Internal Audit of the Multi-Country Office for the Pacific Islands

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Office of Internal Audit
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Contents

Audit objectives

The objective of the audit was to provide reasonable assurance as to whether the office's governance, risk management and internal control processes over key activities were adequate and effective. It covered the period from January 2019 to June 2020.

The audit sought to evaluate risks to the achievement of the office's planned results for children. Firstly, there was a risk of information gaps on the situation of women and children. This could lead to the office supporting activities that do not contribute to planned results for children. Secondly, there was a risk of insufficient accountability to affected populations (AAP). This could reduce confidence of affected population and partners in UNICEF and reduce the office's ability to promptly identify and take corrective actions in respect of its programming. Thirdly, there was a risk of underreporting of sexual exploitation and abuse (SEA) and inability of the office to take prompt corrective action. This could result in reputation issues, which would impact on the effectiveness of the office's efforts to deliver results for children in the Pacific Islands.

Other areas of risk evaluated by the audit included the programme results structure, assessment of direct cash transfer process and procurement of supplies, raising the risk of programme implementation delays.

Due to the COVID-19 pandemic-related global travel restrictions, the audit was conducted remotely from 27 May to 30 June 2020. Therefore, OIAI was unable to have direct interactions with the communities and inspect projects supported by the office. To reach the audit conclusions, we relied entirely on our analyses of data available in corporate systems, review of the office's monitoring processes and related reports, scanned copies of documents provided by the office and representations made to our audit team during a series of meetings held with staff, selected donors, and key implementing partners.

This report presents the more important risks and issues found by the audit and the measures agreed with the Pacific Multi-Country Office management to address them.

Summary

The audit noted several areas that worked well. The office's contribution was recognized by Government counterparts, implementing partners and donors. In terms of addressing the effects of COVID-19, the office, with other partners, was helping the Governments of Samoa, Fiji and Solomon Islands conduct MICS Plus[1] or High Frequency Phone Monitoring (HFPM) surveys to collect data on topics of national relevance, including socioeconomic impact assessment of COVID19 – especially focusing on access to basic services and social protection. The office had made appropriate adjustments to it workplans and had been able to appropriately support relevant authorities in responding to the COVID-19 pandemic. There had been systematic capacity-building activities with Pacific Island governments. Using the free storage space granted in the humanitarian warehouse of the Australian government in Brisbane, the office had expanded supply its capacity for efficient emergency response in the Pacific region.

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[1] MICS Plus is a new initiative of UNICEF's Multiple Indicator Cluster Surveys (MICS) programme, to support countries in conduct of phone surveys for the collection of representative data on a frequent basis, and real-time reporting.

However, the audit identified a number of areas where further action was needed to better manage risks to UNICEF's activities. The audit did not classify any of these as high-priority — neither is considered imperative to ensure that the audited entity is not exposed to high risks — failure to take any of the actions would not result in major consequences and issues. However, it did classify all 11 actions identified as medium priority, meaning that they were considered necessary to avoid exposure to significant risks. These actions included (amongst others) the need to:

- Increase the availability and quality of administrative data on children;
- Strengthen the dissemination of research and use of data for public advocacy;
- Improve the quality and extent of follow-up and monitoring on cash advances to implementing partners; and
- Put in place a complaint mechanism with a feedback loop and increasing participation by communities in the design, monitoring and evaluation of AAP interventions.

The Pacific Multi-Country office in Fiji has agreed to take measures to address these and other risks identified.

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 country office's governance, risk management and internal controls were generally established and functioning during the period under audit. The Multi-Country Office, the East Asia and Pacific Regional Office and OIAI will work together to monitor implementation of the measures that have been agreed.

Background

The Pacific Islands sub-region includes 14 countries and territories[2] with a population of some 2.45 million,[3] of which 40 percent is under the age of 18. The Pacific Islands Countries and Territories (PICTs) have small, culturally diverse populations, high levels of environmental vulnerability (for example, to tropical cyclones) and limited income sources, all of which challenge their ability to ensure sustainable, equitable human development. The operating costs of business are higher in small states – and far higher in microstates;[4] inevitably this has an impact on the socioeconomic environment in which UNICEF works, as well as affecting its own operating costs.

