Internal Audit of the Mauritania Country Office

September 2017

Office of Internal Audit
and Investigations (OIAI)
Report 2017/14

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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Mauritania Country Office. The objective of the audit was to assess the office's governance, risk management and internal control processes, with a focus on key risks to delivering UNICEF's objectives.

The fieldwork in-country took place in Nouakchott from 8 to 24 May 2017, with a three-day visit to the zone office in Bassiknou, and further fieldwork was subsequently conducted at headquarters. The audit covered the period from January 2016 to April 2017.

Background

Mauritania has a population estimated at 4 million, with 46 percent under the age of 18. Nearly half the people live in urban areas. Mauritania ranks 157th out of 188 countries in the 2015 Human Development Index. Absolute poverty affects more than 40 percent of the population. Poverty remains concentrated in rural areas, with a rate of 59.4 percent compared with 20.8 percent in urban areas.

The office's 2012-2016 country programme has been extended until the end of 2017 to align with national planning priorities. Its total budget is US$ 62.5 million. It has four main components: *Child survival*; *Education for all*; *Child protection*; and *Social policies and partnerships for child rights*. In addition to this regular programme, the office has implemented emergency responses to two acute malnutrition crises, and to the arrival of about 50,000 refugees from Mali fleeing from armed conflicts in the north of their country.

The country office is based in Nouakchott, with two zone offices, one in Bassiknou and one in Kiffa. The latter opened in May 2017, after OIAI's audit field-visit had been completed.

The audit identified a number of good practices that would assist the achievement of the country office's objectives, taking into account its risks and constraints. They included the following:

- Mapping of vulnerabilities to support preparation of the new country programme.
- A high level of involvement by UNICEF in inter-agency work and the preparation of the new UNDAF, and leading the largest pillar of the current UNDAF.
- Introduction of real-time monitoring, working with the national authorities.
- Review of some key operating costs to reduce these where possible.

Action agreed following the audit

The audit found a number of areas where further action was needed to better manage risks to UNICEF's activities and help ensure results for children. In discussion with the audit team, the country office has agreed to take a number of measures to address these risks and issues. Four are being implemented as a high priority; that is, to address issues requiring immediate management attention. They are as follows:

- Despite several initiatives by the country office, resource mobilization required more attention. Long-term capacity had not been developed for fundraising, and there was

no governance mechanism for it. There was also a need for further support from the regional office to help address the country office’s funding situation.
- Protracted delays were noted in the recruitment processes for key positions. These had a significant impact on the implementation of the country programme, especially for the child protection, education and nutrition sections.
- The country office needed to strengthen its controls to ensure the timely utilization of grant funds in accordance with donor requirements.
- The office’s partnership processes were not always adapted to the local operating context. There were significant delays in reviewing and approving programme cooperation agreements (PCAs) which further hampered programme implementation.

Conclusion

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

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

Office of Internal Audit and Investigations (OIAI) September 2017

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Objectives

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

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

Audit observations

Resource mobilization

Resource mobilization[1] was one of four high risks that had been identified by the country office in its latest risk assessment, and the office had put effort into this area during the current country programme cycle. In particular, it had updated its resource mobilization strategy in 2016. This had included engaging a consultant to identify potential donors, analyze funding gaps and make recommendations for the new country programme document.[2]

The office had also conducted a study on the private sector in Mauritania and in particular opportunities for cooperation in terms of social responsibility and compliance with children's rights. It had contacted UNICEF in Dubai to explore possibilities for funding from the Gulf States. Finally, it had adopted a more proactive approach to raising funds from UNICEF national committees (including courtesy visits from international staff members during their home leaves).

Despite these initiatives, as of April 2017 the country office had only mobilized 75 percent of its approved Other Resources (OR)[3] ceiling and 41 percent of the planned emergency funds. Moreover, there had been a decreasing trend in the amount raised by the country office in the last three years. This was driven by an unfavourable donor context; Mauritania had joined the group of lower-middle-income countries in 2015, was relatively small with less than 4 million inhabitants, and was facing competition for funds from other crises which donors saw as more pressing.

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[1] 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.
[2] This document sets out an office's programme for the forthcoming country programme cycle. It is submitted to UNICEF's Executive Board and, once approved, becomes the official blueprint for the country programme, which normally runs for five years.
[3] UNICEF offices deploy two basic types of funding, Regular Resources (RR) and Other Resources (RR). RR are core resources that are not earmarked for a specific purpose. OR are contributions that may have been made for a specific purpose and may not always be used in other ways without the donor's agreement. They include OR (Emergency), which are normally donor funds given against an appeal to cope with a specific crisis. An office is expected to raise the bulk of the resources it needs for the country programme itself as OR, up to the budget ceiling for the programme.

