberia as part of the emergency, the office did not identify all of them in a timely manner. The office said that finding strong surge candidates interested in short-term and long-term assignments during the crisis was a major challenge for UNICEF, primarily because of limited knowledge of Ebola. The audit particularly noted gaps in two areas that were critical for the Ebola response strategy: Communication for Development (C4D), and supply and logistics.

In both areas, the turnover of staff was very high. For example, between September 2014 and June 2015, there were 17 international staff deployed to support the office in the area of C4D. These were staff on short-term assignments from the regional office, headquarters in New York (NYHQ), or other country offices. A C4D Manager was only hired on a fixed-term position in June 2015, after the country was declared Ebola-free. The office stated that there were difficulties in finding suitable candidates; this obliged the office to upgrade the position in order to make it more attractive, and to headhunt candidates in addition to advertising.

With regard to supply and logistics, there were 12 staff deployed to support the office in this area for the period from September 2014 to October 2015. Deployment duration varied from four days up to 161 days. However, the staff deployed did not include VISION[7] experts who could provide support in processing complex transactions related to health emergency procurement. This could explain weaknesses noted in the financial reporting over supplies, discussed later in this report (see the observation below on financial recording of transactions).

The audit team reviewed a sample of staff deployments that were part of the surge. It noted that, in most instances, terms of reference (ToRs) were defined for their work and that there was a handover process on completion of their missions. However, the ToRs and handover notes showed that the surge did not include strengthening local staff capacity to respond to the emergency. In fact, staff in the office said that the arrival of a large number of surge staff reduced local staff members' sense of ownership of the response.

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[6] The Inter-Agency Standing Committee (IASC) was established in June 1992 to serve as the primary mechanism for inter-agency coordination in complex and major emergencies, under the leadership of the Emergency Relief Coordinator.

[7] VISION (from Virtual Integrated System of Information) is UNICEF's management system. Resource mobilization, budgeting, programming, spending and reporting are all recorded in VISION.

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The office staff increased from 92 established fixed-term (FT) positions in 2014 to 132 FT positions in 2016. Of these 132 FT positions, 52 were not filled on FT contracts. The office said that although FT posts were created, it had decided to recruit the majority of staff on temporary appointments (TAs) instead of FTs because of the short-term nature of the funding received during the emergency. In VISION, the FT positions were shown as having been vacant for more than a year but had not been abolished at the time of audit. They were in fact filled by TAs, but there was no record of this in the system.

Field presence: In order to increase UNICEF's presence at the decentralized level and be in better position to assess the changing situation on the ground, the office decided to have zone offices in three strategic locations (Zwedru, Harper and Gbarnga). These were opened at the end of 2014. Criteria for selection of locations, as described in the PBR[8] submission, were their proximity to 'hotspot' counties and underserved parts of the country, availability of suitable infrastructure, proximity to transport hubs, and access to logistic bases and airfields. The PBR accepted the rationale for the three zone offices and approved their creation for a maximum duration of two years.

The Gbarnga Zone Office was closed on 31 March 2016 and the TAs related to its staff posts had expired. However, no request to close the office had been submitted to the Regional Office and the posts therefore still existed, even though they were no longer occupied. Further, it was unclear how long the staff posts for all the zone offices were supposed to last because although the offices themselves were established for only two years, the staff posts had been established to expire on 31 December 9999 – beyond the period authorized.

The office said that there was a conscious decision taken not to rush to abolish the Ebola-related posts, as a precautionary measure, and that a proposal would be made in October 2017 to address the open staff positions. The audit team agreed with the position taken by the office in view of the unprecedented health emergency and the need to ensure that the situation had settled before formally adjusting the staffing structure.

Simplified Standard Operating Procedures and risk management

The Corporate Emergency Activation Procedures (CEAP) and Level 3 Simplified Standard Operating Procedures (L3 SSOPs) allow the organization to rapidly scale-up assistance and address a complex operating environment. The office had implemented a number of the SSOPs, such as use of a simplified Project Cooperation Agreement format, and *ad hoc* or mail-poll contract review committee meetings to accommodate urgent needs for emergency procurement of supplies and/or services. The office had also introduced innovative ways to process transactions in order to overcome challenges created by the need to recruit and pay thousands of social mobilizers who did not have bank accounts.

However, the audit team's interviews with staff showed a number of them were not familiar with L3 SSOPs and could not use them to maximum effect. The audit also noted that the office did not define measures to mitigate risks associated with the "short-cuts" permitted under the SSOPs. For example, due to the urgent demand for procurement and delivery of life-

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

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saving goods and services, the office used manual purchase orders as a commitment tool with local vendors. In addition, the office issued manual travel authorizations to assist movement of staff to the field locations. However, the office did not put in place appropriate measures to monitor the use of these simplified procedures or mitigate the extra risks they involved. Neither did the office set a limit to the time for which they would continue to be used. The short-cuts had therefore not been immediately discontinued at the end of L3 emergency status, but had been retained until later in 2016.