The current multi-country programme runs from 2018 to 2022. There are five main programme components: *Child and maternal health and nutrition*; *Water, sanitation and hygiene* (WASH); *Education*; *Child protection*; and *Policy, evidence and social protection*. There is also a cross-sectoral component to cover common functions. The programme's priorities

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[2] Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu.

[3] UNFPA, 2016 (available at https://esa.un.org/unpd/wpp/DataQuery/).

[4] See for example Winters, LA and Martins, P (2004), *When comparative advantage is not enough: business costs in small remote economies*, World Trade View: 3 (3). The authors compared costs in three industries relevant to smaller states across 92 countries of varying size and found considerable cost disadvantages in these industries.

are to reduce infant deaths and improve the health and nutrition of young children, including WASH; ensure access to quality primary education, with better learning outcomes; protect children and women from violence and abuse; and strengthen the economic resilience of families and communities. The cross-sectoral component includes primarily technical support for communication for development, early childhood development, innovation along with planning, monitoring and evaluation.

The country office has 101 posts, of which 34 are international professionals (IP), 34 national officers (NO) and 33 general service (GS) staff. The country office is located in Suva (Fiji) and it has five zone offices including Port Vila (Vanuatu), Tarawa (Kiribati), Honiara (Solomon Islands) Ponape (Federated States of Micronesia) and Apia (Samoa).

The budget approved by the UNICEF Executive Board for the programme period 2018-2022 was US$ 121.1 million (US$ 54.1 million in Regular Resources and US$ 67 million in Other Resources).

Audit observations

Collection and use of data on children and women

UNICEF stresses the importance of good data on the situation of children and women. There are two main reasons for this. One is quality data is needed to measure programme progress against desired outcomes and feed back into the design of the programme. However, good data is also important for advocacy purposes, as it is a critical input to efforts to influence policy decisions made by the Government partner. It can also be used to mobilize public opinion.

The audit looked both at the availability of data, and the way in which the office used it. It noted the following.

Data availability: At the time of the audit, survey data varied amongst the 14 Pacific Island Countries and Territories. The Demographic Health Survey (DHS)[5] was now outdated for Solomon Islands (last done in 2015); Samoa (2014); Vanuatu (2013); Tonga (2012); Kiribati (2009); and Marshall Islands, Nauru & Tuvalu (2007). No DHS survey had been conducted in six out of 14 Pacific Island Countries and Territories (PICTs). Moreover, Multiple Indicator Cluster Survey (MICS)[6] data was available only from Vanuatu (2007) and Kiribati (2018-19). Consequently, governments in many of the Pacific Islands relied on outdated data for planning programme interventions.

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[5] The Demographic and Health Survey (DHS) programme is an international effort to collect accurate health and population data. It is funded by USAID but also receives contributions from other organizations, including UNICEF. However, the DHSs conducted in the Pacific Island Countries and Territories are not the normal DHS recognized by USAID. Rather, they are labelled as DHS by the governments as the islands hired consultant that used DHS methodology.

[6] The Multiple Indicator Cluster Survey (MICS) is a survey technique developed by UNICEF to provide rigorous data across a range of fields from households, from women, from men and concerning under-fives. MICS is designed to provide internationally comparable data on the situation of children and women. To assist this comparability, MICSs are carried out in global rounds corresponding roughly to the same period from country to country; thus MICS5, for example, was carried out in 2012-2015 (the exact date is staggered between countries). MICS6 is in progress now.

The audit did note that MICS data collection had been completed in Tuvalu, Samoa and Tonga, and that the Fiji MICS and Nauru MICS were at the planning (e.g. survey design) phase as of June 2020. Meanwhile the office stated that it has planned to support MICS in other Pacific countries, including Vanuatu, FSM, Cook Islands and Tokelau in 2021 as well as Solomon Islands, RMI and Nieu in 2022. However, surveys such as the MICS should ideally be carried out about every five years in a given country.

Other types of research and evaluation activity should also take place so as to give a broad knowledge base. The office's 2019 Integrated Monitoring, Evaluation and Research Plan (IMEP) consisted of 16 activities. However, the implementation rate of IMEP activities was low, with only five activities completed and 11 carried forward to 2020. A review of IMEP implementation found that eight of the IMEP activities were 'partially delayed or on-hold' due to COVID-19. For example, the MICS surveys in Fiji and Nauru, mentioned above, were on hold as of June 2020.

