

Internal Audit of the Colombia Country Office

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Audit objectives and scope

The objective of the audit was to provide independent 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 covered the period from January 2019 to March 2020. The audit work was performed remotely from March to May 2020.

This report presents the more important risks and issues found by the audit team and the measures agreed with the Colombia country office management to address them.

Summary

The Office of Internal Audit and Investigations has conducted an audit of the Colombia country office. The audit was conducted remotely and covered the period from 1 January 2019 to 31 March 2020.

Since 2014 Colombia has experienced a social emergency resulting from migration from Venezuela. Colombia's Migration Office reported that about 1.5 million Venezuelans were in Colombia in October 2019.¹ The country office was responding to the migrant crisis through interventions mainly in primary Health and Nutrition, WASH (water, sanitation and hygiene), Education, and Child Protection.

The largest component of the current regular UNICEF country programme is *Child protection*, with a focus on UNICEF support for the reintegration of FARC-EP disengaged children among other areas. The budget for the 2015-2019 country programme was US\$ 59.9 million (it has now been extended through 2020). In addition, the office had raised US\$ 10.6 million through Humanitarian Action for Children (HAC) appeals for its response to the Venezuelan migrant crisis.

Key risks identified for this audit

The most significant risk areas identified prior to the audit included the effectiveness of the humanitarian response to the Venezuelan migration – including Accountability to Affected Populations, given the humanitarian situation. The audit team also identified resource mobilization, accuracy of reported results and adequacy of the budgeting for results process as potential high-risk areas.

A number of other areas were identified as potential medium risks, including programme monitoring, staffing and use of UNVs, and advocacy and communications. Where the audit did find risks in these areas, they are reflected in the report that follows.

Results of the audit and actions agreed

The audit team noted a number of areas where the office's controls were adequate and functioning well. For example, the annual workplan included a sound internal performance monitoring system with clearly defined milestones at the activity level, linked to annual priorities and aligned with the overall results structure; it also included performance monitoring based on

¹ Migración Colombia. *Venezolanos en Colombia*, Corte 23 de Octubre de 2019.

progress *vis-à-vis* planned targets. There was a robust framework for managing the relationship between development and humanitarian work. The office undertook more than the minimum number of programmatic visits required (106 percent in 2018 and 108 percent in 2019) and the visit reports were of generally good quality.

However, the audit also found areas where further action was needed to better manage risks to UNICEF's activities. In discussion with the audit team, the country office has agreed to take measures to address these risks. None are being implemented as high priority; that is, to address issues requiring immediate management attention. But some were rated as medium risk, which means that action is needed to avoid exposure to significant risks. These included the need to: better structure risk management, including a comprehensive assessment of any risks involved in private-sector fundraising (PSFR); ensure accuracy and consistency in reporting in UNICEF's Results Assessment Module; improve cost estimation for purposes of the humanitarian appeals; and improve contracting for emergency health and nutrition services. There were also a number of other medium-priority findings.

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. The country office, with the support of the Latin America and Caribbean Regional Office (LACRO), and OIAI intend to work together to monitor implementation of the measures that have been agreed.

Background

Colombia is an upper-middle income country with a total population of 48.3 million in 2018, of which 22.6 percent is under 14 and 26.1 percent between 14 and 18 years old.² Since 2014 Colombia has experienced a social emergency resulting from migration from Venezuela. According to the World Bank, the Venezuela migration is the largest population movement in the region's recent history. Colombia's Migration Office reported that about 1.5 million Venezuelans were in Colombia in October 2019.³

The UNICEF 2015-2019 Country Programme had been extended for a year, until 2020, to allow full alignment with the 2020-2023 UN Sustainable Development Cooperation Framework for Colombia. The largest component of the current UNICEF country programme is *Child protection*, with a focus on UNICEF support for the reintegration of FARC-EP disengaged children, assisting mine victims, and assisting in other areas. The second largest component, *Inclusive education*, entails improving quality of learning in communities most vulnerable to conflict, and support to the Ministry of Education (MoE). The country office was also responding to the migrant crisis through interventions mainly in primary Health and Nutrition, WASH (water, sanitation and hygiene), Education, and Child Protection.