Agreed action 2 (medium priority): The office agrees ensure that key staff are properly trained where they need to use Level 3 Simplified Standard Operating Procedures (SSOPs), and that country office management will monitor how the SSOPs are used in practice to make sure this is appropriate.

Target date for completion: December 2017
Responsible staff members: Chief of Operations

Emergency response results and indicators

The Core Commitments for Children in Humanitarian Action[9] (CCCs) are the principles under which UNICEF and its partners undertake humanitarian action. Among other things, the CCCs set a standard for emergency preparedness and provide UNICEF with an operational framework for coordination, implementation and monitoring of the response to complex emergencies. However, in this case UNICEF could not align the expected results and the related indicators of the emergency with the CCCs because of the nature of the emergency, which was focused on stopping the transmission of Ebola.

Instead, UNICEF headquarters provided a set of indicators common to the three affected countries that fitted the Ebola response. Following consultation with the Liberia Country Office, these indicators were adapted to the Liberia-specific interventions and information systems. There were also specific Ebola emergency outputs that the office did not add to its programme outputs until November 2014, two months after the declaration of the Level 3 emergency. The audit team was informed that this was because there had hitherto been a lack of guidance from the regional office as to how to frame indicators in a case like this, where those set out in the CCCs could not directly be applied.

In the meantime, from March to November 2014, the office had used the outputs in its regular country programme in order to allocate the emergency funding it received and to record the inputs related to the emergency response. This did not allow for optimal tracking of the appeal funds raised, a clear overview of the Ebola response implementation, or best use of inSight[10] to monitor budget utilization and support reporting. Another consequence was that the crisis performance indicators were monitored outside VISION, so there was no immediate and obvious link between the indicators and the funds related to them. Given the large amount of new and unplanned funding that was provided for the emergency, clear linkages of this sort would have been helpful.

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[9] The text can be downloaded from http://www.unicef.org/publications/index_21835.html.
[10] inSight (sic) is the performance component in UNICEF's management system, VISION (Virtual Integrated System of Information). inSight streamlines programme and operations performance management, increases UNICEF staff access to priority performance information, and assists exchanges between country offices, regional offices and HQ divisions, as everyone sees the same data/information.

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Emergency evaluation

One of the benchmarks of UNICEF's commitments to rapid assessment, monitoring and evaluation in humanitarian situations is to undertake an evaluation exercise within three or four months of a major rapid-onset emergency, or else timed to feed into regular strategic planning cycles.

As part of the knowledge management, learning and evaluation plan for the Ebola response that was agreed between UNICEF headquarters and the regional office, a Real Time Evaluation (RTE) was planned to be conducted in January 2015. It was to provide a real-time assessment of UNICEF's contribution to the Ebola response and make recommendations to enhance it. However, the audit team was informed that the dynamic nature of the Ebola crisis made it hard to define parameters for an evaluation of this sort, and the RTE therefore did not take place.

At the time of the audit there were 15 studies and lessons-learned exercises on the Ebola emergency that were completed or ongoing, of which six were initiated by the Liberia Country Office, five by the regional office and four by UNICEF headquarters (Health and C4D sections). The audit team noted that there was limited coordination in the planning and implementation of these studies/exercises, leading to different missions that met and interviewed the same partners at different times.

OIAI is synthesizing overall lessons for management from the three Ebola country case study audits, and so has not proposed specific action on evaluation and lesson-learning for Liberia Country Office.

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2   Regular programme management

Country programme framework

The UN in Liberia had adopted Delivering as One (DaO). This aims at a more unified and coherent UN structure at the country level, with one leader, one programme, one budget and, where appropriate, one office. The aim is to reduce duplication, competition and transaction costs. Originally launched in 2007 in eight pilot countries, DaO has also been adopted voluntarily by UN agencies in a number of others.

In Liberia, the Government and the UN agencies had agreed on one programme document – the UNDAF[11] Costed Action Plan 2013-2017, signed by the Government and 18 agencies of which 14 were resident (that is, had a presence in Liberia). The UNICEF Liberia country programme had two sets of binding documents:

- The UNDAF and the Costed Action Plan that together make up the UN One Programme for Liberia. The Costed Action Plan operationalized the UNDAF by defining outputs, management and coordination arrangements, financial procedures and monitoring and evaluation (M&E) processes. It served as the main legal document for multi-year programming between the UN agencies and the Government.
- The Country Programme Document (CPD), which was specific to UNICEF. The CPD is the normal underpinning of the UNICEF programme in a country. Like other country offices' CPDs, Liberia's had been approved by the UNICEF Executive Board. It included a Summary Results Matrix with eight UNICEF-supported results at outcome level.[12]

UNICEF country offices normally have a Country Programme Action Plan (CPAP). The latter is a formal agreement between a UNICEF office and the host Government setting out the expected results, programme structure, distribution of resources and respective commitments during the period of the current country programme. In DaO countries, where UNICEF co-operates closely with other agencies, the CPAP's place may be taken by whatever operationalises the UNDAF as a whole. In this case, this was the Costed Action Plan.