The office included six new research activities (in addition to the carry forwards from 2019) in the 2020 IMEP. Despite research undertaken by the office, the audit team noted a data gap. The Division of Data, Analytics, Planning and Monitoring's Sustainable Development Goals (SDG) profiles for the Pacific Islands report on progress against the 44 child-related indicators; however, there is frequently no data, or insufficient trend data, for the indicators. The size of the gap varies amongst the 14 countries that constitute the UNICEF Pacific Multi-Country Programme; however, in all cases the data gap is significant. The audit team noted that the office had taken steps to address these gaps, but further work was needed. While Governments have primary responsibility for SDG-related and other data, UNICEF is custodian/co-custodian of the 17 child-related indicators, and there are areas where UNICEF offices can assist in (for example) leading methodological work and establishing mechanisms for the compilation and verification of national data.

Inadequate information or insufficient use of data on the status of children in a country, including actions taken by the Government and partners, may result in programmes and strategies which do not meet children's critical needs. Moreover, insufficient data is a risk to achievement of the Sustainable Development Goals (SDGs) aim of 'Leaving no one behind'; that aim depends on disaggregating data to identify who is being excluded or discriminated against, and how and why.

Use of research: As stated above, good data is important for advocacy as well as programme design, and the office was in fact using evidence generated through research mainly for policy advocacy. More specifically, research reports and, at times, policy briefs linked to large-scale research were shared with Government counterparts and other stakeholders.

However, as stated earlier, advocacy includes influencing public opinion as well as directly influencing Government policy. In this case, the audit thought that more could have been done to use of data for public awareness. This could have included using visualization tools for research reports – for example for the 2018 Tonga Disability Study, which was uploaded to the office's web page but without using tools of that sort. Better use of data in that way could help change negative social norms and stereotypes – which will make it easier to address existing structural barriers.

Agreed action 1 (medium priority): The office agrees to, in collaboration with other UN agencies and partners as applicable, support the Pacific Island Countries and Territories in addressing the remaining child-focused SDG indicator data-gaps. The office also agrees to strengthen the dissemination of research and use of data for public advocacy.

Responsible staff members: Deputy Representative Programme; Chief of PESP; Evaluation Specialist; PM&E specialist; and Statistics & Monitoring Specialist.
Target date: February 2021 and ongoing

Results structure and reporting

Country offices report against expected results in a number of ways – in the Results Assessment Module (RAM),[7] in their reports to donors, and in their own internal sectoral programme reviews. All of these should give a clear idea of whether the programme has reached its objectives. The audit looked at the way in which the office framed its expected results, the indicators used to see whether they had been achieved, and the reported results themselves. It noted the following.

Results structure: An office's result structure needs to be designed in such a way that achievement of the planned results can be objectively measured and reported. The results structure should also facilitate a logical relationship between the expected activities and the desired end result. A review of the country programme document (CPD) and the RAM[8] found that there was generally an adequate link between expected outputs and expected outcomes.[9] That meant that the outputs were generally designed to produce the desired outcome. The results reported by the office should therefore generally make sense.

The audit did identify one issue with respect to the results structure: gender-disaggregated baselines and targets were not generally outlined. An exception was the Education sector, but even here, gender-disaggregated data was in some cases not available in Governments' routine data systems, so the results reported were not all gender-disaggregated. This is important to UNICEF, given its commitment to gender equality (as well as reporting against the SDGs; see previous observation).

*Supporting documentation***:** The audit team reviewed supporting documentation for a sample of 12 results statements (country office annual report, RAM and donor reports). It found that adequate supporting documentation was provided for only eight results claims. There was thus a risk that the office might not know whether programme objectives and results had actually been achieved or not.

Indicators: Although the results structure was generally logical, results statements reported against it were not always measurable, as the selected indicators were not adequate. For example, for Cook Islands, the selected indicators were not appropriate for measuring progress towards the achievement of four out of five outcomes or five out of 17 outputs. At output level, there were insufficient or inappropriate indicators to measure progress in capacity-building; these could have included more indicators that assessed the level of knowledge and skills attained.

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[7] The RAM is an online portal into which UNICEF offices upload their results.
[8] The CPD is the description of an upcoming country programme that is submitted to UNICEF's Executive Board for approval.
[9] 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 change 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.

