

Internal Audit of Angola Country Office

November 2020

Office of Internal Audit
and Investigations (OIAI)



Report 2020/15

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Audit objectives and scope

The objective of the audit was to provide independent objective assurance regarding the adequacy and effectiveness of the governance, risk management and control processes over a number of key risk areas in the country office. The audit team conducted the work remotely from 22 May to 30 June 2020. and the audit covered the period from 1 January 2019 to 31 May 2020.

This report presents the more important risks and issues found by the audit, the measures agreed with the client to address them, and the timelines and accountabilities for their implementation. It does not include lower-level risks, which have been communicated to the client during the audit.

Summary

The Office of Internal Audit and Investigations has conducted an audit of the Angola Country Office. The objective of the audit was to assess the office's governance, risk management and internal control processes for the most important risk areas. The audit team conducted the work remotely from 22 May to 30 June 2020 and the audit covered the period 1 January 2019 to 31 May 2020.

The overall approved budget for the three-year programme is US\$ 50.7 million. In addition, the office requested US\$ 22.9 million to respond to the COVID-19 pandemic (US\$ 7.1 million) and a further US\$ 15.8 million to meet the other humanitarian needs of children and women affected by the drought, a nutrition crisis and health emergencies in Angola in 2020. There are 71 approved posts, of which eight are in the four field offices.

The key risks identified for this audit

The audit focused on the risks to achieving a rapid, efficient and effective response to the global COVID-19 pandemic. This included possible inadequate emergency preparedness and responses that could delay critical interventions due delays in recruitment of necessary staff and consultants, selection of implementing partners and timely distribution of needed supplies. Other risks include the possibility of insufficient funds which could delay the COVID-19 responses and result in the failure to implement critical interventions.

The audit also looked at the risk that the office might conduct business as usual – for example, implementing programme assurance activities as it would under more normal circumstances, which could result in inefficiencies and divert resources away from emergencies.

Also reviewed were key potential risks related to delayed and unsupported cash transfers to beneficiaries. The office paid about US\$ 9.6 million in direct cash transfers (DCTs) to implementing partners for humanitarian and development work performed from January 2019 to June 2020. However, there was a risk that delayed or incomplete assurance activities could lead to funds not being used for intended purposes, or planned results not being achieved. Further, the risk of fraud or irregularities could increase when cash transfers to beneficiaries are not well supported.

Results of the audit and actions agreed

The office had already implemented some appropriate measures to mitigate certain risks. For instance, the office had conducted simulation exercises in early March 2020 to test preparedness of staff to work remotely and access UNICEF tools and systems while doing so. As a result, it did not experience any major disruption to its operations due to the pandemic.

The office had an anti-fraud strategy, trained implementing partners to increase awareness of fraud and unethical behaviour, and had some measures in place to mitigate fraud risk (for example, in the social cash transfer programme). Donor reports were issued on time; the audit sampled results statements in them and found them well supported. This reduced any risk of weakening donor relationships, essential for future fundraising – particularly for critical humanitarian work. There was also a robust budgeting system in place.

However, the audit identified several areas where the controls related to key risks to UNICEF's activities could be improved. The audit found that the office could have made faster and better use of the UNICEF COVID-19 emergency procedures or controls to expedite emergency and development work. For example, planned response activities and output indicators had not been fully streamlined within the office's programme structure and workplans. Failure to fully and accurately reflect all identified COVID-19 activities and outputs in the workplans may result in some critical response activities not being implemented. At the time of the audit, there was slow progress in some COVID-19 emergency activities. The audit also noted that the office did not accurately register and code all COVID-19 emergency response outputs, activities, indicators and targets in VISION. This led to inaccurate reporting on the use of COVID-19 funds and achievement of results. This in turn could damage UNICEF's reputation, and affect future resource mobilization.

The office worked with 56 implementing partners in 2019 and 33 in 2020. The office did not often use open selection when choosing NGO partners. This increased the risk of not selecting the partners with the best comparative advantage. Further, several implementing partners made a smaller financial contribution than expected to the partnership, thereby resulting in potentially ineffective and inefficient programme delivery. The audit also noted that, from January 2019 to mid-May 2020, the office procured US\$ 52.3 million worth of programme supplies and services; some of this procurement was done close to grant expiry dates. This increased the risk of single sourcing of supplies at potentially higher prices, and irregularities and fraud.