However, this did not spell out the outputs and related indicators that were specific to each participating agency. Of the 75 outputs of the Costed Action Plan, UNICEF was a contributing agency for 35, for eight of which it was sole contributor. Of these eight, however, only one output was matched by the corresponding output in UNICEF's own programme results matrix in RAM. Given that UNICEF was solely responsible for these eight UNDAF outputs, it should have been possible to match the results matrix to them.

The country office stated that the programme results matrix had been derived from the

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[11] The United Nations Development Assistance Framework (UNDAF) is a broad agreement between the UN as a whole and a national Government, setting out the latter's chosen development path, and how the UN will assist.

[12] 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.

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Costed Action Plan by the respective programme sections in consultation with relevant line ministries. However, the ministries met by the audit team did not have a clear understanding of the overall five-year programme framework that was supported by UNICEF or the way in which the matrix outcomes matched the UNDAF for the country.

Further, the breakdown of the planned budget in the CPD was not the same as in the Costed Action Plan, which further confused the outputs that UNICEF was supporting. For example the planned budget for Child Survival and Development (CSD) and Education were lower in the CPD than in the Costed Action Plan by 22 percent (US$ 51.50 million versus US$ 62.86 million) and 33 percent (US$ 41.28 million versus US$ 54.99 million) respectively.

Overall, the audit team could not find a consolidated document that was approved by the management, that explained how the country programme results matrix had been derived from the Costed Action Plan and presented the key elements of the country programme – such as the budget distribution between the outputs by year and by funding source, the overall five-year M&E plan and how the Government had been involved in the whole process.

Agreed action 3 (medium priority): The office agrees to establish a process to ensure that key elements of the Country Programme Document and other programme documents derived from the UNDAF Action Plan (the country programme results matrix, the five-year Integrated Monitoring and Evaluation Plan (IMEP), and the breakdown of programme budget by output, year and funding source) are agreed upon with the Government and documented.

Target date for completion: December 2017
Responsible staff members: Monitoring and Evaluation Specialist

Advocacy

The office had finalized an advocacy strategy for the period 2016-2020 in April 2016, in the penultimate year of the current 2013-2017 Country Programme. (There had been emergency appeals in the previous two years, rather than a regular fundraising programme.) The objective of the strategy was that by 2020, the Government of Liberia would allocate at least 15 percent of its budgetary resources to health and education. The strategy included an action plan for 2016.

The audit team reviewed the advocacy strategy and noted there was no clear link between its overall objective and the programmatic priorities of the country programme. The strategy also did not mention the current government budget allocation to education and health; there was therefore no obvious baseline against which to assess the success of advocacy in those sectors. Overall, the strategy did not provide sufficient evidence that the objectives set were realistic and affordable, and did not spell out what the concrete gains for the country would be if those objectives were to be achieved.

The audit noted that the 2016 action plan, which was part of the advocacy strategy, included activities that were rather broad. Examples included *Initiate discussions at UN Country Team (UNCT) on seeking convergence on joint priorities and advocacy issues* and *Initiate high-level development partner (including donor) discussions on key issues on women and child rights*. Interviews with programme sections showed that staff involved in the implementation of the action plan were not always clear about what was expected of them. Staff also said that there was a need to develop their capacity in the area of advocacy.

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Agreed action 4 (medium priority): The country office agrees to, with the support of the regional office as necessary:

i.   Review its advocacy strategy and ensure its objectives and activities are realistic, measurable and linked to country programme priorities.
ii.   Develop the capacity of relevant programme staff on advocacy.

Target date for completion: December 2017
Responsible staff members: Communication Specialist

Resource mobilization[13]

UNICEF offices raise most of the funding for their country programme themselves, from a mixture of sources that can include traditional donors, Government partners, the private sector and others. In a humanitarian emergency, however, the broader organization can appeal for contributions on the office's behalf through a Humanitarian Action for Children (HAC) appeal. As noted in an earlier observation, UNICEF successfully raised approximately US$ 127.5 million to implement the office emergency response plan over the period 2014-2015. This was spent on the emergency response.

Meanwhile, just US$ 59 million had been raised for the regular country programme as of April 2016. This meant that just 47 percent of the country-programme budget had been raised over three years into the five-year programme. The planned budget for the 2013-2017 country programme, set before the crisis, had been US$ 150 million, of which US$ 126.5 million was Other Resources (which an office must in principle raise itself). This planned budget was not adjusted following the emergency, implying that no changes were foreseen in the planned programme activities.

The office had identified funding and external stakeholder relations as a high-risk area in its risk assessment. According to the office, fundraising challenges were mainly in the Child Protection and Early Childhood Development (ECD) areas. Thus the 2016 annual workplans of Child Protection, Nutrition and HIV/AIDs were underfunded by 65 percent, 67 percent and 79 percent respectively. The audit team could find no evidence that programme sections developed strategies to mitigate the risk that activities would not be funded.

