Internal Audit of the Central African Republic Country Office

December 2020

Office of Internal Audit
and Investigations

Report 2020/16

Contents

Audit objectives and scope

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Central African Republic (CAR) Country Office. The audit covered the period from 1 January 2019 to 30 June 2020. The objective of the audit was to provide independent assurance regarding the adequacy and effectiveness of the governance, risk management and control processes in the country office. This report presents the more important risks and issues found by the audit and the measures agreed with the CAR country office management to address them.

The audit was conducted remotely because of the movement restrictions imposed by COVID 19 pandemic. To reach the audit conclusions, the auditors relied entirely on their analyses of data and information available in corporate systems, scanned copies of documents provided by the client and representations made to the audit team during a series of meetings held with staff, selected donors, and key implementing partners. The auditors were also unable to have direct interaction with supported communities or make visits to projects supported by the office.

Summary

The audit was conducted remotely because of the movement restrictions imposed by COVID 19 pandemic. To reach the audit conclusions, the auditors relied entirely on their analyses of data and information available in corporate systems, scanned copies of documents provided by the client and representations made to the audit team during a series of meetings held with staff, selected donors, and key implementing partners. The auditors were also unable to have direct interaction with supported communities or make visits to projects supported by the office.

Risks identified for audit

The audit focused on a number of areas where it had identified key risks to the country programme. For example, the audit examined whether the office had identified the most significant risks arising from COVID-19 pandemic and put in place measures to adequately mitigate and manage this risk. The audit also examined whether the office was sufficiently prepared to address the consequences of a potential escalation of the pandemic.

In other areas, the audit reviewed programme workplans to see if they were timely and complete; if they were not, this could delay implementation of programme activities and lead to non-achievement of planned results. The audit also identified a risk that programme results may not be measured against appropriate indicators, and that a risk existed that progress towards planned results might not be adequately reviewed and any constraints thus not properly noted and addressed.

The audit also examined whether there was a risk that programme inputs, including direct cash transfers and supplies, might not be used for agreed purposes. Also, in view of the security situation, it was important to review whether staff safety and security concerns were appropriately addressed.

Results of the audit and actions agreed

The audit noted a number of areas where the office's controls were functioning well. Following the pandemic outbreak, the office instituted measures to address impacts on staff; it also adjusted programme and office priorities. It implemented a monitoring system to maintain communication with staff; it ensured their needs and wellbeing were covered, and that staff concerns regarding teleworking were addressed.

Senior management consulted and involved staff in making key office decisions. Zone-office key responsibilities were clear, and a bottom-up approach in work planning empowered staff by giving them greater involvement in programming.

The office had also assigned dedicated staff to manage and coordinate activities related to Protection from Sexual Exploitation and Abuse (PSEA). It had implemented a community-based reporting mechanism for PSEA, was very active in the PSEA inter-agency working groups and had started a PSEA assessment of implementing partners with support from UNICEF's West and Central Africa Regional Office (WCARO). The latter provided technical support to the office on PSEA, as well as in other areas.

Donors interviewed by the audit said that the office maintained close communication and shared appropriate information with them regarding programme implementation. In 2019, the office submitted 90 of the 92 scheduled donor reports on time.

However, the audit also identified a number of areas where further action was needed to better manage risks to achievement of UNICEF's objectives. These included the following:

1. Changes to programme and office priorities due to COVID-19 were not documented in revised workplans, or in an updated annual management plan (AMP). This risks resources not being assigned to the new priorities and a lack of accountability for their management and monitoring.

2. Any escalation of the pandemic would affect programme implementation, make it harder to obtain assurance on the use of programme inputs including cash and supplies, and exacerbate challenges in attracting and hiring staff. It was therefore necessary for the office to develop a preparedness plan.

3. Programme workplans were not prepared and endorsed by the implementing partners in a timely manner. This risked delays in the implementation of planned activities. Some prefectures, and the capital city, did not have workplans – creating a risk that the specific needs of children and women in these areas might not be prioritized. In addition, workplan budgets were not guided by the approved funding ceiling included in the board-approved country programme document, which could result in underestimating fundraising and planning requirements.

4. The office had not implemented sufficient assurance activities to fully manage the risks involved in cash transfers that totaled US$ 35 million. There were delays in completing the spot checks and recommendations from assurance activities were not implemented promptly. These gaps presented a risk that funds disbursed to partners by the office might not be used for the agreed purposes, which could lead to non-achievement of results.