The absence of appropriate indicators may lead to results being improperly assessed and inaccurately reported as achieved or not achieved. According to the office, this was because UNICEF was just starting to work in the Cook Islands. However, it had been some time since the preceding assessment mission, which would have furnished sufficient information for the office to have drawn up baselines and targets.

Programme reviews: The audit team assessed the office's sectoral programme reviews. It found that there was often a focus on activity completion rather than results achievement, particularly at field-office level. Further, constraints to implementation were not systematically recorded, and ways to address them were not identified in any detail with Government counterparts.

Donor reporting: The audit team's review of donor reports found that results reporting was largely focused on the activity level. The need to strengthen results reporting was also highlighted by some donors interviewed by the audit team. Most importantly, some donors requested more analytical reports in which constraints to implementation were assessed and the office's approach to them described.

Finally, there were some problems with the indicators and targets in the individual operational workplans (see following observation).

Agreed action 2 (medium priority): The office agrees to update the results structure to ensure that result statements are fully measurable, and where available, gender-disaggregated baselines and targets are established. In general, it agrees to ensure that results achievement is systematically assessed and properly documented, particularly at field-office level. It also agrees to strengthen results reporting to donors, for example by introducing a checklist for validation of supporting document for results claims.

Responsible staff members: Deputy Representative Programme; PM&E team and Specialist; Sections Chiefs; Programme sections; Budget and Partnership officer
Target date: March 2021 and ongoing

Work planning
The UNICEF Pacific Multi-Country Office covers 14 island countries and territories. For work planning, the office exchanges of letters of commitment as a part of Government Annual Operation Plans (AOPs) and/or workplans. The latter will be a sector-specific plan or rolling workplan (RWP)[10] signed with a line ministry, or a multi-sectoral consolidated rolling workplan (CRWP). In total, the office had 26 workplans in 2019 and 32 in 2020. The audit noted the following.

Timeliness of signature: A review of 2019 work planning found significant delays in the Governments signing the workplans. More specifically, 62 percent of workplans were signed in Q2 2019 and 26 percent in Q3 2019. The timeliness had improved somewhat in 2020; as of June, letters of commitment had been signed by UNICEF and the government counterpart for six out of 10 AOPs. However, June is still quite late in the year. UNICEF has no fixed deadline for the signature of workplans, but organizational guidance is to get it done early in the year where possible. These delays may indicate the need for streamlining planning process and

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[10] While an ordinary workplan might cover a year, an RWP might cover two years at a time, but with modification and extension during the implementation period – hence 'rolling'.

further improvement in collaboration with the Government during the planning process. Delay in signing work plans creates the risk of delays in programme implementation.

Workplan targets and indicators: The audit reviewed five RWPs, four AOPs and five CRWPs. It found that the office could have strengthened aspects pertaining to results measurement. For example, none of the AOPs included indicators to measure results achievement. The education section CRWPs also lacked them. According to the office, at the time the multi-country programme was established, not all sectors had specified indicators and targets for all countries. This was reasonable given the varying scope and focus of partnerships with the various countries. However, partnerships with some countries had since expanded, and the office could have revisited the need for any additional indicators or targets.

Agreed action 3 (medium priority): The office agrees to include Multi-Country Programme indicators to measure results achievement in the 2021 Letters of Commitment, and review the work-planning process with a view to streamlining it where feasible to ensure timely signing of workplans.

Responsible staff members: Representative; Deputy Representative Programme, Section Chiefs with PM&E Specialist
Target date: June 2021 and ongoing

Accountability to Affected Population (AAP)

AAP is an important part of humanitarian work and is especially applicable in countries that are prone to emergencies (in the case of the Pacific region, these include cyclones and the effects of climate change). UNICEF observes the IASC's[11] definition of AAP as: "An active commitment to use power responsibly by taking account of, giving account to, and being held to account by the people humanitarian organizations seek to assist", and as putting "communities and people at the centre of humanitarian action and promoting respect for their fundamental human rights underpinned by the right to life with dignity, and the right to protection and security as set forth in international law."

The office had recently taken steps to strengthen implementing partners' approaches to community participation and AAP by including them in emergency Programme Documents (PDs). In the COVID-19 response, the office reported increasingly using digital technology to engage in two-way communication with affected populations. However, a review of the office's performance against the five core AAP commitments found some shortfalls. Specifically, the audit noted the following.