The budget for the 2015-2019 country programme was US\$ 59.9 million. In addition, the office had raised US\$ 10.6 million through Humanitarian Action for Children (HAC) appeals for its

² Departamento Administrativo Nacional de Estadística, Censo Nacional de Población y Vivienda 2018.

³ Migración Colombia. *Venezolanos en Colombia*, Corte 23 de Octubre de 2019.

response to the Venezuelan migrant crisis. The Colombia country office also has a Private Sector Fundraising (PSFR) Unit which includes 18 staff positions. PSFR is among the top 10 sources of funding for the office.

The country office main location is in Bogotá; there are field offices and smaller, temporary, outposts in six locations. As of the time of the audit, the office had a total of 68 staff positions (four international professionals, 31 national officers, and 33 general service posts), and 46 United Nations Volunteers (UNVs).

Audit observations

Structured risk management

The significance of risk management is widely recognized in UNICEF and is embodied in its Enterprise Risk Management (ERM) policy. Under this, offices should carry out a structured and systematic assessment of risks to its objectives and planned results, and identify actions to mitigate them. The risks assessed, and the actions identified to mitigate them, should be recorded. The assessment should include events which may adversely affect the programme, their likelihood, and their impact if they do occur. It should also consider whether any mitigation measures or controls that appear already to be in place are effective. Finally, the office should set out the levels of risk that it will tolerate – an office dealing with a life-threatening emergency will obviously accept a higher level of risk. It should then choose the mitigation measures accordingly.

The audit noted significant improvement in the quality of risks captured by the 2019 assessment process compared to 2018. However, there remained the need to reflect the country-specific context in risk analysis – this includes risks related to specific challenges to programming and delivering results for children in Colombia. This occurred partly because the identification and prioritization of risks was not performed in an interactive manner. The country office had a focal point for ERM who prepared the risk and control assessment and shared it for comment, *post-facto*, with members of the Country Management Team (CMT). There was limited input from the responsible section chiefs and managers in the country office.

The Colombia Country Office had an active PSFR section, and PSFR was among the top 10 funding sources. UNICEF's guidance is that PSFR operations should regularly consider risks related to partnerships, third parties, advocacy, communications, supporters, legal and compliance issues and other matters. The Colombia office told OIAI that the main risk in PSFR was reputational - any situation which might affect the UNICEF brand could affect the donor base, leading to reduced funds raised for UNICEF programmes for children. However, although there were some PSFR risks included in the ERM register, the office had not done a comprehensive risk assessment of its PSFR activities, in line with guidance from UNICEF's Private Fundraising and Partnerships (PFP) division.

At the time of the audit – which was right at the onset of the coronavirus pandemic – the office was discussing how its operations would be affected and how it could do things differently.

Agreed action 1 (medium priority): The office agrees to make full use of the UNICEF corporate tool and/or a robust, collaborative process for identification and assessment of risks to delivery of results and the identification of appropriate mitigation measures for the risks identified.

Responsible staff members: Operations Manager

Target date: November 2020

Results structure and reporting

A sound results structure is essential to results-based management. It sets out the programme logic – that is, the actions planned to deliver specific outputs that will contribute to the expected outcomes⁴ of the programme. The activities, output and outcomes should be aligned, as should the related indicators used to measure their achievement. Each level in the result chain should consider all the results that are both sufficient and necessary to achieve the next level of results.

The Colombia Country Office had a sound performance monitoring system that included indicators and targets and set milestones at the activity level. The office's priorities for 2020 were aligned with overall results structure. However, the audit noted the following.

Results reporting: UNICEF offices upload their results to an online portal called the Results Assessment Module (RAM), allowing easy viewing of results across the organization. The audit noted that some of the Colombia office's outcomes and outputs were reported in RAM as met although some related indicators had been only partially achieved. The office had also entered some indicators as fully achieved when the underlying activities were still to be completed.

The office said that it had achieved some of the outcomes and outputs through its catalytic role, whereby a UNICEF-supported initiative triggered awareness and action by Government and implementing partners. It also stated that the achievement of high-level outcomes depends on the collective contribution of others, and UNICEF-specific activities and outputs are not the only contributing factors. The implication of this argument is that failure to achieve indicators does not mean a goal was not achieved, if those indicators were specific to UNICEF activity.