However, the audit team also identified some other factors that could explain why the efforts from the country office in resource mobilization had not paid off as expected. These are discussed below.

Recommendations from the strategy: The office's resource mobilization strategy, prepared in October 2016, included a set of recommendations and priority actions for 2016 and for the new country programme cycle as a whole. However, no action plan, including responsibilities and deadlines for the implementation of the recommendations, was prepared. (The audit team did note that, in February 2017, the office recruited a staff member on terms of reference that mirrored most of the recommendations from the strategy.)

Oversight mechanism: The 2016 strategy document had recommended establishment of a fundraising taskforce comprising the Representative, Deputy Representative, Information/Communications or External Relations Officer, Operations Officer and heads of sections. This taskforce would review the funding situation quarterly and recommend adaptations and modifications to the ongoing approach. A previous taskforce had stopped functioning in 2014, when the Reporting and Fund Mobilization Officer left. However, the new taskforce had not yet been convened at the time of the audit visit in May 2017.

Resource mobilization capacity: When the Reporting and Fund Mobilization Officer left, a new one was recruited but had then declined the post. After that, the office decided to use the available funds for a consultant, but their tasks were limited to the preparation of the resource mobilization strategy and survey of the private sector.

The office also contacted different national committees[4] suggesting a staff exchange, but without success. Finally, a junior staff member was identified through one of the NatComs, and arrived in March 2017. Though very helpful and welcome, this support could not by itself make up for the expertise and experience needed in resource mobilization in order to build up a fundraising intelligence system, as recommended in the resource mobilization strategy.

Support from UNICEF Headquarters: The office wished to obtain some support for fundraising from the private sector. Since this expertise did not exist at the regional office level, it had contacted the Private Fundraising and Partnerships (PFP) division in Geneva directly. However, although a colleague from PFP had hoped to undertake a mission, this did not take place.

Thematic funds: Over the extended country programme period 2012-2017, the country office had benefited from UNICEF thematic funds for education, nutrition, health, child protection and humanitarian response. On average, thematic funds represented 15 percent of the regular OR and 12 percent of the emergency OR. However, their percentage of both these funding types had regularly decreased from 2014 to 2017. The office had therefore asked the regional office, in the first half of 2017, for additional funds, but so far without success. The audit team noted that while the regional advisors in WCARO[5] analyzed specific requests for each sector against availability of thematic funds and specific criteria, there had not been any global analysis of the funding situation of the Mauritania Country Office in the light of its constrained donor environment.

Cooperation with the Mali Country Office: The Mauritania Country Office had approached the Mali Country Office in order to check whether it could help support the costs for the

[4] National Committees for UNICEF (also known as NatComs) are bodies in mostly donor countries that raise funds for UNICEF and support its work.
[5] UNICEF's West and Central Africa Regional Office.

assistance to Malian refugees in the Mberra camp, given its better access to funds. The Mauritania Country Office also wanted to discuss opportunities to work together on future proposals. However, the audit team was informed that these approaches had not borne fruit.

Agreed action 1 (high priority): The country office agrees to, working together with the regional office and PFP, revisit its resource mobilization strategy and prioritize coordinated efforts to ensure the necessary resources are available for the next country programme.

Responsible staff members: Deputy Representative and HR Officer
Date by which action will be taken: February 2018

Recruitment delays

Leaving posts vacant for long periods can slow down implementation of a country programme and can also put additional strain on existing staff members. This was the case in the Mauritania Country Office, where the posts of Nutrition Specialist, Child Protection Officer, Kiffa Programme Officer and Education Officer had remained vacant for extended periods (of between 303 days and 511 days).

During the period under audit, from the start of 2016 to April 2017, the Mauritania Country Office launched the recruitment of 22 new staff members (nine national officers and 13 general service staff). The recruitment process for these posts was excessively long. Indeed, only one recruitment out of 22 had met the UNICEF benchmark of 90 days from advertisement to sending an offer letter. On average, 230 days elapsed between these two steps, with a maximum length of 511 days.

The office said that there had been insufficient capacity in the human resources team; this was composed of only one assistant until March 2016, when it was reinforced by a temporary one-year P2 post. In May 2017, during the audit visit, this temporary position was replaced by a fixed-term P2 and a consultant was added.