The office had prepared a resource mobilization strategy at the beginning of the country programme in 2013 and revised it in February 2016 for the period 2016-2017. However, the office could not say to what extent it had implemented the original 2013 strategy because there had been no structured monitoring of it, and the original strategy had anyway been rendered irrelevant by the emergency. Meanwhile the updated strategy was focused mostly on staff accountabilities and on generic activities such as donors' visits and timely submission of quality donor reports. It did not include specific strategies and actions needed to address the underfunded outputs.

Agreed action 5 (high priority): The office agrees to review and strengthen its resource

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

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mobilization strategy by including specific actions to address the underfunded areas, and by developing and monitoring targets, indicators and standards for performance.

Target date for completion: December 2017
Responsible staff members: Resources Mobilization Specialist

Management of donor relationships

There had been major funding contributions from donors with a local presence in Liberia. The audit team's meetings with these donors suggested good working relationships with the UNICEF office, which had a mechanism to monitor timely submission of donor reports; there was also a quality assurance process for these reports. According to the records in VISION, all 76 reports due in 2015 had been sent on time.

One donor provided six contributions for the Ebola response, totalling over US$ 54 million – amongst the largest donor contributions for the emergency. As the Ebola situation evolved rapidly, UNICEF kept close contact with the donor and negotiated reprogramming of the originally planned activities. A large part of these funds were used for the procurement of medicines and medical supplies on behalf of the Ministry of Health (MoH). During discussions with the donor, the UNICEF office was asked to adjust its responsibilities to include storage and distribution. There were also many activities rescheduled with the agreement of the donor.

However, these changes were not formalized in an amended donor agreement. For example, procurement of medical supplies amounting to US$ 469,192 had been staggered, and the last batch was to arrive in August 2016 – after the expiry of the grant; the latter was to have been extended, but this had not been done. (At the time of the original audit field-visit, the office was preparing a grant extension request that was subsequently approved by the donor.)

The audit team met the donor's staff in Liberia and was told there had been a high turnover of staff in both organizations, that some of previous agreed changes were not adequately documented, and that the various changes had not been formally approved through amendments. The absence of formal documentation did not allow tracking of decisions made or ensure continuity in the implementation of the grant.

Agreed action 6 (medium priority): The office agrees to establish a process to ensure that all communications and decisions between UNICEF and donors are systematically recorded and that grant extension agreements are signed on time.

Target date for completion: December 2017
Responsible staff members: Resources Mobilization Specialist

Harmonized Approach to Cash Transfers (HACT)

UNICEF is one of several UN agencies that manages cash transfers to partners through a mechanism called HACT. With HACT, the office relies on implementing partners to manage and report on use of funds provided for agreed activities. This reduces the amount of supporting documentation UNICEF demands from the partner, thus cutting bureaucracy and transaction costs.

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HACT makes this possible by requiring offices to systematically assess the level of risk before making cash transfers to a given partner, and to adjust their method of funding and assurance practices accordingly. HACT includes micro-assessments of implementing partners expected to receive US$ 100,000 or more per year from UNICEF. There should also be a macro-assessment of the country's financial management system. As a further safeguard, the HACT framework requires offices to carry out assurance activities regarding the proper use of cash transfers. Assurance activities include spot checks, monitoring and programmatic visits,[14] and scheduled and special audits. Implementing partners that have received more than US$ 500,000 during the programme cycle are subject to at least one scheduled audit during the programme cycle.

The office had started to implement HACT in 2014 and had prepared HACT implementation workplans in 2015 and 2016. A HACT specialist had been recruited in April 2015. The office prepared an annual micro-assessment and assurance plan (MAAP), based on yearly budget estimates provided by programme sections and risk level of partners as determined by the completed micro-assessments. The M&E specialist monitored the programmatic monitoring visits, and the HACT specialist monitored the implementation of the micro-assessments and other HACT assurance activities (spot-checks and scheduled audits). The status of MAAP implementation was presented to the programme management team monthly.

The audit noted that the office did not have readily available evidence to support the HACT status reports posted in inSight in 2015. The office said that this was due to turnover of staff involved in monitoring HACT activities and other competing priorities linked to the Ebola emergency.

The audit also noted that 22 of the office's 113 partners had received more than US$ 500,000 from the start of the programme cycle in 2013 up to the end of 2015. These should have been subject to scheduled audits. The office records showed that internal control audits had been completed for 11 of the 22 partners; seven more were ongoing, and four were planned for the second quarter of 2016. A review of six of the 11 completed internal control audit reports noted that in three out of the six reports reviewed, the partner's internal controls were weak. Four out of the six reports noted non-supported expenditures. However, the office did not initiate special audits in response. The office also lacked procedures for how the results of the assessments (micro-assessments, spot-checks and audits) would be used and monitored.

The office stated that the emergency environment had increased the risk of accepting transactions without adequate supporting documents. (See also the following observation, *Management of direct cash transfers*.)