In OIAI's view, this underscores the need for the office to review planned activities and related outputs and outcomes with due consideration of the potential contribution of other factors and activities. A logically coherent results chain will include an assessment of the country office's contribution to change, but also the extent to which planned results are achieved, and the ultimate impact of the country office's programmes.

Country programme and HAC outcomes: The 2021-2024 country programme, still at the draft stage at the time of the audit, and will include a shift from a sectoral to a thematic, multi-sectoral focus. This is expected to contribute to synergy and divergence of activities across sectors and hence lead to efficient and effective delivery of the programmes.

However, the audit's review of the Colombia participation in the regional HAC,⁵ *Children on the Move*, and of the draft 2021-2024 country programme document, identified potential

⁴ UNICEF programmes plan for results on two levels. An outcome is a planned result of the country programme, against which resources will be allocated. It consists of a change in the situation of children and women. An output is a description of a change in a defined period that will significantly contribute to the achievement of an outcome. Thus an output might include (say) the construction of a school or clinic, but that would not in itself constitute an outcome; however, an improvement in education or health arising from it would.

⁵ 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>.

similarities/overlap of some outcomes. At the behest of the Government, the 2021-2024 country programme will now include a component or outcome on “Migration” that will focus on the social inclusion of migrant children and support to host communities. Activities towards achievement of this outcome will be implemented simultaneously with the HAC, which also focuses on addressing the needs of all migrants, but from a humanitarian perspective.

The office was aware of the need to clearly delineate its accountabilities for development activities under the country programme and the HAC. However, given challenges related to results reporting noted in the observation above, there remained the risk of double reporting of results achieved, and of problems in proper attribution of resources and results to development activities and the HAC respectively. This may also pose a risk to resource mobilization. Given that the office had found it challenging to raise funds in-country to deliver on “Migration” outcomes, there was a risk that it might encounter further problems fundraising through PSFR activities in-country to deliver on HAC outcomes.

Agreed action 2 (medium priority): The office agrees to strengthen alignment of the results chain in respect of the 2021-2024 country programme and ensure accuracy and consistency in reporting of activities, outputs, outcomes and indicators in RAM.

Responsible staff members: M&E Officer and Deputy Representative
Target date: March 2021

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

- i. In its new country programme management plan, clarify how it would manage migration-related activities from both the country programme and the HAC, and objectively and transparently attribute results and resources to avoid duplication of activities and double counting. This should include stating how it would manage risk to mobilizing resources for the country programme.
- ii. Explicitly state, within the “Migration” outcome of the development programmes, the outputs and activities as well as the migrant and host communities targeted, avoiding inefficiencies in the simultaneous implementation of both humanitarian and regular programmes and defining how results will be collected and reported to prevent redundancies double counting.

Responsible staff members: M&E Officer
Target date: (i) November 2020; (ii) November 2020

Results-based budgeting

Result-based budgeting entails alignment of resource needs with planned programme results by costing the selected strategy in advance. This requires an evidence-based process for quantifying the resources required and allocating and managing them to achieve the results desired. It should be applied to the programme design after the office has set out the results chain and strategies.

The office confirmed that it had coordinated with the regional office in preparing its budgets and the HAC appeals. However, there were indications that target setting, costing of initiatives, and estimation of funding requirements were not sufficiently robust. There was thus the risk of inefficiencies, and non-achievement of critical programme outcomes for children. The audit noted the following.

Regular programme budgeting: Although only US\$ 33.2 million of the regular programme budget of US\$ 59.9 million had been raised, the office reported that, as of December 2019, it had completed 89.5 percent of the outputs and achieved approximately 73 percent of the milestones set out for the country programme. This implies that, to achieve the outputs and milestones set out in the country programme, the office would have required additional funding of only about US\$ 16 million and not the US\$ 26.3 million needed to reach the ceiling allowed for in the country programme budget.

In the view of the audit, the overestimation of the resources required had been mainly due to their being estimated on the basis of the maximum amount allowed by the standard UNICEF formulas for RR and OR.⁶ There should instead have been a clear link between the resources required and the specific results, strategies and activities set out in the country programme document.