There are 11 agreed actions from this audit, of which two are rated as high priority— these are 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. The high-priority actions concern the management of risks related to COVID-19 pandemic and the work-planning process.

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 risk-management procedures and the internal controls and processes over the office were generally established and functioning during the period under audit. The country office, with the support of the WCARO, and OIAI intend to work together to monitor implementation of the measures that have been agreed.

Background

The CAR is the third-largest humanitarian crisis in the world, after Yemen and Syria, in terms of the proportion of the total population in need of humanitarian assistance. The country has been plagued by a series of armed conflicts for the past eight years and despite the signature of a peace agreement in February 2019 between the government and 14 armed groups, attacks against the population continued in 2019 and 2020. Conflict and insecurity intensified in early 2020, with several incidents displacing populations and increasing humanitarian needs. CAR is also among the most dangerous countries for humanitarian workers, with three killed and 28 wounded in 2019 and six aid workers injured in February 2020.

The overall goal of the 2018-2021 country programme is to ensure that more children survive and develop in a healthy and protective environment. The programme consists of five main programme components (*Child survival and development; Primary education and gender equality*; *Child protection*; *Water, hygiene and sanitation*; and *Social inclusion*). There is also a cross-sectoral component. The total budget for the four-year country programme is US$ 120.4 million. In addition to this regular programme budget, the Humanitarian Action for Children (HAC) appeal for 2020 was US$ 58.2 million.

The country office is located in Bangui; there are four zone offices. As of the time of the audit, the office had a total of 144 posts, of which 44 were in the zone offices.

Audit observations

COVID-19 pandemic response

As at 23 June 2020, the Central African Republic had 2,963 confirmed COVID-19 cases, a considerable increase from 9 May 2020 when the number of confirmed cases stood at 179.

The office had developed a country-specific HAC/response plan for COVID-19[1] in the CAR, with a budget of US$ 29.5 million. Of this budget, US$ 9.5 million had been funded as of May 2020. A Business Continuity Plan (BCP) was activated in Bangui since March 24; as a result, only critical staff had been allowed in the office in Bangui and staff teleworked from within or

[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.*

outside the duty station. According to the Representative, the four zone offices were fully operational but precautionary measures had been taken to ensure social distancing within the office and hygienic measures had been strengthened. An emergency supply plan for the COVID-19 response was prepared with the programme team. To reduce lead time, the office shortened the response time for bids to three to five working days for orders related to COVID-19.

The office had assessed the risks that the pandemic response posed to achievement of its objectives, but the assessment was not comprehensive. While it had taken action to mitigate pandemic-related risks, there were still gaps in the management of some risks. At the time of the audit, the office had not completed a comprehensive analysis of emerging risks, such as any added risks of fraud as well as the impact of the pandemic on the achievement of programme results. Such an analysis would help the office develop a more robust risk-management plan and assist achievement of results in priority programme areas during COVID-19. Moreover, the following areas were still exposed to risk should the pandemic escalate:

- Exacerbation of access and safety issues the office already faces due to conflict in the country.
- Reduced implementation of activities because key staff from international NGOs might leave the country.
- Limited assurance activities such as spot-checks and programmatic visits, as most national partners lack access to reliable internet. Reduced assurance activities could affect programme results, given that CAR is a high-risk environment where use of third-party monitors may not be possible.
- Increasing supplies might proportionately increase the risk of their misuse. The office commented that it was difficult to rapidly increase a newly established end-user monitoring approach to cover a significant amount of newly imported supplies.

Except for ordering of testing kits, the office had not developed a detailed preparedness plan in case of an escalation in the pandemic. The office said it would need the support of the Regional office and headquarter offices in order to prepare such a plan.

COVID-19 impact on some staff functions: UNICEF has issued emergency procedures specifically for the pandemic response. The audit team did not fully assess the office's implementation of these, as it was too early to do so at the time of the audit. The audit did however note that the office had set up a system to maintain communication with staff and to ensure that their needs and wellbeing were addressed. It had distributed water purifiers and internet modems to staff located in Bangui.

However, staff had continued to have problems gaining access to UNICEF systems, making it harder to perform some tasks (for example, processing of payment transactions). The main challenges included unreliable internet connectivity, as well as frequent and extended power cuts.