Agreed action 7 (high priority): The office agrees to:

   i.   Periodically review and ensure the correctness of the information in the information management system (inSight).
   ii.   Conduct audits of implementing partners based on risk rating as stipulated in UNICEF policy and/or on implementing partners that receive more than US$ 500,000.
   iii. Monitor how the results of the micro-assessments, spot-checks and audits are used.

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[14] 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."

Target date for completion: December 2017
Responsible staff members: Monitoring and Evaluation Specialist and the HACT Officer

Management of direct cash transfers (DCTs)

The office's disbursements to Government and NGO partners increased from US$ 10.6 million in 2014 to US$ 27 million in 2015. During the same period, the number of implementing partners to whom the funds were transferred increased from 59 to 81. Cash transfers to implementing partners represented approximately 27 percent of total expenditure during the period under audit.

The audit reviewed both the disbursement and liquidation of cash transfers and noted the following.

Disbursements: The audit reviewed 18 of the DCTs, to eight Government partners and 10 NGOs, amounting to US$ 2.3 million. It noted payments that could not be linked to the signed annual workplans, incorrect payments of DCT, and delays in processing the requests. In all instances, the nature of inputs requested in the itemized cost estimates attached to the Funding Authorization and Certificate of Expenditures (FACE) form[15] could not be traced back to specific activities in the agreed workplan – so there was no assurance that the funding requested was in line with it.

There was also incorrect computation and payment of cash transfers. For example, a partner made a budget request for, and was paid, US$ 615,000 for the Rapid Isolation and Treatment of Ebola (RITE). The correct amount should have been US$ 507,120 – an overpayment of US$ 107,880. The full disbursement had not been accounted for at the completion of the audit. (The overpayment was refunded 11 months after the disbursement, as part of a larger refund of US$ 451,007.)

In another example, hazard allowance in the initial government request was for a monthly payment for three months. The request was however changed into a lump-sum amount without the reason being recorded. At the reporting stage (liquidation), only 27 percent of the funds released to the implementing partner had been used; the remainder was refunded. Staff blamed inadequate budgeting, mainly due to various changes in the planning and execution of Ebola activities.

Also noted were:

- In two instances, the office did not comply with agreed standard DSA rates for daily subsistence allowance (DSA).
- All 18 transactions reviewed included exchanges of letters between UNICEF and the partner that suggested the latter had a limited understanding of the FACE form. These exchanges also delayed DCT disbursements.
- In 12 instances, the FACE forms were not adequately completed, missing dates or showing

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

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discrepancies.

• In 12 instances, FACE request forms were submitted after the start of the activities (63 days afterwards in one case).

Reporting (liquidation) of cash transfers: The audit reviewed 20 liquidations. Eight had errors in the liquidation documents. For example, in one instance, the implementing partner reported in its FACE form a partial liquidation of US$ 491,623 with a balance of U$ 47,164. However, the office liquidated the full amount.

In five instances, information needed to confirm the reported amount was incomplete or missing. This included changes of activity period, number of participants and standard rates used. As such, it was difficult for audit to confirm the correctness of the liquidated amount.

In 10 instances, no activity reports were attached. The office said that in some cases the activity reports were filed separately in in the programme section, but the audit team noted that it was difficult to trace the reports due to the high turnover of staff during the emergency. For these liquidations, the audit could not determine whether there had been sufficient information to support the liquidation.

The office stated that in 2016, programme and operations staff had completed online FACE form training. This addressed internal weaknesses but not the partners' limited understanding of the cash-transfer process and capacity to adequately use the FACE form.

Agreed action 8 (high priority): The office agrees to strengthen its controls over direct cash transfers (DCTs), and to:

  i.   Train partners to ensure correct use of the Funding Authorization and Certificate of Expenditures (FACE) forms in requesting DCTs and reporting on their use.
 ii.   Establish a process to link DCT requests to the activities in the annual workplans, ensuring DCT budgets and payments are based on established rates and that only certified correct payments are made.
iii.   Ensure that the amount erroneously reported in the system (US$ 47,164) is corrected and information needed to confirm the reported amount provided.

Target date for completion: December 2017
Responsible staff members: Chief of Operations

Procurement of goods and services

Inevitably, the emergency had a major impact on procurement of goods and services. Programme supplies increased significantly, from US$ 7 million in 2014 to US$ 28 million in 2015. The office stated that there had been extensive technical consultation with UNICEF's Supply Division on the medicines and medical supplies required for Ebola response and on delivery lead-times.

Programme sections prepared emergency supply requirements as an integral component of the overall Ebola response operational plan. However, most programme supplies were not included in the office supply plan, due to the dynamic of the emergency response, with short-term grants and the need to respond quickly.

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The audit noted the following.

Market survey and vendor assessment: UNICEF's Supply Manual provides guidance on how to source and evaluate vendors. In order to minimise the risk to UNICEF of dealing with unstable companies, any vendor must be evaluated prior to contracting. The extent of this assessment depends on the risks involved and resources available.