Leadership/governance: The office's work on emergencies in 2020 (Cyclone Harold and COVID-19) is captured in the revised Regional Humanitarian Action for Children (HAC) appeal for East Asia and the Pacific. The regional humanitarian strategy includes seven priorities, one of which is upholding UNICEF's commitments on accountability to affected populations.

However, this commitment was not systematically translated into clear leadership/governance at the office level. Thus, AAP is not clearly outlined in the response plan for Cyclone Harold. More positively, in the COVID-19 response there is an expected result

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[11] The IASC is the Inter-Agency Standing Committee, established by a decision of the UN General Assembly in 1992. It works in countries where there is a humanitarian response, and coordinates the humanitarian response of UN and other bodies. See https://interagencystandingcommittee.org/iasc/.

pertaining to AAP; but the extent to which feedback from affected groups is addressed is not part of the result. Without strong leadership and clear identification of AAP as a priority, there is a risk that AAP will not be adequately demonstrated to the donors and affected communities.

Transparency: The office provided information on interventions through different platforms. It also used social media to inform communities on aid delivered. However, apart from in the COVID response, information provision focused on talking to the public rather than actively obtaining and using feedback.

Feedback and complaints: The office lacked a feedback and complaint mechanism that actively sought the views of communities and was robust enough to receive, process, respond to and learn from any complaints and stakeholder dissatisfaction.

Participation: The office's participation efforts often focused on community leaders, and the extent to which the most marginalized and at-risk population attended meetings or were represented was not clear. This could hinder development of efficient, effective and context-specific solutions. The audit also noted that the office did not systematically involve communities in the design of humanitarian action.

With regards to monitoring, the office was using third-party monitors and was working to establish a humanitarian performance monitoring (HPM) system for the Cyclone Harold response, aimed at measuring the coverage and quality of humanitarian assistance. However, the concept note for HPM showed no evidence that affected populations would be asked about the relevance of the interventions and the success of humanitarian action in addressing their needs. Meanwhile the affected population were not active participants in monitoring, being used only as passive sources of information when UNICEF staff conducted programmatic visits. Affected communities should be empowered and have a voice in the planning, monitoring and evaluation of interventions (not only as interviewees).

The audit also noted that the office had not conducted a formal evaluation of its humanitarian action. The office told OIAI that while it had not initiated a formal evaluation of its humanitarian action on its own, it participated and contributed to joint after-action reviews on the Pacific measles outbreak   with the World Health Organization and the United Nations Office for the Coordination of Humanitarian Affairs.

Agreed action 4 (medium priority): The office agrees to review its approach to AAP and expand beyond the planned third-party monitoring to establish a context-specific complaints mechanism with provision for more community feedback. It also agrees to increasing active participation by communities in the design, monitoring and evaluation of interventions.

Responsible staff members: Chief of C4D; Emergency Specialist; CFOs, Evaluation Specialist; and PM&E Specialist
Target date: June 2021

Prevention of Sexual Exploitation and Abuse (PSEA)

The office had no reported cases of sexual exploitation and abuse (SEA). However, it operates in a high-risk environment. A series of retrospective national surveys in 2009/2010 reported that 37 percent of girls in one PICT (the Solomon Islands) had faced sexual violence, while in

two PICTs (Nauru and Vanuatu) the figure was 30 percent.[12] It is therefore very possible that the low SEA reporting is due to insufficient community awareness on SEA/PSEA and inadequate reporting mechanisms.

At the time of writing there are no interagency PSEA networks in the Pacific Island Countries (although several have GBV[13] SAFENET networks, with support from UN Women[14]). The risk associated with the absence of an interagency PSEA network is that it might reduce interagency coordination.

According to the office, terms of reference had been written for deployment of a Pacific Regional PSEA Focal Point under the UN Resident Coordinator's Office; the postholder would assist agencies in developing coordination structures. Meanwhile the Resident Coordinator's office in Suva had designed a survey to get a picture of victim-support mechanisms in place for PSEA and was planning to send it out to Pacific UN agencies. Until recently, however, there had not been a systematic approach to the PSEA agenda in the Pacific Islands Countries and Territories.