Humanitarian response: For the humanitarian response, the office also overestimated its resource requirements. For example, with only 33.6 percent of the 2019 financial requirements obtained,⁷ it had exceeded its planned target for three out of the nine components of the 2019 HAC for: nutrition (415 percent); health (135 percent); and WASH (191.2 percent). Meanwhile the other areas, such as education, communication and advocacy and communication for development (C4D), were underfunded and targets remained unmet. This was a result of the office's reprioritization of the available resources. This indicated that target setting, costing of initiatives, and fund-requirement estimation needed to be strengthened.

The reported overachievements could be due to underestimation of targets, or to overestimation of the related costs and insufficient reporting of results. The audit also noted that, in the 2019 SitRep, the office had made adequate comments on the results achievement for only two of the sectors (nutrition and education). There was insufficient information on how the WASH and Health sectors had overachieved despite having less than the resources called for in the 2019 HAC appeal. No strict correlation between resource requirements and results achievement could be established. Such information would enable lessons learned to be properly factored in to estimates of funding requirements in future humanitarian appeals and make them more accurate.

To help address these matters, in 2019 the office had provided training to programme staff on the use of the new budgeting tool rolled out by DFAM, and committed itself to strengthening results-based budgeting in its 2020 AMP. It had also put in place a feedback mechanism to seek the views of affected population, and defined indicators adapted to the specific target groups so that it could better measure accountability to affected populations.

Agreed action 4 (medium priority): The office agrees to, for the upcoming programme cycle and through the use of the Integrated Budget Costing System (IBCS), apply results-based budgeting

⁶ RR is core funding that an office is allocated by UNICEF and can use as it sees fit. OR is funding that it must raise itself from donors, and is normally for a specific purpose or programme; it cannot normally be used for other purposes without the donor's consent. Funds raised for a humanitarian emergency during a country programme are known as OR (Emergency), or ORE, and are additional to the OR in the regular programme budget.

⁷ Includes humanitarian resources received in 2019, other resources used and available resources from 2018 carried over.

principles so that budget amounts for the next country programme are a reflection of the resource requirements *vis-à-vis* the planned results.

Responsible staff members: Operations Manager
Target date: October 2020

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

- i. Take appropriate action to improve the quality of HAC results reporting.
- ii. Review and improve the accuracy cost of estimates used in HAC appeals.

Responsible staff members: M&E Officer & Emergency Officer
Target date: December 2020

Resource mobilization

An office is required to raise the bulk of the resources for its country programme as OR, up to the Board approved ceiling. To do this, UNICEF requires offices to prepare and implement a resource mobilization⁸ strategy. However, the office had done this only in March 2017, about two years after the start of the country programme. Also, the strategy had not been updated to reflect the increasing demand for services resulting from the recent migrant crisis. At the time of the audit, the total OR funding gap against the board-approved ceiling was US\$ 23.6 million, or 41 percent.

The office's 2019 risk assessment had noted the fundraising challenge arising from Colombia's status of high-middle-income country, which makes it unattractive to traditional donors. In fact, the main OR contributor to the country programme was PSFR revenue; in 2019, 92 percent of gross revenue was from individual pledge donors *vis-à-vis* 6 percent from companies.

Meanwhile, the office was actively contributing to the mobilization of resources for the regional HAC migration response. Efforts by the country office had included participation in the regional mobilization strategy, and visits, and submission of proposals, to donors. In 2019, the office also contributed to the development of the regional resource mobilization strategy for the migration response. The country office had discussed funding shortfalls related to the migration emergency with the regional office and HQ through the Regional Emergency Management Team (REMT) and the Senior Staff Emergency Meeting (SSEM).

However, with respect to development activities (i.e. those unrelated to emergency response), the office did only a light review of the strategy in January 2020. This involved mapping donors to specific funding gaps in country programme, and developing concept notes for discussions with representatives of donors in Colombia. The office explained that it deliberately did not attempt to expand its donor base during the transition year to the next country programme. However, in the view of the audit, a more holistic resource mobilization strategy – based on resource requirements (see the previous observation) – would enable better integration between budgeting, fundraising for different types of programmes (such as migration), and interventions (development vs. humanitarian). This would give more chances to bridge potential funding gaps.