The office also cited other causes for the delays. In six cases involving general service staff, over 300 applications had been received and it took a lot of effort to shortlist them. (At that time, this shortlisting had to be done manually; it is now being done through UNICEF's automated talent management system.) In another six cases, delays were explained by the limited availability of the selection panel members, while in a further four the regional office had requested additional information before approving the recommended candidate. In two cases, the post had to be re-advertised because no suitable candidate was found; in two more, the office realized that no funds were available for the posts only after they had been advertised.

The audit team noted that the office had introduced a system for monitoring recruitment in October 2015 but had not then used it. The monitoring system was reintroduced in May 2017 – just before the audit – and populated retroactively. However, at the time of the audit visit, this system tracked the date of the first and last steps in the recruitment process but not the steps in-between, and so did not allow for precise analysis of the causes of delays.

Agreed action 2 (high priority): The country office agrees to strengthen its recruitment systems to ensure that staff are in place on a timely basis in key positions to deliver the country programme, and will actively monitor how these systems perform in practice and address any causes of delays. Where necessary, support should be sought from the regional office and headquarters.

Responsible staff members: HR Officer
Date by which action will be taken: November 2017

Contribution management

The audit reviewed the accuracy of the country office's budget data; it also assessed the management of grants to establish whether funds received were spent on time, financial commitments were expensed before the financial closure of the grant, and any extension of a grant was requested on a timely basis.

As at 18 May 2017, the office had unutilized funds amounting to US$ 5 million allocated for 2017 across 14 different grants. Unutilized amounts are funds for which no commitments have been raised in form of cash requisitions, purchase orders or contracts; these funds will not normally be accessible after expiry of the grants. There is increased risk, amongst other things, that funds close to grant expiry may be spent hurriedly, being used to procure goods and services that are not immediately necessary or do not represent best value. This adversely affects the way the grants are used to deliver results for children, as would the need to repay the grant to the donor due to a failure to plan to spend the monies effectively within the grant period.

The unutilized amounts ranged from 15 to 100 percent of the programmable amounts[6] allocated under these grants. This included one grant that had been valid since 1 October 2016 and was due to expire within three months of the audit with a total remaining unutilized amount of US$ 186,500, representing 90 percent of the programmable amount. Separately, the audit identified another grant of over US$ 119,000 that had been valid since 1 February 2017 but against which no commitments had yet been raised. The audit team was informed by the office that these funds had not actually been received from the donor until May 2017, although the agreement had been signed on 27 January 2017.

The audit team reviewed the purchase orders placed during 2016 and 2017 and funded by grants expiring during this period. There were 35 purchase orders, amounting to US$ 540,440, that were placed less than 30 days from the grant expiry date. In some cases it was unclear precisely how the activities funded related to the purpose for which monies had been provided - for example, an HR consultant had been hired for US$ 17,800 from grants intended to fund water sanitation and education activities. Another example was a purchase order for US$ 14,100 for the purchase of office furniture, which had been funded from grants intended for humanitarian nutrition intervention related to the Malian refugee crisis. There was no evidence that the office had sought the specific consent of the donors in question before re-purposing these grants.

The audit team looked at six of the programme cooperation agreements (PCAs) signed with partners during 2016 and 2017, and found that four were signed three months or less before the grant expiry date, with programme activities scheduled to take place after the grants expired. (See also the audit observation on *Partnership management* below.)

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[6] The programmable amount is that available for programme implementation after cost recovery, which is a percentage used to cover UNICEF's organizational overheads.

There had been inadequate monitoring to ensure utilization of funds before expiry of grants; the expiry dates were being monitored but without taking into account the utilization rate.

Agreed action 3 (high priority): The country office agrees to strengthen its controls to ensure that grants are efficiently and effectively utilized before their expiry dates, and that utilization is in line with the purpose for which the funds were provided by the donor.

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

Bassiknou zone office

The country office opened a zone office in Bassiknou in south-east Mauritania in 2013. This followed the arrival of thousands of refugees fleeing from the conflict in Mali and the opening of a camp by UNHCR in Mberra to host them. In 2016, after an assessment of the zone office's workplan, it was decided to have it also cover the broader region in which it is situated, including Hodh Ech Chargui, and Hodh El Gharbi, the neighbouring region to the west.[7]

UNHCR had not yet worked with national authorities on a strategy for the Mberra camp as part of the new UNHCR country programme that was under preparation. This limited opportunities for UNICEF to define its own strategy for programme implementation, both in the camp and in the host communities. In the meantime, however, the audit team looked at the costs of the zone office, its activities, and the extent of oversight by the Mauritania Country Office. The following was noted.