Regarding the UNICEF office itself, it had no PSEA focal points appointed until 2020 and no PSEA action plan had been drawn up. As of June 2020, there were still no terms of reference drafted for PSEA focal points, and they were all based in Suva. Thus, no field office had a PSEA focal point. Moreover, none of the PSEA focal points had received more substantial training than completing the online Agora course on PSEA and Prevention of Sexual Harassment and Abuse of Authority (PSHAA).

The audit's review of the office's 2020 PSEA action plan found that it focused on capacity building of staff and partners. As part of this, PSEA assessments of partners were planned. Moreover, there was an action plan item on 'Staff Accountabilities on PSEA'. This was an important first step in advancing the PSEA agenda. However, there is a need for UNICEF to actively participate together with other IASC members on the IASC plan pertaining to safe, accessible, gender- and child-sensitive reporting mechanisms, and quality and accessible SEA survivor-centred assistance. Neither of these areas were part of the office's 2020 PSEA workplan.

According to the office, its Child Protection Programme had indirectly contributed to PSEA objectives through its support to Government Social Welfare Authorities of four countries. However, no mechanism existed in the other 10 islands, countries and territories that the office covered, as they had yet to receive any support regarding PSEA. This could be a problem as and when emergencies occur. The absence of reporting mechanisms and survivor-centred assistance services means that communities and victims of SEA might not feel safe reporting violations and might lack trust that immediate and decisive action will be taken against perpetrators. This will lead to significant underreporting of SEA.

Agreed action 5 (medium priority): The office agrees to, in collaboration with members of the UN Pacific PSEA Steering Committee once fully established, actively engage in sector-wide

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[12] Source: Solomon Islands Family Health and Safety Study, 2009; Nauru Family Health and Support Study, 2014; and Vanuatu National Survey on Women's Lives and Family Relationships, 2011.
[13] GBV: Gender-Based Violence.
[14] SAFENET brings together Government and NGOs to provide a network of support, referral, prevention and advocacy programmes to address GBV in a number of countries in the region. See for example https://asiapacific.unwomen.org/en/news-and-events/stories/2019/07/improving-support-for-women-and-girl-survivors-of-sexual-and-gender-based-violence.

efforts to accelerate implementation of PSEA activities. This includes establishing a community-based reporting mechanism and strengthening quality and accessibility of SEA survivor-centred assistance. It also agrees to consider appointing PSEA focal points in field offices and drafting terms of reference for focal points. It also agrees to assist PSEA focal points in engaging in global or regional training related to their roles.

Responsible staff members: Deputy Representative Operations and PSEA Focal Point (Child Protection)
Target date: August 2021

Partnership management

One of the core strategies of the 2018-2022 Country Programme Document (CPD) is 'Partnership building with regional institutions, civil society organizations and with children and young people'.

The audit team found that the office had worked to build coalitions around child rights. Most recently, the office had been working with the Pacific Conference of Churches through the child protection programme to develop a partnership with churches across all 14 countries and territories. The audit team found that this was a good initiative. However, the office mainly implemented its programme through Government counterparts. Out of US$ 6.4 million transferred to partners, US$ 4.9 million were transferred to Government partners in 2019-2020 (equaling 76.5 percent of cash transfers).

Through discussions with four implementing partners, the audit noted that UNICEF was generally considered a good partner and a credible voice for children's rights. However, it was also noted that the office frequently did not follow the agreed schedule with respect to timely release of funds for programme implementation. (Further details on this are given in the following observation, *Direct Cash Transfer process*).

The audit also noted that the NGO partner's financial contributions to partnerships were limited in three out of five cases reviewed. These three contributed less than 11.5 percent to the partnership budget. This may mean that that the office is obtaining less value for its money when implementing the programme. The office said it was planning to move towards open selection, whereby NGOs would compete freely for partnership roles. However, this had been done in only one of the five cases reviewed. This reliance on direct selection (whereby the office approaches one known partner directly) can be less cost-effective.

Four of the five partnerships reviewed pertained to capacity-building. In three of these cases, the audit found that the measurement of results was insufficient. This was because the results structures in programme documents were generally at the activity level and focused on only the completion of training activities rather than the actual accumulation of knowledge and its application on the ground.