Staff recruitment: The UNICEF organizational benchmark is 30 days to recruit staff under emergency procedures. However, the office took an average of 88 days for a sample tested. Performance was likely to deteriorate with travel restrictions imposed by the pandemic. There were problems in recruitment of staff due to challenges in attracting qualified staff and lengthy recruitment procedures within the office.

Adjustment of priorities: Programme results had been adjusted to adapt to the evolving situation. For example, for the Education programme, because of the closure of schools, activities were reprioritized with greater focus on remote learning (by radio) and COVID transmission prevention. However, although the changes had been discussed among the section chiefs and the Deputy Representative, they were not formally incorporated into the multi-year workplans. In addition, there had been a realignment of human resources in certain areas, (for example in quality assurance reviews) and shift of programme focus to new geographical areas. However, at the time of the audit, the changes were not formally incorporated into the multi-year workplans and the shifts were not included in an amended annual management plan (AMP). In the absence of updated workplans and AMP, there was a risk that available resources might not be focused on the correct priority programme areas. Further, accountability for management of the risks to the revised priorities might not be assigned and monitored.

Interaction with Government partners: According to a key Government partner interviewed, there had been no discussions and agreement with the Government regarding mitigation measures and impact on planned activities in the workplans. The lack of these discussions could weaken ownership of programme by the Government thereby risking non-implementation of programme activities The Government partner suggested that new working procedures should be found to compensate for the difficulty in holding regular programme meetings, otherwise implementation of the workplans could be hampered.

The office said that UNDP was taking the lead in establishing these working procedures with the Government and that it had invested in teleworking equipment for all Ministries. However, the Government response suggested that it was not aware of these initiatives.

Monitoring of COVID 19 response: The office had started to develop a tracking system to monitor the status of implementation of the COVID response. At the time of the audit, this tracking system had not yet been finished and brought into use. This risked a delay in any office response to pandemic challenges as they arose.

Recommended action 1 (high priority): The office should conduct a comprehensive risk assessment and ensure actions are taken to adequately manage the emerging risks arising from the COVID-19 pandemic outbreak. Specifically, the office should:

i. Agree on adjustments to the programme and office priorities brought on by the pandemic and reflect them in the corresponding planning documents.
ii. Ensure that all key Government departments are aware of the updated procedures for working with them and are informed on how the workplans will be operationalized and implemented.
iii. With input from the Regional office or other relevant offices, develop a preparedness plan in case the COVID-19 pandemic situation deteriorates, taking into consideration the risks identified.
iv. Finalize its pandemic response tracking system, assign responsibility and ensure that it is reviewed regularly, and corrective action taken as and when needed.
v. Analyze staff internet connectivity needs and determine the possibilities for providing additional connectivity resources to support their work requirements.

Responsible staff members: Deputy Representatives of programme and operations, Chiefs of PM&E, CSD, Education, Child Protection and WASH.
Date by which action will be taken: March 2021

Work planning

Workplans are used to set out the activities that must be undertaken by implementing partners, and also serve as the basis for all disbursements made to the partner. To avoid risks of delays in programme implementation and achievement of results, the workplans should be prepared and agreed with partners on a timely basis. The audit noted the following.

Timeliness of workplans: The office had prepared a national multi-year workplan (MYWP) covering the period 2020-2021 and based on inputs from zone offices, which also prepared MYWPs of their own. The MYWPs were generally results-based with baselines and targets. The sectoral national workplans had been signed by the Representative and endorsed by the Government.

However, all the office's 2020-2021 national MYWPs were signed late, in May 2020. UNICEF guidelines recommend that they be signed early within the first quarter of the work-planning cycle they cover. Further, the zone-office workplans are expected to be finalized before the national workplans in a bottom-up planning approach; but they were still at the draft stage in June 2020. This is a risk that programme requirements and priorities at the regional level are not properly reflected in the endorsed national workplans.

The office said that the COVID-19 pandemic had delayed approval by the national authorities. It also stated that it had not finalized, or agreed with the Government, the process for validating the zone-office workplans with the partners. This will likely lead to further delays in their finalization.

Programme coverage: The country programme includes nationwide interventions such as immunization activities, and others that are adapted to the local context, such as water-supply projects. However, there were no specific workplans for the four prefectures and the capital area that were expected to be covered by the main country office in Bangui. This meant specific needs of children and women in those prefectures and the capital might not be appropriately prioritized in the allocation of programme resources.