Workplan: In May 2015, a review of activities implemented by the zone office took place in Bassiknou. Following this exercise, a costed two-year workplan was prepared covering 2015 and 2016, based on the country office and UNDAF[8] workplans. Although it had been decided in 2016 to extend the responsibility of the Bassiknou zone office to cover Hodh El Chargui, the zone office had yet to develop a workplan for that region.

Oversight and technical support: A review of travel plans and trip reports, as well as interviews with key staff at the zone and country offices, showed that there was insufficient oversight and technical support to the Bassiknou zone office from programme and operations sections at the country office. Over the period between the start of 2016 and April 2017, there had been no more than one mission per year from either the programme or operations sections – although the audit team did note that the UNICEF Representative and the Deputy Representative had visited Bassiknou three and four times respectively during this period.

Security issues: Following a UNDSS[9] security risk assessment in the region, a military escort had been compulsory for UN staff members on field missions in the Hodr el Chargui region up to its main city Nema (including the refugees' camp of Mberra). This requirement was waived in August 2015 after a UNDSS reassessment, then reintroduced in August 2016 following some security incidents in the region.

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[7] Another zone office opened in May 2017 in Kiffa in the south of the country. It was not reviewed by the audit due to its very recent opening.
[8] 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.
[9] UN Department of Safety and Security.

Constraints were imposed by the cost of the escort and its limited availability. (Only one escort had been put at the disposal of the UN agencies present in Bassiknou, which included UNHCR and WFP as well as UNICEF.) The staff of the UNICEF zone office therefore concentrated their monitoring efforts on the refugee camp, where activities from all UNICEF sections as well as the other UN agencies were implemented. According to the zone office, around 192 missions took place in the camp during the period under audit, against only 28 in host communities; so the missions to the camp represented 87 percent of those conducted in the region. However, in terms of budget, the activities in the camp accounted for only just over 60 percent of the 2017 workplan.

The audit team noted that a wall had been built around the Mberra refugee camp to control access. REDACTED

Finally, the country office's business continuity plan did not include Bassiknou, even though it had been open for several years and despite the clear risks of operating in that area. The plan also needs to include the new office just opened in Kiffa in May 2017.

Operating costs: Operating costs in Bassiknou were higher than in Nouakchott, due to the remoteness of this location and difficult security conditions. A new operations manager had reviewed all contracts, including the office lease, to try and reduce their costs. The renegotiation of the lease led for example to a price reduction of 25 percent. Meanwhile a market review had just been launched by the country office; this covered Bassiknou, and it was hoped it might help find local suppliers that could be used instead of ones from Nouakchott.

The audit team noted that the zone office paid a comparatively high price to the local police for escorting field missions. Prices had been based on an informal agreement between UNHCR and Mauritanian security forces, and there had been no reassessment of the arrangement by UNICEF (including whether the price remained reasonable). In addition, the audit noted that the guesthouse in the shared UNICEF-WFP Bassiknou compound was not self-financing. The office estimated that it cost US$ 60,000 a year to run, only about a third of which was covered by receipts. This was due to the fact that only five staff members were residents; although they were encouraged to stay there for security reasons, the rest of the national staff members from the zone office lived in cheaper accommodation outside the compound. The number of missions to Bassiknou by the country office staff was too low to ensure a sufficient occupancy rate for the 17 rooms available. The country office said it was working on different scenarios for the guesthouse to become self-financing, increasing either the night rates or the number of visitors.

Agreed action 4 (medium priority): The country office agrees to ensure there is adequate planning, support and oversight in place to optimize the Bassiknou office's contribution to the achievement of the country office's objectives, including completing management's review of the costs involved in running the zone office.

Responsible staff members: Representative, Deputy Representative, Operations Manager, Chief of Bassiknou Zone Office
Date by which action will be taken: June 2018

Agreed action 5 (medium priority): The country office agrees to extend its business continuity planning to cover the zone offices in Bassiknou and Kiffa.

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

Partnership management

The audit reviewed the country office's processes for drawing up programme cooperation agreements (PCAs). Besides PCAs, the office also used small-scale funding agreements (SSFAs) for agreements below a certain value.

The office had signed 23 PCAs with 17 NGOs between January 2016 and April 2017. The audit looked at six PCAs from five different partners (two national and three international) and met all of the partners involved. These six PCAs were worth US$ 2.2 million in total.