Agreed action 6 (medium priority): The office agrees to:

  i.   Increase the contribution of partners whenever feasible, and/or better reflect the technical contribution of partners in the programme documents.
  ii.   Strengthen the result structure in programme documents where possible, particularly around capacity-building.
  iii. Use an open selection process wherever it is feasible and likely to provide better value for money.

Responsible staff members: Partnership Review Committee, PM&E Specialist and Officer; Budget Officer; PM&E Specialist; Sections Chiefs
Target date: February 2021 and ongoing

Direct Cash Transfer (DCT) process

The audit team reviewed the DCT documents and the DCT process and verified the DCT information for a sample of four implementing partners. It noted delays in cash disbursement. That could delay programme implementation and also carries a risk that grants could reach their expiry dates before being fully utilized.

One of the key reasons for the delays was insufficient tracking information being given to the four Chiefs of Field Offices (CFOs) in tracking the FACE forms[15] that they had certified, meaning that they were not alerted to delays in the country office's wire transfer process. To address this, the then Deputy Representative recommended in October 2019 that CFOs have increased access and accountability for recording and tracking of FACE forms in eZHACT;[16] however, the office had not yet done this (though it was being piloted in one field office as of June 2020.)

Delays also sometimes occurred if the respective Ministries of Finance (who received the wire transfers) were slow to release funds to the line ministries who were partners in the programme interventions. The office had yet to implement a plan to encourage Ministries of Finance to expedite the fund releases.

Agreed action 7 (medium priority): The office agrees to provide the CFOs with appropriate eZHACT access and develop an advocacy plan to encourage Ministries of Finance to expedite release of DCTs to line ministries.

Responsible staff members: Deputy Representative Operations; Deputy Representative Programme; Sections Chiefs; CFOs and Chief of PESP
Target date: February 2021 and ongoing

Programme supplies

During 2018-2019 and 2020 up to April, the office issued 146 local Purchase Orders (POs) for services, with a total value of US$ 4.8 million. The office also placed 83 POs for the local procurement of supplies, amounting to US$ 0.9 million. Finally, the office procured offshore supplies amounting to US$ 2.7 million, and US$ 0.7 million worth of supplies were transferred from the warehouse of UNICEF's Supply Division. The audit noted the following.

Delivery delays: Purchase orders worth about $0.5 million for programme supplies were raised within 90 days of grant expiry. Also, actual delivery dates were exceeding planned

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[15] The Funding Authorization Certificate of Expenditure (FACE) form is used by the partner to request and liquidate cash transfers. It is also used by UNICEF to process the requests for and liquidation of cash transfers. The FACE forms should reflect the workplans, which set out the activities for which funds are being requested, or on which they have been spent.
[16] eZHACT is workflow-driven application in UNICEF's management system, VISION, that seeks to ensure that "real time" information is available at all times, without the need for running multiple reports.

(e.g., PO) dates. The office had found that the supplies they expected to see during some programmatic visits had not been delivered to partners. A key reason for this was an inadequate monitoring on supply deliveries.

Agreed action 8 (medium priority): The office agrees to implement a robust system for timely procurement of programme supplies. It also agrees to ensure timely communication of the status of procurement of programme supplies to all stakeholders.

Responsible staff members: Deputy Representative Operations; S&L Specialist; Senior Supply & Logistics (S&L) Associate; S&L Associate; CFOs and Sections Chiefs
Target date: February 2021

Harmonized Approach to Cash Transfers

To obtain assurance on the proper use of cash transfers to partners, UNICEF and other UN offices use the Harmonized Approach to Cash Transfers (HACT). This is a risk-based approach. Offices assign a risk rating to a specific partner, and the level of HACT assurance activities is set accordingly. These activities include spot checks of the partner's financial management, scheduled audits, and special audits where necessary. They also include programmatic visits. These review progress on funded activities. Proper execution of the HACT protocols and related assurance activities is essential to ensure that the tool adequately mitigates the risks it was designed to mitigate.

The audit's assessment of disbursements made from January 2018 to April 2020 showed that US$ 10.5 million had been transferred to 67 implementing partners, of whom 35 were rated high risk. The audit noted the following.

Spot checks: The office had completed the minimum 18 spot checks required by the HACT guidelines in 2019. The audit team reviewed a sample of completed spot-check reports for quality. It also interviewed four implementing partners to understand the spot-check process.