Although contracting had become more complex as a result of the emergency, no market survey had been done to establish what supplies were available on the local market. The Contract Review Committee had recommended in a number of instances that this be done before approving a contract extension submitted to it. However, it later accepted that this could not be done immediately because of the pressure of the emergency. Meanwhile, there was no system in place to maintain a complete and up-to-date supplier database. There was no single file containing all results of assessments, visits, inspections of supplies delivered, and comments on the fulfilment of terms in the purchase orders (such as completeness, quality, and timeliness).

Contract Review Committee (CRC): The office had a CRC, with defined membership and clear terms of reference, to review procurement cases over US$ 50,000. There were 46 CRC meetings in 2014, and they reviewed 83 submissions. In 2015, 50 meetings dealt with 81 submissions.

The audit examined a sample of 11 submissions to the CRC. In all instances, the quorum was met and minutes prepared and approved. However, the audit noted that eight of the 11 submissions to the CRC related to extensions of existing contracts for goods and services. There was a note for the record explaining the rationale for extending the contracts and for the single-source selection of the contractors. However, the contract values increased significantly in all instances, and the CRC members were not briefed on risks related to changes being made to the contracts (in terms of scope of work and costs) and their mitigation measures.

In addition, the CRC minutes suggested that new technical and financial proposals had been provided and that submissions complied with UNICEF rules and regulations. However, there were no technical and financial proposals to support the change in the scope of work. In fact, the office used supporting documents that had been supplied to the CRC for the initial contract submission, some of which dated back to 2012 and 2013. The office did not seek the input of the regional office on the process and documents required for making changes to complex contracts.

Without competition and new proposals submitted by the service providers, it was not possible to confirm whether the office had selected the best contractors in terms of expected outputs. As noted in the observation on *Contracts for services* below, some of the contractors selected did not deliver to the expected standards.

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

i.   Conduct a local market survey for the most frequently procured goods and services.
ii.   Ensure that for single-source contracts, there is an adequate assessment of contractor capacity, and that the Contract Review Committee (CRC) minutes describe risks related to such contracts and the measures that will be taken to mitigate them.
iii. Require submission to the CRC of appropriate supporting documents (including

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technical and financial proposals) that support proposed contracts and/or any material amendments to existing contracts.

iv. Seek guidance from the regional office, Supply Division or another subject matter expert regarding how to process complex contracts.

Target date for completion: December 2017
Responsible staff members: Representative and the Supply and Logistics Manager

Contracts for services

The emergency meant that contracts for services increased from US$ 8 million in 2014 to US$ 12.4 million in 2015.

The audit reviewed a sample of four contracts for services worth a total of US$ 3 million and noted that in all the cases deliverables were not adequately defined. The certification of work done was not always attached to payments, and some payments were made against incomplete supporting documents – making it difficult to confirm the certification and completion of work done.

The audit reviewed in detail three C4D-related contracts and found issues with all three. The first concerned a contract that the office had already had, prior to Ebola, for provision of radio communication services. During the emergency, the contract was extended and expanded to accommodate Ebola-related activities. The scope of work increased and the contract value increased from US$ 69,000 to US$ 461,000. However, a review of a sample of payments made to the contractor noted that, in one instance, invoices attached to the payments were not linked to the deliverables and the agreed timeframes (although the audit team acknowledges that this was against the background of severe constraints related to the emergency). For another payment of US$ 92,000 for two deliverables, the office did not have documents to support delivery of services worth about US$ 48,000.

The next contract reviewed related to social mobilization and community engagement. This contract too predated Ebola, but the scope of work had increased from US$ 69,000 to US$ 1,464,000 during the crisis. Deliverables in the signed contract were not clearly defined; they were stated as deliverable 1, deliverable 2, etc. A review of a sample of payments made against the contract noted a payment for two months' activities, but invoices attached to the payment covered activities for one month only. The office subsequently provided additional documents to support two months' payment in the form of signed lists. However, these lists were not dated. The office said that, during the emergency, supporting documents were not all provided promptly, but the activities did take place. The audit could not determine whether this was the case.

The third contract also related to social mobilization. An existing contract was extended during the emergency, but the deliverables had not been clearly defined in the original. A review of payments made totalling US$ 818,000 noted that a payment of US$ 81,000 was not adequately supported, in that the invoice received from the service provider was for a different period (September-October 2015, rather the month of November) and for a different amount (about US$ 74,000). Therefore, either the payment was an overpayment in the region of US$ 6,000 or the total amount may have been an incorrect payment. In addition, supporting documentation attached to the payment indicated that the invoice submitted by

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the contractor included items such transportation costs that were not part of the signed contract.

In general, the audit team noted that invoices were received, certified and approved by the country office without adequate supporting documents, and that where gaps arose they were not properly mitigated. There were unmanaged risks of fraud within the contract award process and/or in payments for services that were not delivered (although no instances of suspected fraud were identified during the audit).

Agreed action 10 (high priority): The office agrees to:

i.   Ensure that contracts' terms of reference (ToRs) include clearly-defined deliverables.
ii.   Require receiving, certifying and approving officers to ensure that services delivered and activity completed are clearly linked to the agreed deliverables in the signed contracts.
iii. Ensure contract payments are correct and supported by complete and relevant documents in accordance with contracts.
iv.   Reconcile payments made to contractors involved in the payment of social mobilizers and in radio communication during the Ebola emergency response to ensure that the payments made were correct and appropriate.