Review of programme cooperation agreements: As part of the PCA process, UNICEF offices should document their previous experience with the partner. This had been done in all but one of the cases reviewed. However, the joint partnership review form the office had used for this purpose had not enabled an effective assessment of the partner's performance (being instead an assessment of the quality of the partnership, including for example UNICEF's timeliness is providing inputs). There was also one case where there was no itemized cost budget on file, and one where there was no risk assessment.

Following the introduction in April 2015 of a new procedure for partnerships,[10] UNICEF offices can now use SSFAs for agreements worth up to US$ 50,000. The advantage of doing so is that they are simpler and easier to conclude than full PCAs. In view of the risks linked to the weak capacity of its partners, the country office had instead reduced the threshold for SSFAs to just US$ 20,000. It also decided they should be reviewed by the Partnership Review Committee (PRC), although UNICEF's procedures do not require this for SSFAs or for PCAs that fall below US$ 1 million. However, the country office had not justified this additional scrutiny through citing specific risk factors that required lowering the threshold in this way. The audit team noted that if the threshold for review by the PRC had been maintained at the levels recommended in UNICEF procedures, eight agreements out of 23 would not have had to be reviewed by the full PRC but only by the Deputy Representative – a simpler and more efficient process. The country office should ensure its review processes reflect an appropriate balance of cost and risk, and should document reasons where a higher level of control is properly required.

One of the five partners met by the audit team complained about the time taken to finalize and approve a PCA. The audit team noted that preparation and review of PCAs took on average 97 days from the date when the document was submitted to the country office by the partner to the date when it was reviewed by the PRC, and an additional 27 days on average from the PRC review date to the date of signature. This was a long time, especially given that the PCAs' average duration once signed was less than a year.[11] There were two main bottlenecks. The first was in preparation of the PCA itself (including programme sections' review of the partner's original submission and the time taken by the partner to complete or

[10] With effect from 1 April 2015 partnerships with NGOs are subject to UNICEF's *Procedure For Country And Regional Office Transfer Of Resources To Civil Society Organizations* (FRG/PROCEDURE/2015/001), which introduced a number of changes.
[11] The organizational benchmark for agreeing PCAs is 45 working days, measured from the date on which the partner submits all the information required for the PCA to signature by both parties.

correct it). The second was the time taken by the programme section to incorporate any changes as a result of the PRC's comments.

Moreover, it was found that PCAs considered to be of an emergency nature were not processed much faster. For emergency-type agreements, the average time taken for the two steps mentioned above were 84 and 26 days respectively. One of the reasons was that the Mauritania Country Office was dealing with a silent and chronic type of emergency; it had not been granted formal emergency status under UNICEF's procedures, and so could not use a simplified humanitarian programme document.

Indirect costs: As part of a PCA, UNICEF allows payment on request of headquarters support costs to NGOs to help maintain their core staff and infrastructure. However, this is only permitted for international NGOs, not for national partners. The audit found two cases where a lump sum for indirect costs had been included in the PCA budget even though the partner was a national NGO. In addition, the audit noted that there was also no control to manage the risk that, where UNICEF is already fully utilizing the indirect costs funding itself, applying it also to implementing partners would breach the limit imposed under the donor agreement.

Funding: The audit found that in four instances out of the six reviewed, grants supposed to fund the PCAs were due to expire before the PCA itself ended. In one case, a grant was to expire just one month after the signature of the PCA; in two other cases, it was three months after. In all these cases, the PCA's duration was one year.

Moreover, the information on the funding source included in the PCA submission document was not always complete. It should have included the exact reference, name and expiry date of the grants. Neither did it always include the percentage of the PCA to be funded by each grant. This prevented the office from verifying whether the funding proposed was realistic in terms of amount and timelines. The audit team also found issues in terms of contribution management; these are discussed in an earlier observation (see audit observation on *Contribution management* above) and can be explained in part by the country office not properly identifying funding sources at the PCA signature stage.

No-cost extension: The audit identified 23 cases of amendment with no-cost extension of PCAs. This suggests that the original schedules for the implementation of the PCAs had not been realistic; however, the country office had not analyzed the causes for the extensions.

Procurement procedures: To reduce the risks of delegating management of funds to partners, the office followed the practice of procuring goods and services directly for its partners for any goods or services over the threshold of US$ 2,500. This was done regardless of whether the office had rated those partners as high-risk or not. This created an additional administrative burden for UNICEF. It could be more efficient to develop the partners' procurement management capacities through the identification of any weaknesses during the procedures UNICEF applies to partners under HACT.[12] This could be followed with a plan to reinforce their capacities.