Budgeting: the office did not ensure the workplan budgets were informed by the established budgets in the country programme document (CPD). Rather than using the budget ceiling in the CPD and the HAC requirements to guide the activity budgets in the signed MYWPs, the office used unit costs, available funding and resource mobilization capacity. Consequently, the budgets did not tally with the ceiling in the 2018-2021 CPD. For example, the workplan budgets for *Education* (US$ 8 million) represented only 28 percent of the planned amounts in the CPD. This budgeting process increased the risks of underestimating fundraising requirements and non-achievement of the planned results.

Support for Government emergency preparedness and response capacity: The country's humanitarian crisis is among the largest in the world. One in five Central Africans had fled conflict caused by inter-community tensions, attacks by armed groups or clashes between the latter. The Rapid Response Mechanism (RRM[2]) was being used by the office as the main mechanism to respond to the immediate humanitarian needs of internally displaced people (IDPs), returnees and spontaneous repatriates from neighbouring countries.

The RRM was led and managed by the Field Operation/Emergency section of the country office in partnership with three international NGO partners. Despite a significant budget (US$ 13 million, of which US$ 9.4 million had been raised as of June 2020), and the importance of emergency preparedness and response in the context of CAR, the office had not prepared a workplan with the relevant national counterpart (Ministry of Humanitarian Affairs and

[2] *A Rapid Response Mechanism (RRM) is an emergency response process for delivering humanitarian aid to vulnerable people, including children. After a quick needs assessment, a team is deployed through a consortium of NGOs, to provide lifesaving assistance.*

Reconciliation). The audit was told that a partnership with the Government could be a risk to the speed and flexibility of the RRM interventions due to its weak capacity. Still, the office could progressively strengthen Government's capacity to prepare for, complement and rapidly respond to, humanitarian crises.

Recommended action 2 (high priority): The office should:

i. Reflect in the workplans the specific needs of the capital, and of the four prefectures that are currently supported by the office in Bangui.
ii. Review its work planning process (including the bottom-up planning approach) and address the root causes of delays in the signing of the workplans.
iii. Strengthen the workplans by ensuring that they reflect the approved funding ceiling, and that exceptions are justified and documented.
iv. Determine how it could contribute to strengthening Government capacity to prepare and respond to emergencies through appropriate workplans that do not affect RRM performance.

Responsible staff members: Deputy Representative and Chief PM&E
Target date: June 2021

Programme results

The achievement of country programme results should be measured against appropriate indicators and recorded in the UNICEF's results assessment module (RAM), which allows progress to be viewed across the organization.

The audit's review of the 2019 year-end results statements for the Child Survival and Development (CSD) programme noted that out of 75 output indicators, the status was not indicated for 31 (41 percent) of them. In addition, the overall output result status was not systematically supported by the status of the related indicators. For example, out of seven indicators for one output result, the status was informed only by two indicators that were both rated as partially achieved. Despite this, the overall output result status was rated as being "on track". Given that none of the seven indicators were fully achieved and only two were partially achieved, it was not possible to establish how the on-track status was determined.

In addition, humanitarian response indicators recorded in HAC were not always reflected in the signed workplans, although the workplans integrated regular and emergency activities. In one particular programme (Education), the office could not identify the source of the baselines of the emergency indicators reported in RAM.

These issues suggested that the office could not reliably measure and report progress against planned results.

Recommended action 3 (medium priority): The office should ensure that:

i. Reported results are informed by output indicators, and the status of progress of a result is aligned with the status of achievement of the corresponding indicators.
ii. All programme results, including those related to the humanitarian response where appropriate, are included in the workplans and are accurately reported in the results assessment module.

Responsible staff members: Chief PM&E
Target date: June 2021

Programme review

UNICEF offices conduct annual programme reviews jointly with key counterparts. These reviews assess progress towards the achievement of planned programme results; identify constraints, challenges and opportunities; and decide on corrective measures for the following year's workplans.

At the end of 2019, the office had conducted the required annual programmes reviews for all sectors with relevant counterparts. However, the reviews had only assessed progress against planned activities, and did not assess and address progress towards the achievement of the planned results to which programme activities are aimed or address the reasons why planned results were not achieved. This risked implementation of activities that did not effectively contribute to the achievement of planned results.