Following discussion with the audit team, the office has agreed to take several measures to address the risks identified. One is regarded as high priority – that is, requiring immediate management attention. This relates to the need to ensure key COVID-19 activities, re-programmed allocations and outputs are accurately coded, marked and tagged in VISION to ensure accurate reporting to key stakeholders.

Conclusion

Based on the audit work performed, OIAI concluded at the end of the audit that, subject to implementation of the agreed actions described, the controls and processes over the office were generally established and functioning during the period under audit to mitigate the risks that can prevent the achievement of the office's objectives. The Angola Country Office, the Eastern and South Africa Regional Office and OIAI will work together to monitor implementation of the measures that have been agreed.

Background

The 2020–2022 country programme of cooperation between the government of Angola and UNICEF has four main components: *Child survival and development*; *Adolescent development and participation*; and *Strengthening capacities for decentralized convergent social services*. There is also a cross-sectoral component to cover common functions.

The goal of the country programme is to contribute to the achievement of the national priorities set forth in the National Development Plan 2018–2022. The first year of the new 2020-2022 country programme has been characterized by the global COVID-19 pandemic, and the Angola Country Office, like all other UNICEF country offices, has had to adapt its activities to support the Government in responding to the pandemic.

The overall approved budget for the three-year programme is US\$ 50.7 million. In addition, the office requested US\$ 22.9 million to respond to the COVID-19 pandemic (US\$ 7.1 million) and a further US\$ 15.8 million to meet the other humanitarian needs of children and women affected by the drought, a nutrition crisis and health emergencies in Angola in 2020. The office consists of a national office in Luanda and four field offices in Kunene, Uige, Lubango and Kuito Bie. There are 71 approved posts, of which eight are in the field offices.

Audit observations

Risk management

The audit found the office's fraud risk management was generally adequate. There was an anti-fraud strategy and the office had taken steps towards its implementation, including training of partners, conduct of fraud awareness activities, and preparation of checklists to prevent fraud.

However, the audit noted two suspected irregularities that had not been reported to OIAI and the regional office. This suggested a possibility that similar cases may not have been reported.

Agreed action 1 (medium priority): To ensure an appropriate and adequate response to prevent and deter fraud and misconduct, the office agrees to periodically remind staff of their duty to report any breach to the Office of Internal Audit and Investigations (OIAI). This should include any suspected case of fraud, loss or misconduct, and any violation of the policy on whistleblower protection against retaliation. The office should also remind partners and vendors to report any suspicion of fraud involving UNICEF-supported activities to OIAI.

Responsible staff members: Deputy Representative Operations

Date by which action will be taken: December 2020

COVID-19 emergency preparedness and response

The office, in coordination with the national Government, had drawn up a preparedness and response plan (PRP) to respond to the COVID-19 pandemic. Together with implementing partners,

it also updated the rolling work plans (RWPs) to reflect COVID-19 response and other emergency activities.

The office had supported capacity building for key partners and had procured and distributed to the Government crucial supplies (such as masks, thermometers, gloves and hand sanitizers) amounting to US\$ 436,000. However, at the time of the audit, there was slow progress in some activities. For instance, no children benefited from the distance/TV/home-based learning programme (the target was 560,000 for the year). There were also no healthcare providers trained in detection, referral and appropriate management of COVID-19 cases (against a target of 833 for the year). Further, there was no progress in the office's surveillance and case management activities in support of the Government.

To ensure it continued to deliver results for children amidst the Covid-19 pandemic and related restrictions on movement and travel, the office had established remote work arrangements to support business continuity. However, the audit also noted the following in respect of the office's response to the COVID-19 pandemic.

Humanitarian work within the programme structure: The office had created corresponding activities and outputs under relevant, existing outputs in its existing programme management framework and the PRP. However, the activities and output indicators had not been fully and accurately reflected in the office's workplans. For example, 14 out of the 17 output indicators and six activities in the PRP were not in the rolling workplans. Further, the COVID-19 target for "the number of healthcare staff trained on infection protection and control" was 50 in the workplans for 2020 but 833 in the PRP for the period covering March-December 2020. The number of "healthcare facilities reached with critical WASH supplies and services" was 14 in the PRP and 40 in the RWPs for 2020.