⁸ 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.

Agreed action 6 (medium priority): The office agrees to draw up a whole-of-office resource mobilization strategy with input from the PSFR, programme and communications sections. It will take into consideration the evolution from emergency response to development, the COVID-19 pandemic and other external factors. The office will also consider reactivating the resource mobilization and PSFR committee, as appropriate.

Responsible staff members: PSFR Manager & Deputy Representative
Target date: December 2020

Contracts for emergency health and nutrition services

At the Government's request, UNICEF supports mobile health units in seven locations prioritized by the Ministry of Health, in response to the Venezuelan migration crisis. These units work as an expansion of the existing services in public hospitals and provide vital health and nutrition services to children under-five, pregnant and lactating mothers and pregnant girls under 14, and adolescents who require access to the protection system.

To provide these units, the country office had signed one Programme Cooperation Agreement (PCA) with one state-owned enterprise (termed ESE in Spanish), and institutional contracts with the other six state-owned enterprises.⁹ The office put in place coordination and monitoring mechanisms that involved programme visits, quarterly field trips and technical committees. In the PCA, the country office had originally planned to conduct two spot-checks and six audits.

The audit noted the following with respect to the institutional contractors.

Contract financial provisions: The prices in the contracts were based and negotiated on estimated market costs. This meant that the country office might be under/overpaying, not paying the fair value. Payments based on actual services are more cost-effective and accurate and would also enable an additional layer of control over the results reported, as mentioned below.

Assurance on results reported: The country office told the audit that data received from the contractors were thoroughly validated by the country office. It stated that quality assurance controls were regularly performed at both the local level and in the main office in Bogotá, and that they included trend analysis, field visits and on-the-spot verifications. However, to strengthen the validation process and therefore reinforce data quality, the country office could cross-check the information received from the ESE with available data; this could include the information sent by the ESE via the Health Services Information System (RIPS) to the Ministry of Health and Social Protection (MSPS), and the evidence obtained during field trips and end-user monitoring reports.

Due diligence and risk-mitigation controls: UNICEF's Supply Division (SD) raised potential ethical issues against one vendor after a financial and ethical evaluation. To address them, the Colombia Country Office agreed to reinforce precautionary measures and add new clauses in the institutional contracts to enhance controls. However, at the time of the audit, the contracts had not yet been amended to reflect this.

⁹ The ESEs, although State corporations, are autonomous and have their own legal status, assets, staff and management. They can therefore be contracted independently.

Personal data protection: The audit noted that some technical reports received by the country office in 2019 included sensitive personal data on children (e.g. name, age, health condition, treatment received, etc.) Some of this data was not sufficiently anonymized.

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

- i. Ensure that the price provisions in the new institutional contracts with the ESEs are based on the actual costs of the services rendered.
- ii. Use available complementary data and the information from end-user monitoring to cross-check the information reported by the ESEs to UNICEF, and establish a procedure for reconciling the reported figures to ensure that data are reported accurately and fully.
- iii. Include appropriate risk-mitigation measures in contracts.
- iv. Replace identifiable names with case numbers in the technical reports submitted by the ESEs, to protect the identity of children and the integrity of their personal data; and reinforce measures to ensure that the ESEs handle these highly sensitive data with due care.

Responsible staff members: Operations Manager & Survival and Development Specialist

Target date: December 2020

Advocacy and communications

The Colombia country programme emphasized advocacy and the office's key role as a leading advocate for the protection and promotion of children's rights. The country programme document stressed the importance of advocacy at the national level. The office had a fluid and interactive approach to policy advocacy, with the Representative maintaining close relationships with key decision makers from Government and other entities, and with active lobbying. Office staff were briefed at regular Monday morning meetings.

The Communications section supported these efforts with information on topical media clippings, contextual briefing notes, and with the content for the campaigns themselves. The section had also developed a communication-for-advocacy strategy which included many public communication and media activities to support the country programme streams, and other UNICEF global priority campaigns.

However, a number of activities in the 2019 strategy had not been completed. There was also no clear strategy covering policy advocacy. OIAI interviews with staff across the programme and cross-sectoral areas noted different views of what the office advocacy priorities were. The audit also noted that policy advocacy as *ad hoc*; the office had not adjusted its priorities for policy advocacy following the development of a new National Development Plan in mid-2018.