The reviews also made recommendations in broad terms, making it unlikely that they would be used to improve delivery of results for children. Examples included: *Strengthening the technical and operational capacities of the nutrition service*; *Accompany the Government in the process of redeploying state agents in the provinces*; and *Strengthen the fundraising strategy for routine and preventive activities*. Where a concern was raised, there was no corresponding recommendation to manage it. The office commented that weak capacity in results-based programming, particularly at the Government level, contributed to the gaps noted in programme reviews.

These weaknesses in programme reviews meant there was a risk that problems constraining achievement of planned results would not be identified and addressed.

Recommended action 4 (medium priority): The office should ensure that the annual programme review with Government counterparts includes clearly documented information on progress against planned results, root causes of any constrained results and specific recommendations to address those causes.

Responsible staff members: Chief PM&E
Target date: September 2021

Cash transfers management

The office had disbursed US$ 27.9 million to 89 partners in 2019, and US$ 7.1 million to 42 partners in 2020 (as of May). Of these totals, 76 percent and 72 percent respectively, were made to NGOs, and the remainder was transferred to Government partners.

To ensure the cash is used for the agreed purposes, UNICEF and some other UN offices use the harmonized approach to cash transfers (HACT). This framework is based on a risk assessment of a given partner and provides guidance on the minimum required assurance activities to be carried out for that partner, based on their individual risk rating and the amount of cash transferred. The assurance activities include programmatic visits, during which the office will check that progress is being made on the funded work and discuss any constraints with the partner. Other assurance activities include spot checks of the partner's financial management and scheduled or special audits when necessary.

The audit noted the following.

HACT assurance activities: The office had implemented fewer than the minimum number of assurance activities required under the HACT framework. In 2019, the number of completed programmatic visits was 109 while the minimum required was 147. None of the spot checks and scheduled audits planned in 2020 had been finalized as of June. Without sufficient and timely, HACT assurance activities, there is an increased risk of funds not being used for the intended purposes including fraud.

The primary reason given for this was the security issues in the country, which limit staff and contracted vendors ability to visit programme sites. To mitigate this, the office had contracted a Third-Party Monitor (TPM) that had completed a first batch of field visits in March 2020. However, with the COVID-19 pandemic challenges, including travel restrictions and internet connectivity, the office was unlikely to close the gap in HACT assurance activities in 2020. The office acknowledged the challenges it faced in this respect, especially because even the remote conduct of spot-checks imposed by COVID-19 could not be done given the limited access of partners to the Internet.

Recommendations from HACT assurance activities: As of 26 June 2020, there were 29 outstanding recommendations from assurance activities, of which 16 were overdue – including 10 rated as high priority. Untimely action to correct noted weaknesses meant that cash transfers continued to be exposed to risks of misuse, fraud and diversion. The office acknowledged that this was mainly due to inadequate monitoring by the respective programme sections. In the second quarter of 2020, it had assigned the monitoring responsibility to the relevant head of section, who had not been directly involved previously. It was still too early to assess the effectiveness of this decision.

Ineligible expenditures: In 2019, there were 51 spot checks and audits conducted, of which 35, i.e. 69 percent, identified ineligible expenditure – amounting to US$ 300,000 in total. The office had asked the partners involved to refund it.

These ineligible expenditures were mainly due to lack of supporting documentation. Its absence is an indicator of weak financial management by the implementing partners. Although the office said it had conducted a number of HACT-related trainings for partners, capacity building had not been sustained due to high turnover of partner staff, especially the finance staff.

Recommended action 5 (medium risk): The office should:

i. Identify alternative forms of assurance for implementing partners for which on-site visits are not possible due to COVID-19 restrictions and/or due to other accessibility challenges (see also Recommendation 1).
ii. Strengthen its monitoring process to ensure timely implementation and closure of recommendations from HACT assurance activities.

Responsible staff members: HACT Specialist
Target date: February 2021

Recommended action 6 (medium risk): The office should:

i. Use the results of assurance activities to establish and implement a financial management capacity building plan of implementing partners. This should include retention of documents supporting expenditure.
ii. Ensure the refund of, or accounting for, the US$ 300,000 from implementing partners that was reported as ineligible expenditure from spot checks.

Responsible staff members: Representative, Deputy Representative Operations, HACT Specialist, and Finance Specialist
Target date: June 2021

Accounting for cash transfers

Partners are required to report on the use of direct cash transfers (DCTs) within six months from receiving the funds. As of 26 June 2020, however, five partners had DCT balances outstanding for over nine months, amounting to US$ 83,482. Another balance of US$ 1.5 million in DCTs, split between 19 partners, had been outstanding for between six and nine months. Compliance with this requirement should provide the office with assurance that funds have been used for intended purposes and that the agreed activities have taken place. Delays also increase the risk of misuse and/or loss of resources.