Processing of direct cash transfers: The operations section had a table tracking the date when FACE forms were transmitted to the finance team and the date when the payment or liquidation had been made. Since this table was not complete and the country office had not

[12] HACT is the Harmonized Approach to Cash Transfers; this is discussed further in the following observation.

defined any benchmark for these steps to be processed, the audit team could not use it to draw any conclusion in terms of their timeliness.

Agreed action 6 (high priority): The country office agrees to review its controls over partnership management (including profile, duration, funding, and delegation of procurement responsibilities), and ensure these help deliver the country office's objectives. It also agrees to improve the quality and timeliness of its processes for concluding programme cooperation agreements (PCAs), including ensuring that funding for indirect costs is used in accordance with the donor requirements and UNICEF's rules.

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

Monitoring and assurance activities

Country offices use a number of procedures to monitor implementation of programme activities. These include regular monitoring visits, end-user monitoring of the use of programme supplies, and assurance activities. The latter are part of the Harmonized Approach to Cash Transfers (HACT), a system used by several UN agencies including UNICEF to obtain assurance on the proper use of cash transfers to partners. The audit looked at the office's monitoring in general, and also at those monitoring activities that are part of HACT. The following was noted.

Field monitoring: Like other country offices, the Mauritania Country Office ran field-monitoring missions, to provide technical support to partners as well as following the implementation of the activities on the ground. However, although monitoring missions were included in the office's travel plan along with other types of travel, there was no consolidated plan for these missions. Such a plan would have allowed the office to keep abreast of (for example) the number of monitoring missions taking place, whether that number was in line with the plan and remained appropriate, and whether the relevant reporting and follow-up action had taken place. Also, except for the programmatic visits (see below), there was no monitoring of whether the missions in the travel plan had actually taken place.

UNICEF has a programmatic visit template devised by the Field Results Group (FRG). The country office had introduced this template in 2016. In theory, the office had decided that this would be used for all field visits reviewing programme implementation. However, the audit found that in practice this was not always applied since the template was not always regarded as applicable. It could not so easily be used for supervision and technical oversight (and the latter could involve verification of technical aspects not covered by the template). It also only partially covered end-user monitoring of supplies. Also, monitoring visits sometimes covered more than one partner, or even other parties with which UNICEF had no agreement; again, the template could not always address this.

Programmatic visits: These are part of the HACT procedure, but also complement other types of programme monitoring. They 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". The "programme site" can be a partner's office or a field site, and the visit can include a review of financial management.

The country office had given priority to programmatic visits and had also decided that no direct cash transfer could be liquidated until at least one programmatic visit had been conducted. As a result, as of April 2017 the office had achieved an 87 percent execution rate for the schedule of programmatic visits as set out in the 2016 HACT assurance plan (93 out of 107 planned). All the partners met by the audit confirmed the usefulness of the programmatic visits.

In interviews with the audit team, the programme officers conducting these programmatic visits also recognized their value, especially because of their structured and systematic approach. However, they also mentioned the heavy demands made by the checklist in the template, the more so as the country office was not using the simplified checklist for programmatic visits but used the long version instead. Moreover, the audit team found that the office did not review the programmatic visits to ensure compliance with minimum quality standards by all sections.

Real-time monitoring: In 2016, with the support from the country office, the use of real time-monitoring had been introduced in parts of the Guidhimara and Hodh El Chargui regions. This was so that bottlenecks to access to essential services by vulnerable children could be better identified and addressed. This project was piloted by UNICEF together with regional services of Ministry of Economy and Finance, Ministry of Health, Ministry of Education and Ministry of Social Affairs. The audit team received very positive feedback from the national authorities on the usefulness of real-time monitoring, although its deployment had been limited to only those two regions of the country.

End-user monitoring: The supply section conducted three end-user monitoring missions during the second quarter of 2017. However, an end-user monitoring system was yet to be put in place, including risk-based planning, conduct of missions and reporting. Meanwhile, some aspects of end-user monitoring were incorporated into programmatic visits (although, as stated above, these were only partially covered by the template).

Follow-up of recommendations: The country office had been devising a table for the consolidation of recommendations stemming from monitoring, including assurance activities, but was not using this at the time of the audit visit. The office said that recommendations from spot checks were supposed to be followed up during programmatic visits. However, at the time of the audit, the office was not systematic in monitoring partners' implementation of recommendations arising from monitoring.

Agreed action 7 (medium priority): The country office agrees to define a quality review mechanism for monitoring, including assurance activities, together with a system to follow up on recommendations stemming from these. It also agrees to look at how to better integrate assurance activities with other types of monitoring conducted by programme sections, to extend the use of real-time monitoring to other high-priority regions, and to develop the use of end-user monitoring.