Agreed action 8 (medium priority): The office agrees to develop a more structured approach to policy advocacy based on the organizational guidance, and a more holistic advocacy plan for the office. This will include influencers identified for each targeted decision maker and actions for each category of influence, and a process for monitoring and measuring results, and assessing lessons learned.

Responsible staff members: Communications Specialist & Deputy Representative

Target date: March 2021

United Nations Volunteers

As a way to quickly and affordably increase its workforce to assist with (among other things) the emergency humanitarian efforts for Venezuelans in 2019, the Colombia Country Office had engaged specialist UNVs. In 2019, there were 46 UNVs, making them around 50 percent of the office staff. The majority of UNVs were located in the sub-offices or were outposted.

A confidential survey of UNVs conducted by the audit showed that they had been pleased with their initial induction and experience with UNICEF. However, there were opportunities for improving ongoing channels of communication and support between the field teams and the Bogotá country office, as well as more visits to support UNVs in the field.

In the survey of the UNVs, the audit also noted concerns were raised regarding the definition of their roles and recognition of their contributions. The survey also identified some onboarding issues related to access to UNICEF systems including Agora and VISION – although according to the office, all UNVs did have access to Agora as well as the UNV learning platform. (Access to VISION was limited to “common roles” only, as per the Comptroller’s office decision dated 2 August 2019.)

Without a solid framework in place, there is a risk that maximum value will not be gained by both the country office and the UNVs from the arrangement.

Agreed action 9 (medium priority): The office agrees to, with input from the UNVs and the UNV office, develop a plan and prioritize actions to provide sufficient clarity of job scope, ongoing support, communication and recognition.

Responsible staff members: Human Resources Officer

Target date: March 2021.

Programme monitoring under HACT

To provide reasonable assurance that funds disbursed to implementing partners are used for the intended purposes, UNICEF and some other UN agencies have implemented the Harmonized Approach to Cash Transfers (HACT). This is a risk-based framework under which offices assess the risk attached to an implementing partner, and determine the type and frequency of assurance activities. The latter can include programmatic visits, spot checks of the partner’s financial management, and audits.

Programmatic visits are a component of programme monitoring, but they are also assurance activities under the HACT framework. They aim at verifying whether activities are being implemented and results are being achieved as planned. Country offices should monitor implementation of recommendations made after such visits and follow up on actions to address high-priority findings and observations.

The country office had conducted more than the minimum programmatic checks required by the HACT framework (106 percent in 2018 and 108 percent in 2019). The visit reports were of generally good quality and the monitoring schedule offered a comprehensive coverage of partners, locations and programmes. However, the audit’s review of a sample of these assurance activities noted that the reports did not consistently include reference to the recommendations

made in previous programmatic visits. Most of these reports related to the emergency response interventions, and some of the recommendations had been rated as high.

The limited follow-up of the high-priority actions puts at risk the quality of the country office interventions, constraining timely action on potential problems – including any concerning the partners' performance.

Agreed action 10 (medium priority): The office agrees take appropriate action to ensure proper follow-up of recommendations of previous programmatic visits and ensure that evidence of this follow-up is clearly described in the reports of subsequent visits.

Responsible staff members: M&E Officer

Target date: March 2021

Managing risk to cash transfers

The office had transferred a total of US\$ 9.8 million to 48 implementing partners in 2019 and applied the HACT framework and corresponding corporate tools to manage risk to the cash transferred. The audit noted the following.

Micro-assessment: The office had a long-term agreement with a local third-party firm to conduct micro-assessments of implementing partners. These are assessments of prospective or existing partners to establish the risk involved in dealing with that partner, and should be used to fix the type of cash transfer used with them, the type and number of assurance activities that will be used, and any capacity development they may need. Micro-assessments are an important tool under HACT.

OIAI noted that the office had the practice of classifying partners as 'assumed high risk' in the system even when they were below the financial threshold at which a micro-assessment is required (which is US\$ 100,000 being transferred in a year). This was the case for almost 50 percent of the new implementing partners the office started working with in 2018 and 2019. Not having an accurate baseline of the overall partner risk environment may lead to unnecessary assurance procedures and inefficiencies in risk mitigation.