Further, the implementation period for COVID-19 activities in the RWPs was two years, 2020 and 2021, while it was March to December 2020 in the PRP. The COVID-19 budget figures in the workplans differed from the COVID-19 HAC appeal funding requirements for 2020. Finally, supply requirements (such as hygiene, medical, and WASH) needed to respond to the pandemic were reflected in the workplans but not in the PRP.

Failure to fully and accurately reflect all identified COVID-19 activities and outputs in the workplans may result in some critical response activities not being implemented.

Funding gaps: As of mid-June 2020, the office had utilized 34 percent of its COVID-19 funds for the period of March to December 2020. In the COVID-19 HAC appeal,¹ the office had estimated US\$ 7.1 million to respond to the pandemic from March to December 2020. As of 22 June 2020, the funding gap was US\$ 6.28 million. To address the immediate funding need, the office had (in line with HQ guidelines) reallocated US\$ 200,000 from Regular Resources (the office's core funding) as a bridging gap. An additional US\$ 500,000 had been received from a donor to scale up response interventions. Other funds amounting to US\$ 120,000 were reallocated to the office by the Regional Office. The office had reported achieving 22.3 percent of the COVID-19 implementation targets covering the period of March to December 2020, in part due to the

¹ HAC stands for Humanitarian Action for Children. A HAC is an appeal that UNICEF launches for assistance for a particular crisis or emergency response, and will state how much UNICEF thinks it needs to raise for a given situation. The appeals page is at <https://www.unicef.org/appeals/>; the page for COVID-19 can be found at <https://www.unicef.org/appeals/covid-19>.

funding shortage.

Use of COVID-19 emergency procedures: The audit found that the UNICEF work practices for the COVID-19 pandemic were effectively established, and their implementation monitored by management. UNICEF offices, especially those prone to emergencies, are encouraged to put in place contingency programme cooperation agreements (PCAs) and programme documents (PDs) with pre-assessed humanitarian NGOs. These agreements are signed in advance and can then be quickly activated when an emergency occurs. Alternatively, an office can sign a simplified humanitarian programme document (HPD) in situations such as the COVID-19 response. As of the time of the audit, the office had neither contingency PCAs and PDs nor signed any HPDs (though it was developing six HPDs to respond to the COVID-9 pandemic). Further, the office did not review its internal work processes and procedures as suggested in the COVID-19 procedures. The office had also not made use of all the business simplifications that are available in the COVID-19 emergency procedures to help expedite the response.

Use of COVID-19 funds: UNICEF had issued global guidance for recording COVID-19 related outputs, activities and indicators in UNICEF's management system, VISION, and its performance management component, inSight. However, the audit team noted that the office had recorded in VISION only two of its 15 COVID-19 response activities. Further, it did not accurately code and tag the two activities recorded as well as the US\$ 320,000 it had reallocated to COVID-19. The funds allocated to the COVID-19 response were therefore shown as US\$ 500,000 instead of US\$ 820,000. This could lead to wrong reporting to donors, disallowed costs and reputational loss for UNICEF.

COVID-19 results monitoring and reporting: The office had regularly provided its input to the global situation reports (SitReps) in inSight. It had also prepared a country-specific COVID-19 SitReps to supplement the Global SitReps with additional information on the COVID-19 activities, achievements and fund status. These country-specific COVID-19 SitReps were not mandatory for country offices, so were a good initiative; in the view of the audit, they helped monitor progress and strengthen accountability.

Agreed action 2 (medium priority): The office agrees to:

- i. Align the office's major emergency response activities and output indicators in the preparedness and response plan with the programme structure and workplans, to minimize the risk of ineffective monitoring and reporting on progress.
- ii. Analyze the root causes of delays and slow response and establish a plan of actions to minimize the risk of occurrence. As a minimum, the office should increase its operational capacity by reviewing its internal work processes and procedures and using all business simplifications available in the COVID-19 emergency procedures. It should also, with support from the Regional Office and headquarters, take steps to reduce funding gaps.

Responsible staff members: Chief of Planning, Monitoring and Evaluation, and Emergency Specialist

Date by which action will be taken: i., June 2021; ii., February 2021

Agreed action 3 (medium priority): The office agrees to:

- i. Expedite HPDs related to the COVID-19 response and establish appropriate contingency PCAs and PDs to speed response to any future emergency.