During the audit, the office put in place a new monitoring system whereby all programme sections were notified of outstanding DCTs every two weeks. However, the office still needed to strengthen monitoring – through, for example, holding heads of programme sections accountable for unjustified delays in obtaining the reports from partners and failure to take prompt, appropriate action.

Recommended action 7 (medium priority): The office should strengthen its monitoring of partners to obtain timely assurance that partners have used DCTs for intended purposes.

Responsible staff members: Deputy Representative
Target date: July 2021

Procurement of supplies

From January 2019 to February 2020, the office procured approximately US$ 17.5 million-worth of programme supplies and contracted services worth US$ 10.8 million. A regional market assessment in 2018 found that there was limited local market capacity (in terms of volume and quality) to source supplies locally. The office therefore relied on offshore procurement, using regional long-term agreements (LTAs). Offshore procurement from January 2019 to February 2020 totalled approximately US$ 12.5 million, of which 35 percent were for nutrition supplies and 20 percent for medical supplies including vaccines. The office uses the services of a private company to expedite customs clearance for supplies procured offshore.

The audit reviewed the systems in place to ensure quality of programme supplies and timeliness of delivery to beneficiaries. It noted the following.

Procurement: The supply section drew up its procurement plans in March, in collaboration with programme sections; the plans were then reviewed in June.

From January 2019 to February 2020, 83 purchase orders, worth US$ 3.2 million, were delivered to UNICEF after the agreed deadlines. The audit could not determine the reason. In addition, the office raised 96 purchase orders worth US$ 2.2 million close to grant expiry dates. Late delivery supplies of can lead to delay in implementation of planned activities. Procurement close to grant expiry dates increases the risk of funds not being used for intended purposes, as it can mean procurement of unplanned supplies in order to use the grant and makes it harder to obtain the best value for money.

In January 2020, the office updated its standard operating procedure to clarify the different stages of the purchasing process, the roles and responsibilities of the various units/sections, and the indicative deadlines for each action. It was still too early for the audit to assess what difference this had made.

Supplies storage and distribution: As of May 2020, the office had US$ 3.5 million dollars' worth of supplies stored primarily in the Bangui warehouse. The inventory consisted mostly of items for Child Survival and Development (38 percent), Water, Sanitation and Health (28 percent), and Education (16 percent). The supply distribution data showed that from January 2019 to February 2020 (before COVID-19), the office had distributed approximately US$ 11.7 million-worth of supplies, of which around US$ 4 million were distributed after the planned delivery dates. Late delivery of supplies is a risk to the timely and adequate implementation of the planned activities. Feedback obtained by the audit from NGOs confirmed the need to expedite supplies delivery to ensure timely implementation of programme activities.

Recommended action 8 (medium priority): The office should strengthen its management of supplies by monitoring the effectiveness of its procurement, delivery and distribution.

Responsible staff members: Supply manager
Target date: June 2021

Evaluations, studies and research

UNICEF offices carry out both formal evaluations and other research activities in order to see whether their country programme is having the intended effect and to gather lessons for the next country programme cycle. The audit noted the following.

Evaluations: Evaluations gather knowledge that is shared and used for the design of programme interventions and advocacy. The CAR CPD had stated that most of the programme components would be evaluated during the 2018-2021 programme cycle, including the emergency response. The lessons learned were to be used to inform subsequent programming. The office's evaluation plan for 2018-2021 included four evaluations that were to be completed during 2019. However, as of May 2020, the office had completed only one, two were ongoing, and one had not started. Non-implementation and delays in conducting evaluations risks knowledge on status of programme results and/or necessary adjustments to the programme priorities and results.

The office stated that there was limited capacity to carry out quality evaluations in the West and Central Africa Region, and a lack of vendor willingness to operate in CAR (resulting in lengthy evaluator selection processes). However, the audit noted that there was insufficient budget allocation for evaluations. UNICEF's 2018 Evaluation Policy states that the organization as a whole should aim to spend 1 percent of its overall programme budget on evaluation, and that country offices should work towards that goal. However, the office's evaluation budget represented 0.4 percent of the country programme total budget. The regional office had recommended that this be increased.