Responsible staff members: Deputy Representative, Chief Operations, Admin Officer, Quality Assurance, Operations Manager and Planning and M&E Team
Date by which action will be taken: February 2018

Procurement planning

The office had prepared a consolidated procurement plan for 2016. This was monitored and controlled by the supply section. However, the audit team's review of this 2016 plan showed that the information it contained was not consistent across the different sections. In some cases there was insufficient information on quantities, prices or freight costs to facilitate effective planning of supplies. Also, the specific inputs required were not always identified; for services, in some cases, only the title of the activity was provided, without even an estimated cost.

The audit noted that 32 purchase orders and three contracts for consultants with a total value of approximately US$ 540,440 were placed with suppliers within 30 days of the grant expiry. A review of the purchase orders placed by the office during 2016 and 2017 showed that *ad hoc* requests for supplies were submitted that had not been included in the supply plan, such as the purchase of furniture. There was also a lack of regular monitoring of implementation of the supply plan; this could have helped the office address changes in needs, delays or unforeseen events in order to adjust quantities and values promptly.

The weaknesses described above help explain why there was a difference of US$ 1 million between planned and actual procurement for 2016, representing 20 percent of the total planned procurement value. The total value of the procurement in 2016 was US$ 4.9 million, while the planned total amount of procurement for the same period was US$ 3.9 million.

Agreed action 8 (medium priority): The country office agrees to review its supply-planning processes and establish regular monitoring of procurement.

Responsible staff members: Supply Officer
Date by which action will be taken: January 2018

Consultancy contract management

During 2016, and 2017 as of May, the office concluded 74 consultancy contracts with a total value of US$ 854,715. The audit team reviewed 14 of these contracts, and found that in 13 cases the terms of reference described generic functions but did not include specific, measurable, and time-bound deliverables. This reduced the country office's capacity to monitor contract performance. Also, in all the contracts reviewed, consultants were being paid monthly without linking the payment of instalments to satisfactory deliverables at specific time intervals. This increases the risk that UNICEF might pay for services that were not received in full and to the expected quality.

In 12 of the 14 cases reviewed, the audit noted that the office had applied fixed rates that were indicated in the terms of reference, and paid daily subsistence allowances based on UN rates for official travel, instead of requesting each consultant to provide quotations for the services to be provided inclusive of costs. This practice limited the scope for obtaining services at the best possible rates.

Agreed action 9 (medium priority): The country office agrees to ensure that all contracts define specific, measurable and time-bound inputs, and that payments are properly linked to deliverables as well as all-inclusive fees for services.

Responsible staff members: HR Officer
Date by which action will be taken: January 2018

Risk management

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 actions to manage those risks into workplans and work processes. The risks and their mitigation measures are recorded in a risk and control library.

The country office had reviewed its RCSA during a programme meeting in January 2017. An action plan was drawn up for the five most significant risks: fraud and misuse of resources, impact of natural hazards, fundraising, lack of coordination with other UN agencies, and lack of or weak partner capacity for programme implementation.

However, the risk assessment exercise was not sufficiently participatory, which limited its effectiveness. The audit noted, for example, that no representatives were present from either the operations section or the zone office at the January 2017 meeting. Indeed, during its visit to the Bassiknou zone office, the audit team found that specific risks related to zone office security and transportation had not been considered in the RCSA. Also, the risk linked to the weak banking capacity in the country had not been reflected in the RCSA, although the office was clearly aware of it and it was highlighted in a memorandum to the audit from the Representative as part of the audit preparation.

Moreover, the resulting action plans did not identify which staff were responsible for the implementation of the risk-mitigation measures identified in the RCSA, and nor did they provide implementation timeframes with deadlines and/or milestones. Finally, the implementation of the risk-mitigation measures was neither prioritized nor systematically monitored.

Agreed action 10 (medium priority): The office agrees to reinforce its risk assessment and monitoring mechanisms.

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

Responding to fraud and other misuse of assets

The office had trained its staff on ethics, which includes a section on UNICEF fraud awareness. However, key staff had not been specifically instructed on how to identify fraudulent activities and how to react when confronted with them. This limited the office’s ability to deter, prevent or detect and respond to fraud or other misuse.

In 2016, the office experienced three cases of fraud. However, it had not reported any of these cases to the Office of Internal Audit and Investigations (OIAI) as is required under UNICEF procedures. UNICEF senior management will be issuing reminders to all country offices as to the reporting procedures that must be followed when fraud or other abuse is detected or suspected.