- ii. Submit periodic progress reports to the country management team so that it can keep abreast of the functioning of COVID-19 controls and take timely corrective action as appropriate.

Responsible staff members: Deputy Representative Programmes; Chief of Planning, Monitoring and Evaluation; and Emergency Specialist

Date by which action will be taken: i., November 2020; ii., June 2021

Agreed action 4 (high priority): The office agrees to take appropriate action to ensure that the responsible staff accurately code, mark and tag key COVID-19 activities and outputs in VISION to reduce the risk of inaccurate tracking of contributions towards COVID-19 related results and budget allocations and expenses.

Responsible staff members: Chief of Planning, Monitoring and Evaluation

Date by which action will be taken: January 2021

Programme assurance

The office worked with 56 implementing partners in 2019 and 33 in 2020. It had paid about US\$ 9.6 million in direct cash transfers (DCTs) to implementing partners for humanitarian and development work performed from January 2019 to June 2020.

UNICEF country offices must ensure funds disbursed to partners are used for the intended purposes and must also monitor progress towards results. To provide reasonable assurance in these respects, UNICEF and certain other UN agencies have adopted the Harmonized Approach to Cash Transfers (HACT). This is a risk-based framework under which offices assess the risk of a particular partner (a 'micro-assessment') and use the results to determine the most suitable cash-transfer method to be used, and the number and frequency of assurance activities. The latter include programmatic visits that assess the progress of activities and achievement of results and report any constraints. Other activities include spot checks of the partner's financial management, scheduled audits when required, and special audits according to need.

The audit noted the following.

Assurance activities: UNICEF guidance note on *Implementing Partnership Management during the COVID-19 Pandemic* encourages offices, as far as is realistically possible, to conduct spot checks remotely for significant and high-risk partners. It also suggests postponing scheduled spot checks and audits for medium- and low-risk implementing partners.

Before the COVID-19 outbreak, the office had exceeded the minimum required assurance activities. As of the time of the audit, the office had postponed spot checks for medium-low risk partners because of COVID-19 outbreak. However, it had neither carried out remote spot checks for high- or significant-risk partners nor updated its assurance plan to align with the relevant guidance note. Delayed or incomplete assurance activities could lead to funds not being used for intended purposes, or planned results not being achieved. The office told OIAI that it was planning to resume spot checks remotely at the time of the audit.

Outstanding DCTs: As of 22 June 2020, DCTs unliquidated for more than six months (that is, funds not yet accounted for by implementing partners) amounted to US\$ 773,000. Due to the COVID-

19 outbreak, one major Government partner had stopped a programme intervention and therefore could not spend and/or liquidate the funds received from UNICEF.

The new COVID-19 procedures allow offices to re-programme for three months if the grant is still effective, or has gone over six months, or is expected to do so due to a complete lockdown. As of the time of the audit, however, the office had yet to use this new procedure. To minimize the risk of further delays, the office contacted the Government partner at central and provincial levels to identify means to accelerate liquidation of funds and re-programme activities.

Agreed action 5 (medium priority): The office agrees to:

- i. Ensure remote spot checks are planned and conducted as far as realistically possible for high- or significant-risk partners, and update the 2020 risk-based assurance plan accordingly.
- ii. Provide technical support to implementing partners to expedite the liquidation of outstanding balances and engage with partners to re-programme activities to reduce the risk of delayed implementation.

Responsible staff members: Deputy Representative Operations

Date by which action will be taken: December 2020

Human resources

UNICEF has issued administrative guidelines to country offices to provide information to staff and adopt a common approach on staff matters during the COVID-19 outbreak. The Angola office management maintained open communication with the staff association, and there was adequate coordination between them. The joint consultative committee met to discuss staff well-being and development.

However, the audit also noted the following.

Recruitment and vacancies: Delays in recruitment, and vacant posts, can affect programme implementation by limiting the availability of adequate human resources. Such delays can also have a negative impact on staff morale. As of the time of audit, there were four positions vacant (for between five and 29 months), due to lack of funding. The office mitigated this issue by engaging staff on temporary assignment.

The vast majority of recruitment had been completed before the onset of the pandemic. However, the audit noted that it had sometimes taken time. The office took on average 87 days (ranging from 57 to 119) to complete recruitment for seven posts from the day the advertisement closed to the issue of a final offer. This was 27 days more than UNICEF's global key performance indicator (KPI) of 60 days. This was mainly due to delays in finalizing shortlists and submitting final recommendations, because of other priorities.