Target date for completion: December 2017
Responsible staff members: Chief of Operations and the Supply and Logistics Manager

Construction projects

The office undertook construction activities amounting to US$ 2.2 million in 2014 and US$ 2.7 million in 2015. Construction companies were competitively selected and local procurement authorizations were obtained from UNICEF's Supply Division. However, the audit reviewed a sample of nine (out of 16) construction contracts and found that there were delays in the completion of construction work in four out of nine instances reviewed.

The audit also noted other issues in the sample. One construction contract had delivery dates before the signing of the contract. The office said the company had started work before the contract was signed because of the emergency. The amount paid on signature was about US$ 62,500, corresponding to 60 percent of the total contract value. According to clauses in the contract, 30 percent should have been paid on signature and an additional 30 percent when the work was 65 percent completed. However, there was no evidence in the supporting documents confirming that this percentage of the work had been completed at time of payment.

Another contract, amounting to US$ 547,000 for the construction of classrooms, provided for payment of an advance of 40 percent upon signature and production of a bank guarantee. At the time of the internal audit visit, only one payment had been made, of about US$ 219,000, corresponding to the agreed advance payment. Because this was an advance payment that exceeded US$ 200,000, it required prior approval of the Comptroller, which had not been sought. The contract expired before the completion of construction but had not been extended; however, the work was still going on. The office said that the emergency had caused access issues that were beyond the control of the company, and that this had caused delays.

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Agreed action 11 (medium priority): The office agrees to:

  i.   Establish realistic timeframes in future contracts, and monitor progress so that the work is delivered within the agreed time.
  ii.   Link payments to agreed deliverables in the signed contracts and ensure that the payments are adequately supported.
  iii. Ensure that advance payments are in compliance with UNICEF policy and the agreed terms in signed contracts.
  iv.   Comply with UNICEF procedures for notifying and obtaining the Comptroller's approval where advance payments exceed established thresholds.

Target date for completion: December 2017
Responsible staff members: Representative, Supply and Logistics Manager

Supply logistics

The audit reviewed the supply relationship with a sample of two non-governmental organizations (NGOs) that received large quantities of supplies from UNICEF. The office and the NGOs had signed three-month project cooperation agreements (PCAs), according to which the NGOs were to receive supplies amounting to US$ 1.9 million. The supplies included in the PCA were to be provided by UNICEF.

However, some of the items agreed upon were not available in the warehouse and were not provided to the two NGOs on the schedule that had been agreed. One NGO interviewed said that delays in the delivery of supplies (combined with changing needs) affected programme implementation. Monthly reports submitted by the NGOs noted that some health centres did not receive supplies as planned. In addition, supplies amounting to US$ 560,000 received and released by UNICEF were later returned to it because they had been delivered late, and were therefore not needed anymore. The NGO told the audit team that they had received the needed supplies from other partners and the PCA was amended to reflect the changes in terms of quantity of supplies provided.

The PCAs were signed for three months and the duration was extended once. One of the two NGOs visited mentioned that it was not efficient to have a short-duration PCA. The second NGO had kept supplies worth US$ 700,000 in its custody until August 2015, although the PCA had ended in April. The supply and logistics team in the office was not consulted during the finalization of the PCA as to whether the timelines for procurement were realistic, given the short duration of emergency PCAs. (The supplies were later handed over to the Government, by agreement with UNICEF.)

Agreed action 12 (medium priority): The country office agrees to ensure availability of supply inputs for timely programme implementation. Specifically, it will:

  i.   Confirm whether requested supplies are already available in UNICEF warehouses before placing orders for additional supplies.
  ii.   Ensure agreed timeframes in agreements with partners have considered supply procurement lead times, and that the duration of a signed agreement covers the entire period of the project so that the end date corresponds with the end of project activities.

Target date for completion: December 2017
Responsible staff members: Supply and Logistics Manager and the Planning Monitoring and Evaluation Specialist

Inventory and warehouse management

In January 2015, the office increased its warehouses to four to allow adequate storage. By the time of audit, it was back down to three, and was planning to release one of them by the end of June 2016. The audit team visited all three warehouses, and noted that they were well organized, with adequate storage capacity. Items were palletized and bin cards were available. However, the audit also noted the following.

Slow-moving inventory: UNICEF's Financial and Administrative Policy 6: *Inventory Accounting* stipulates that "slow moving, obsolete and expired inventory should be identified annually as part of the impairment assessment. If items are found to be impaired and thus require a price change, they must be written down" to the current replacement cost.