Where partners had not yet had micro-assessments, they were often done after the partnership review committee (PRC) had reviewed the proposed partnership and the signing of the agreement between UNICEF and the partner, detracting from the assessment's value. The office said this was the practice for partners working on components of the humanitarian response, in which fast action can be crucial.

Other partners had been subject to micro-assessments (in some cases up to five years earlier – this is the maximum period of the assessment's validity under HACT). In these cases, OIAI noted that in most cases the risk rating was low risk. The office had worked with the same third-party firm, selected through a competitive process, for more than six years (though had re-tendered once during this time). The office performed limited oversight of the firm's work.

As assessed partners were generally rated low risk, the office had not developed structured practices for partner capacity building. Activity was generally limited to providing access to Agora training when they first started with UNICEF, and informal support on a case-by-case basis.

Spot checks: These are part of the HACT framework and are designed to check that the partner's financial management practices are satisfactory. Many country offices contract these checks out to third parties, but they can also do them themselves; the Colombia Country Office was doing them itself rather than outsourcing. To work with the Operations staff in every spot check, the office also assigned programme assistants from Programme sections other than the one concerned. OIAI thought this was a good practice.

In 2019, the office completed 22 of the required 26 spot checks. There were no ineligible expenses for follow-up; the office ascribed this partly to a hands-on liquidation review process. However, the office stated that it did not have risk-based criteria for selecting liquidations as the subject for spot checks; the general target was to meet the quantitative minimum requirements.

OIAI noted that the volume of spot checks would be significantly higher in 2020, to provide assurance on the significant amount of reported cash transfers which were advanced very late during the previous year. This would require up-front planning. A review of some of the spot checks conducted later in 2019 covered transactions in the earlier part of 2018.

Partner selection: The office told the audit that each programme component area was responsible for identifying suitable partners, and that it would consider aspects such as experience, on-the-ground presence, and management capacity. The basis for the selection of a given partner would be captured in the Programme Review Committee minutes. However, as noted above, without a micro-assessment report, the partner's management capacity would be difficult to assess.

OIAI also noted that the current portfolio of partners had been identified through direct selection rather than through an open and competitive process. There had been no comprehensive survey of potential partners. The office had yet to make full use of the corporate tools available for transparent and effective partner selection, such as the UN Partner Portal¹⁰ and eTools.¹¹ In addition, as it was not using eTools, the office continued to prepare manual HACT assurance plans which needed to be uploaded. Greater use of corporate tools would improve the efficiency of partner risk management.

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

- i. Enhance the partner risk identification and mitigation process, so as to better align with the HACT framework objectives, promote efficiency, and address partner capability gaps.
- ii. Strengthen assurance activities with up-front planning, and risk-based sampling of liquidations.
- iii. Enhance its partner selection framework for greater competition and transparency.
- iv. Prioritize the full use of relevant corporate tools such as e-Tools and the UN Partner Portal.

Responsible staff members: Operations Officer and M&E Officer

Target date: March 2021.

¹⁰ The UN Partner Portal is an online platform for UN agencies and NGOs to connect.

¹¹ A suite of tools designed by UNICEF to help offices keep track of various functions. The different components are currently being introduced across UNICEF offices.

Prevention of sexual exploitation and abuse (PSEA)

In September 2019, the UN Colombia PSEA Task Force conducted a review of the UN agencies' policies and procedures to prevent and respond to SEA. The aim was to assist in improvement in PSEA systems and processes. The review highlighted areas needing improvement among UN personnel, partners and civil society, such as: knowledge and awareness on PSEA; coordination of efforts to adequately prevent and respond to SEA; and referral and victim's assistance. The migration from Venezuela, national legislation, ongoing presence of armed conflict and violence by illegal armed actors in the field, impunity and generalized acceptance of gender-based violence (GBV) were other factors noted by the Task Force.