The office faced significant difficulties attracting and retaining talent because of reduced post adjustment and limited access to quality education, language, the high cost of living, health care and spousal employment in Angola. These factors also increased the risk of staff turnover, which was cited by one partner as a reason for delays in preparing programme documents and implementing programme activities. Global travel restrictions and increased global demand for

qualified personnel to respond to COVID-19 brought on by the pandemic worsened the situation. The office had asked the regional office for support and guidance in this area.

Workplace culture: The office sought to put into practice UNICEF core values (care, respect, integrity, trust and accountability). It had identified the need to improve workplace culture as a priority during 2020. To this end, in September 2019 it had conducted a staff survey to prioritize the common areas of concern. Management also discussed staff concerns in several management meetings, including the Joint Consultative Committee. It had also drafted a concept note to guide the transformation of the office's culture. However, as of the time of the audit, management had not yet taken any concrete actions in response to these consultations due to constraints stemming from the pandemic and staff turnover.

Mandatory training: Training was a standing agenda item for the country management team. However, only 71 percent of staff attended mandatory training courses in 2019. This could be attributed to a combination of the sudden onset of the polio outbreak, and to drought emergencies that stretched both programme and operations staff beyond what was expected in the emergency preparedness plan. As of June 2020, some mandatory training courses, including United Nations human rights, Information security awareness and HIV in the workplace, had less than an 80 percent completion rate. The office had amended the planned training activities in 2020 due to the impacts of COVID-19 pandemic. Insufficient completion of mandatory training could weaken critical skills and knowledge of staff.

Agreed action 6 (medium priority): To avoid delays in programme implementation, improve staff morale, critical skills and knowledge, and maintain institutional memory, the office agrees to:

- i. Address the bottlenecks in recruitment.
- ii. Take concrete action to improve workplace culture.
- iii. Together with the Regional Office and the Division of Human Resources, establish a strategy and a plan to attract and retain talent.
- iv. Ensure all staff complete the required mandatory training courses.

Responsible staff members: Human Resources Specialist

Date by which action will be taken: i., January 2021; ii., December 2020; iii., February 2021; iv., November 2020

Partnership management

From January 2019 to the time of the audit, the office paid US\$ 6.7 million (70 percent) in direct cash transfers (DCTs) to Government partners and US\$ 2.9 million (30 percent) to NGOs, a total of US\$ 9.6 million. The office's Partnership Review Committee (PRC), a body that country offices establish to review programme documents signed with partners, functioned well. The audit remotely interviewed two partners who confirmed their overall satisfaction with the partnership relationship with UNICEF.

However, the audit also noted the following.

Partnership mapping: During 2020, the office mapped all potential implementing partners for the Social Cash Transfer programme. However, this was not done for the other major programmes. The lack of systematic country-wide mapping of NGOs, including local community organizations, could have hindered identification of potential partners with which to expand and accelerate

programme implementation and geographic coverage. The audit also noted that the office worked with 56 partners in 2019 and 33 in 2020 but had selected only two of them through open selection or competition. This had also increased the risk of not selecting the right partners to ensure value for money and adequate in-country capacity.

Partnership performance: The office had established 10 PDs in 2019; at the time of the audit in 2020, it had four active PDs covering *Water, sanitation and hygiene (WASH)*, *Social protection* and *Child protection*.

The UNICEF global benchmark for finalizing a PD is 45 days in a normal context and 15 days during emergencies. This is measured from the date an NGO submits a PD to the date it is signed by both parties. The audit reviewed five PDs finalized before the COVID-19 pandemic and found one exceeded the 15-day benchmark by 60 days, due to a longer-than-expected time required to select specific intervention areas. The audit also found one PD approved nine days after the start of activities. Late finalization of PDs could delay the implementation of activities.

Partnership contributions: The regional office had set a financial contribution target of 25 percent from partners. For Angola, the contributions from partners ranged in practice from zero to 45 percent of the overall budget as established in PDs. The audit noted that 16 out of 19 PDs showed contribution less than 25 percent. High operating costs in Angola contributed to reduce the financial contributions of local NGO partners. However, insufficient financial contributions from implementing partners could weaken programme delivery. The audit found that the causes of not meeting the regional office's target had not been analyzed and acted upon.