Agreed action 11 (medium priority): The country office agrees to provide orientation to its staff members on how to respond to fraudulent activities, including proper reporting in accordance with UNICEF’s procedures.

Responsible staff members: Chief Operation, Ethics focal point
Date by which action will be taken: March 2018

Child protection

As part of preparing the new country programme, the office looked at the area of child protection in order to identify bottlenecks and reflect on lessons learned. It concluded that despite the efforts by the Government and its international and national partners, practices such as early marriage, female genital cutting, violent discipline and child labour were still widespread. The main bottlenecks identified were an incomplete legal framework, social norms, and gaps in capacity of regional and local authorities. A strategy note was prepared by the country office and reviewed by the regional office, and its conclusions used to define the new country programme to be submitted to UNICEF Executive Board in September 2017.

Notwithstanding this proactive approach, the audit noted the following.

Children enrolled in armed conflicts: The country office had detected the presence of children living in Mberra refugee camp and enrolled in armed forces (EAFGA) as far back as 2013. However, UNICEF had faced difficulties in dealing with this issue with UNHCR because Mauritania had no armed conflict on its territory and had therefore not been officially recognized as being part of the UN's Monitoring and Reporting Mechanism (MRM)[13] on child-rights violations. It was therefore argued that data collected from the Mberra camp should be reported together with data from Mali. The UN Resident Coordinator had mediated these divergent views of the situation since 2015.

It was decided to conduct a risk assessment in the camp and also to train the UNICEF programme officers in the MRM in 2015 and in 2016. The country office had also provided data to be included in the Global Horizontal Note (GHN)[14] from the second and fourth quarters of 2016, as well as in the UN's annual report on grave violations of children's rights in situations of armed conflicts. Finally, the Representative and the Child Protection Officer had met the Deputy Representative of Mali Country Office in March 2017 to discuss a strategy for cooperation and data-sharing between the two UNICEF country offices.

The Mauritania Country Office, in cooperation with UNHCR, prepared a strategy and action plan for the surveillance of children's rights protection in the Mberra camp and in host communities. The strategy was submitted for approval by the Representatives of UNICEF and UNHCR in Mauritania, as well as to the Resident Coordinator, and was also presented to the child protection team of the Mali Country Office.

In the meantime, however, the audit team noted that there was no system in place to monitor and report on the implementation of the action plan. Moreover, the exact role of the Mali Country Office in this was not defined. Finally, the question of how to fund these activities had not been included in the strategy.

Embedding of child protection principles*:* Although staff members confirmed that child protection risks were relevant to programme implementation, the audit team found that these risks had not specifically been analyzed in the framework of the RCSA.

The audit also noted that in 2016, during the annual meeting with UNICEF partners, the Chief of Child Protection conducted a specific session on sexual abuse and exploitation. During this

[13] The MRM on grave violations of children's rights in situations of armed conflicts, established by the UN Security Council. The MRM is guided by UN-issued MRM Guidelines and an MRM Field Manual.
[14] This is part of the MRM. It is a quarterly reporting mechanism on child rights violations in a number of conflict situations, and is used to inform the UN Security Council among other bodies.

session, the relevant guidelines[15] of the United Nations Secretariat were presented, as well as the specific clause in UNICEF PCAs that requires all personnel of the partner to comply with them. Several other recommendations were also made in this meeting. However, the office had not checked whether these recommendations had been implemented or whether the PCA clause had been adhered to in practice. Moreover, two of the partners met by the audit team confirmed that they had no mechanism in place to prevent or address sexual abuse and exploitation.

Agreed action 12 (medium priority): The country office agrees to ensure that its surveillance strategy for children enrolled in armed groups is properly validated by all parties involved, that its implementation is regularly monitored, that there is adequate collaboration on this issue with relevant partners including other UNICEF offices, and that adequate funding is put in place. The country office also agrees to identify and mitigate child protection and safeguarding risks both inside the UNICEF office and within UNICEF's delivery chain, including through its Risk and Control Self-Assessment.

Responsible staff members: Representative, Deputy Representative, Chief of Section, SMT, Sections
Date by which action will be taken: March 2018

[15] *Special Measures for Protection from Sexual Exploitation and Sexual Abuse* (ST/SGB/2003/13).

Annex A: Methodology, and definitions of priorities and conclusions

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

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

The audit looks for areas where internal controls can be strengthened to reduce exposure to fraud or irregularities. It is not looking for fraud itself. This is consistent with normal 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 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.