In 2019, the Colombia Country Office started several mechanisms for PSEA and prevention of sexual harassment (PSHAA), in line with the UN global priorities and UNICEF strategy in this area. These efforts started with the establishment of a focal point in the office in November 2018. There was an action plan with an elaborate logical framework including six outputs, associated activities and indicators and the UN Task Force, in which the UNICEF focal point attended monthly meetings. The majority of staff, UNVs and consultants in the office had completed the UNICEF mandatory Agora training on PSEA and PSHAA. The PSEA task force had in 2019 also prioritized the development of supplementary training, which was being rolled-out with internal participants.

The office had taken sufficient action to build the capacity of UNICEF internal staff, but was also working towards strengthening the capacity of implementing partners on PSEA. It required NGO partners to sign renewed terms and conditions in their Programme Cooperation Agreements covering PSEA and sexual harassment. At the time of the audit, the majority of partners had not participated in related training, although the 2020 training plan did include them all and had been adjusted to ensure that training could be carried out by virtual means due to the COVID-19 context. The office said that, following the introduction of the UNICEF 2020 PSEA Practical Guide for UNICEF offices and partners, it had made PSEA assessments of partners a priority.

Meanwhile, the guidance on PSEA had yet to be extended to significant third-party contractors, such as Face to Face (F2F) fundraising agencies, to ensure that those acting on behalf on UNICEF were aware of PSEA and sexual harassment and took appropriate action on it. Efforts in community awareness had focused on the prevention of GBV as part of the humanitarian activity.

Agreed action 12 (medium priority): The office agrees to complete the training of implementing partners on PSEA, and work with all institutional contractors, including those involved in F2F fundraising, to roll out training for their staff on PSEA as part of their induction programme; and expand interventions for community awareness of PSEA in all component areas.

Responsible staff members: PSEA focal point

Target date: December 2020

Business continuity plans

In 2006 the UNICEF Executive Director mandated the development of Business Continuity Plans (BCPs) in every office in order to be prepared for, among other events, a possible human influenza pandemic. UNICEF Executive Directive CF/EXD/2007-06 details the need for Business Continuity Management throughout all UNICEF offices to be able to maintain continuity of highly critical functions during and following a disaster and/or crisis event. The Colombia Country Office had a

Business Continuity Plan (BCP) that included provisions to ensure business continuity of the most critical processes, services and operations during and after set of events, including pandemic. It also set out how to continue the critical functions and processes from an alternate site in case the office premises became inaccessible.

The audit noted that the main office premises in Bogotá were located close to an area where occasional altercations occur, so that on previous occasions the staff had had to evacuate and telecommute. The country office has field offices and outposts in six locations, most of which had been opened during the last two years in response to the Venezuela migration humanitarian crisis.

The audit review of the Business Continuity Plan also noted the following.

Critical processes and operational services: These are the operations that must be continued in any emergency and were supposed to be listed in Annex B of the BCP, but it was empty. This Annex is one of the most essential elements of the BCP.

Testing: The BCP had been periodically updated and the office had on several occasions successfully operated under partial emergency procedures. However, the BCP had not been tested as such. The office said that, during the COVID-19 situation, the office did conduct tests and surveys, and that the information and communications section monitored VPN connectivity daily. The audit acknowledges that adjustments since the COVID-19 emergency had shown that the office could react fast without a major impact on business. However, if tests had been performed in advance, the challenges involved could have been identified and dealt with earlier.

Basic assumptions for BCP activation: These were that the office premises couldn't be accessed after an emergency and that operations would continue from a contingency site. However, as experienced during the COVID-19 emergency, some operational activities can be disrupted without the office premises being exposed. The BCP was thus not activated.

A further basic assumption of the BCP was that it was internal; it ensured UNICEF's basic processes would continue but made no provision for maintaining work with external parties (Government, partners, etc.) or addressing stakeholders' constraints.

In general, the audit thought that lessons learned during this period should be factored into the BCP and it should be revisited to consider the new operational reality, and a broader set of risk scenarios included for its activation.

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

- i. Complete essential information missing from the BCP, like the critical processes and operational services to be continued (Annex B).
- ii. Hold periodic tests of the BCP under different scenarios, document the results and update the BCP accordingly.
- iii. Reassess the assumptions for BCP activation based on the lessons learned during the COVID-19 emergency.

Responsible staff members: Operations Officer & ICT Assistant

Target date: December 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 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 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.