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

- i. Ensure effective use of open selection for civil society organizations, to minimize the risk of not selecting the partners with the best comparative advantage. The office should consider carrying out a comprehensive mapping of potential implementing partners in the country to increase the number of potential partners for future open selection.
- ii. Monitor the timeliness of humanitarian programme documents, analyze causes of any significant delays and share lessons learned to minimize the risk of further delays.
- iii. Analyze causes and lessons learned; share good practices with implementing partners; and establish an action plan to maximize value for money ratio to improve delivery of results for children.

Responsible staff members: Deputy Representative Programmes and Chief of Planning, Monitoring and Evaluation

Date by which action will be taken: i., January 2020; ii., April 2021; iii., June 2021

Supply management

From January 2019 to mid-May 2020, the office procured US\$ 52.3 million worth of programme supplies and services, including US\$ 40.3 million (77 percent) offshore and US\$ 12 million (23 percent) locally. Of the local procurement, 69 percent was for services and 31 percent for supplies. Local procurement included rental of vehicles and printing of materials. Programme supplies were distributed directly to implementing partners to minimize the risk of late delivery. The office had conducted a market survey in 2019 to identify qualified suppliers in the country.

The audit noted the following.

Forecasting: Unrealistic forecasting of supply needs could increase the risk of late procurement of supplies. The audit noted that there were significant differences between actual and estimated procurement of supplies in 2019. For example, total non-emergency supplies procured locally were 90 percent higher than initially planned, while institutional services were 28 percent lower than planned. These variations could be due to unrealistic assumptions.

Timeliness: Late delivery of supplies to implementing partners, or late receipt of programme supplies from suppliers, are likely to increase the risk of delayed programme activities, particularly in an emergency. This could also render the supplies obsolete or no longer needed, which could lead to write-offs.

The office monitored weekly the status of procured supplies to minimize this risk. However, the audit noted delays in the receipt and delivery of supplies. For instance, from 1 January 2019 to 8 June 2020, supplies (such as water pumps, tanks and learner's kits) worth US\$ 445,000 received from suppliers took between 6 to 86 days longer than expected, with an average delay of 24 days. This included US\$ 173,000-worth related to the period from March to June 2020. Further, supplies (such as vehicles, tents and office equipment) worth US\$ 313,000 delivered to implementing partners took 30 to 65 days longer than originally planned.

As of the time of the audit, the office had not assessed the root causes of delays before and after the COVID-19 outbreak. However, it is likely that COVID-19 pandemic had altered the supply chains since March 2020.

Procurement close to grant expiry: Of supplies worth US\$ 2.9 million, 17 percent were procured in the last three months before the grant expiry date, and 27 percent (US\$ 796,641) of this amount was within a month of the grant expiry. This was mainly due to late receipt of accurate supply specifications from Government partners.

Procurement of programme inputs close to grant expiry dates could lead to delayed programme implementation. It also increased the risk of single sourcing of supplies at uncompetitive prices, and potential irregularities and fraud. This could lead to further questioning and potential non-approval of expenditures by donors.

Agreed action 8 (medium priority): The office agrees to:

- i. Revise its methodology to support sound forecasting, assumptions and targets, so as to minimize delays to procurement of supplies and implementation of programme activities. It should also regularly review procurement estimates in light of the changing operating environment, needs and priorities.
- ii. Assess the root causes of late delivery of supplies to implementing partners and late receipt of supplies from suppliers and reinforce internal processes and controls to mitigate the risks.
- iii. Provide technical support to Government partners, to increase their capacity to submit clear and timely specifications of supplies. This will minimize the risk of late procurement close to grant expiry dates and potential refunds to donors.

Responsible staff members: Supply Officer and Procurement Specialist

Date by which action will be taken: i., December 2020; ii. and iii., November 2020

Annex A: Methodology, and definition of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, and testing samples of transactions. 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 regional 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 act 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 regional-office management but are not included in the final report.

Conclusions

The overall conclusion presented in the summary falls into one of four categories:

[Unqualified (satisfactory) conclusion]

Based on the audit work performed, OIAI concluded at the end of the audit that the control processes over the office were generally established and functioning during the period under audit.

[Qualified conclusion, moderate]

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

[Qualified conclusion, strong]

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

[Adverse conclusion]

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