There were supplies that had been in the warehouse for more than one year (and up to three and a half years) amounting to US$1.7 million. There was also slow-moving inventory without a distribution plan, amounting to US$ 3.4 million. The office said that these supplies were kept in the warehouse mainly because of the lack of sufficient Government storage space to accommodate continuous arrivals of supplies; high volumes were being received that were not needed anymore because of the rapid changes in the Ebola epidemic. The office was able to distribute some of the slow-moving inventory to other Ebola-affected countries (Guinea and Sierra Leone). However, this was not always possible, and some supplies seemed likely to be kept for long periods. The office had looked at distribution to other emergency-affected countries (Nepal and Benin) that needed similar supplies, but those countries did not always accept them. The office was still assessing options regarding the emergency supplies charged to the relevant grant.

Government warehouses: The audit visited two Government warehouse facilities. These were full of medical equipment. In one, the supplies were not well organized, not palletized and had no stock cards. A review of the adequacy of controls at this facility – the Expanded Programme on Immunization (EPI) warehouse – noted that the stock report was not updated, making verification of the accuracy of stock at hand very difficult. The stock report mentioned missing items. Those items were subsequently removed from the stock report without any explanation.

Requests for, and releases of, supplies for three sampled counties showed that in most instances there was a difference between the quantity of items released from the central medical store and the quantity requested from the counties. The store manager said that the quantity was changed based on his knowledge of the county (requestor), the quantity in their store (balance) and the logistics (transportation). This meant that the same individual was distributing the goods as was receiving them; this was inadequate segregation of duties.

The office said it had no oversight or control over the warehouse facility in question. The health section had a cold-chain specialist who provided support to the Government, but in discussion with the supply and logistics section, the audit heard that there was limited interaction between the logistics and supply section and the EPI medical store.

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The audit also noted that there were various weaknesses in warehouse management at the central and decentralized levels that had been identified and reported in a recent EPI assessment report.[16] This report provided recommendations that needed to be addressed.

Agreed action 13 (medium priority): The country office agrees to:

i.   Ensure that unused and/or slow-moving supplies are identified, and implement a strategy for their distribution and use.
ii. Determine options for enhancing the capacity of the Government to manage the warehouses through the implementation of the suggestions included in the EPI assessment reports.

Target date for completion: December 2017
Responsible staff members: Supply and Logistics Manager

Programme monitoring

UNICEF country offices should have mechanisms, guidance and standards for efficient and effective on-site monitoring, and for systematic follow-up on the recommendations arising from trip reports. The audit noted the following.[17]

Field monitoring: Programme sections prepared their own field-monitoring plans quarterly and shared them with the UNICEF operations team for logistics planning purposes. The office had issued guidance on field-monitoring visits in September 2015; this included a checklist and a report template.

However, programme sections interviewed by the audit team said the template was complex and difficult to fill in, and it was not used systematically. Also, the audit noted that the guidance was the revised overall corporate guidance on field monitoring visits issued by the Field Results Group (FRG) in July 2015, although this was generic guidance that FRG recommended should be adapted to the country context. At the time of the audit, the office said it was reviewing the guidance based on the feedback received from the programme sections.

A review of a sample of field-monitoring reports noted that, in four out of seven instances, monitoring objectives were not specific. In some cases, follow-up actions were not specific and not linked to the findings, or there were no follow-up actions for some important gaps observed.

Programme review: Annual programme reviews were conducted with relevant line ministries and other partners. The reviews led to the preparation of workplans for the following year. However, the audit reviewed some of the reports from the reviews, and noted that progress was not assessed against planned results but in terms of activities implemented. In some

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[16] *Final Assessment Report: Integration of Expanded Program on Immunization and Family Planning in Liberia* (August 2013). See http://www.mchip.net/node/1934.
[17] This observation concerns the monitoring of the regular country programme. For the Ebola intervention, UNICEF used its Humanitarian Performance Monitoring (HPM) system, using indicators common across the three affected countries (with room for some modifications to take account of country context and changes in the epidemiology). However, this process will be discussed in a later document.

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instances, recommendations for the following year's workplans were not reported. There were also non-specific recommendations, such as strengthening of cold chain; strengthen implementation of routine immunization services; and expansion of urban immunization strategies. Also, the Government counterparts did not endorse programme review recommendations, and the draft annual workplans did not incorporate key recommendations from programme reviews.

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

i. Adapt the field-monitoring visit report to the Liberia country programme context – more specifically, ensure that the report is easy to use, and defines results expected from field visits and specific follow-up actions.
ii. Ensure that annual programme reviews report on results, have specific recommendations that are endorsed by the Government counterpart, and are taken into consideration in the subsequent workplans.

Target date for completion: March 2018
Responsible staff members: Deputy Representative

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Annex A: Methodology, and definition of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, testing samples of transactions. The audit team visited UNICEF locations and supported programme activities. The audit compared actual controls, governance and risk management practices found in the office against UNICEF policies, procedures and contractual arrangements.

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

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

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

Priorities attached to agreed actions

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

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

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

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Conclusions

The conclusions presented in the Summary fall into 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 country office *[or audit area]* were generally established and functioning during the period under audit.

[Qualified conclusion, moderate]

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

[Qualified conclusion, strong]

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

[Adverse conclusion]

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