Studies and research: For UNICEF, studies and research, are important for gathering information and filling data gaps, contributing to effective programme planning and implementation. However, a UNICEF report on *Progress for Every Child in the SDG Era* (March 2018) rated the Central African Republic's statistical capacity as low. The country ranked 135 amongst 146 assessed, with a score of 38.9 percent. The report highlighted data gaps in the

44 child-related SDG indicators (no data for 13 indicators). At the time of the audit, MICS6[3] was ongoing; this aims to compile information for multiple indicators, including five of those without any data available. In addition to this, the office was expected to carry out three studies during 2019. However, two out of three had not been completed at the time of the audit.

Recommended action 9 (medium priority): The office should strengthen its evaluation and data collection processes. The office should start by the allocation of adequate financial resources and by identifying internal capacity gaps that could be supported through the regional office support and staff improvement.

Responsible staff members: Deputy Representative and the Chief of PM&E
Target date: June 2021

Asset management

UNICEF offices should keep track of their physical assets, note any discrepancies between the record and the assets found, and establish the reasons for them.

The office had hired a consultant to conduct a physical count of assets in October and November 2019. The exercise noted differences between the physical counts and UNICEF records that had not been reconciled. The differences included 32 items of information and communications technology (ICT) equipment worth US$ 48,531 that could not be traced. This occurred because the movement of assets between various offices in the country were not recorded in the assets register. The physical count also included non-UNICEF assets. The office was preparing for a recount of the physical assets at the time of the audit.

The office had loaned 38 vehicles to partners, of which 13 had been loaned for more than five years and five of them in excess of 10 years. To establish the existence and condition of the loaned vehicles, the office requires the partners to send an annual confirmation letter. However, the office does not physically check the existence, condition and the use put to the vehicles. Among the 38 loaned vehicles, it was reported that five were non-operational, and the existence of one vehicle could not be confirmed.

The partners had not been not clearly informed, at the time the vehicles were handed over, of processes for their disposal when the programme ended or if the vehicles had ceased to function. There was therefore a risk that the vehicles loaned might not now exist, might be misused on non-programme activities, and/or not be in good working condition. To mitigate these risks, the office updated its standard operating procedures (SOPs) for loan of vehicles during the audit. However, these procedures need to be finalized and implemented.

Recommended action 10 (medium priority): The office should:

i. Implement the updated operating procedures for managing and monitoring the use of loaned vehicles and ensure that they address the identified risks.
ii. Conduct timely physical counts of assets and reconcile the results with UNICEF records.
iii. Account for all the IT equipment, worth US$ 48,531, that was not traced during the physical count.

[3] *The Multiple Indicator Cluster Survey (MICS) is a household survey implemented by countries under a programme developed by UNICEF to provide rigorous data on the situation of children and women.*

Responsible staff members: Deputy Representative Operations, Administrative Officer and ITC Specialist
Target date: February 2021

Security management

The country security situation and related movement constraints represented a challenge for programme implementation and field monitoring. Given the country's volatile security situation, regular security risk assessments are required to reduce staff exposure and avoid unnecessary risks as part of programme implementation. The latest such assessment had been done in October 2019. It highlighted the partial or pending implementation of mandatory security measures by UNICEF and other UN agencies.

In January 2020, the office drew up a plan that set out the security measures and actions designed by the country office in response to the weaknesses identified during the assessment (and to comments made by OIAI at the time of the previous audit in 2018). This plan included seven measures related to personal movement, premises security, and staff security awareness. However, the audit felt that additional actions could have been included – for example, specific deadlines, budget (if applicable) and responsibility for implementation.

Given the significance of the security threats and volatile environment, any security gaps must be closed as soon as possible to avoid exposing staff to unnecessary security threats.

Recommended action 11 (medium priority): The office should improve the security action plan to ensure specific deadlines, budget, assigned responsibilities, and endorsement/monitoring by management.

Responsible staff members: Security manager
Target date: February 2021

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 auditees (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 auditing practices. However, UNICEF’s auditors will consider any suspected fraud or mismanagement reported before or during an audit and will ensure that the relevant bodies are informed. This may include asking the Investigations section to take action if appropriate.

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

Priorities attached to agreed actions

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

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

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

Conclusions

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

[Unqualified (satisfactory) conclusion]
Based on the audit work performed, OIAI concluded at the end of the audit that the control processes over the office were generally established and functioning during the period under

audit.

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

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

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