The audit noted gaps in the quality of reports. For example, the partner action plans were sometimes not included in the reports. There were also delays in seeking and sharing the action plans to address the spot-check findings. This was generally because the final report had not yet been shared with the partner, meaning that the partner could not submit an action plan to address its findings.

Assurance activities follow-up: The office did not have a robust process for follow-up of recommendations arising from assurance activities. This process required verification that recommendations were actually implemented, not just (for example) sending letters to the partners seeking a commitment to address the findings or stating that the issues would be followed up during the next spot check. Moreover, the audit's review of open issues noted that they were not updated after subsequent spot checks or programme visits; therefore, there remains the risk that issues identified during spot checks were not appropriately resolved to further improve management of funds by partners.

Programmatic monitoring: The audit reviewed the HACT programmatic visit reports and noted gaps in their quality; in discussion with the audit, staff and management also commented that this was the case. Section chiefs and CFOs were not always checking that the reports accurately reflected the partners visited and results achieved. Further, the staff were sometimes not verifying implementation of activities against the FACE form or checking

progress against planned results. Some reports were completed late. They could also be missing required information; the standard reporting templates, which would have ensured that it was all included, were not followed properly.

By 2019 the office was using eTools[17] as a tracking tool for recommendations made to partners following assurance activities (including programmatic visits). However, one of the key reasons for the issues with the reports arose from inadequate staff understanding of eTools. Several programme section staff told the audit they needed more time and training on eTools to avoid gaps in the quality of HACT reporting.

Agreed action 9 (medium priority): The office agrees to strengthen the quality of reporting and follow-up of HACT assurance activities and to continue to conduct appropriate eTools training for relevant staff.

Responsible staff members: PME Specialist; PM&E team; M&E team; Budget Officer; Programme staff; Finance Officer/associates
Target date: February 2021 and ongoing

Technology for Development (T4D) innovations

Fostering innovation is a key change strategy of the UNICEF Strategic Plan. Innovation can occur in everything that UNICEF programmes do, but there is particular scope in new IT technologies. The Pacific Multi-Country Office had taken full advantage of this, and had piloted, scaled-up, handed over to Government, and/or discontinued at least 69 different innovative T4D initiatives during 2018 -2020.

However, the office lacked standard operating procedures (SOPs) to ensure consistency of the pilot and scale-up, support to or discontinuation of T4D projects. Also, staff and partners did not receive orientation in emerging technologies to ensure quality assurance and sustainability. These SOPs and training activities would have allowed the office to innovate with acceptable levels of risk.

The office is one of two UNICEF country offices globally to pioneer drone use for delivery of medicines to inaccessible areas. While the office was in discussion with some donors, sustainable funding for this was not finalized as of June 2020. The audit noted a concern from the Government counterpart about the sustainability of the intervention as it is dependent on continued funding (from Government or private-public partnership) for the use of drones. This poses a financial sustainability risk to the project.

Agreed action 10 (medium priority): The office agrees to implement SOPs for innovations and conduct appropriate training. It also agrees to continue to seek sustainable funding arrangements for drone activities.

Responsible staff members: Deputy Representative Programme, Chief of Vanuatu Field Office, ICT Officer, Chief of Health and Nutrition, Health Specialist, Innovation Specialist
Target date: June 2021

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

Information security and disaster recovery

The office had inadequate adequate information security measures such as firewalls in place at two of its five zone offices. These measures are important to protect sensitive information used by the office and prevent interruption of the office's ICT capacity and hence its operations. This would significantly impact on the office's operations. The office had planned to put in place appropriate measures including firewall hardware installation in the two offices in October-November 2020; however, this was postponed due to COVID-19-related restrictions. Until the hardware was installed, there remained a risk of unauthorized access to sensitive data and interruption of operations at these two locations. The office was also not reviewing the anti-virus (Symantec) reports regularly to ensure that all laptops/ desktops were updated with the most recent virus definitions and that they were virus-free; it was instead being done on case-by-case basis when performing user support. This meant computers (and possibly servers) that did not require user support for long periods could become entry points for virus spread.

The audit also noted a lack of documentation and annual testing of disaster recovery plans (DRPs) for the five zone offices. This risks disruption to sustainability of the offices' operations and availability of critical programme data in case of a disaster. This is especially important in the region, due to the frequent tropical cyclones – as well as COVID-19. ICT staff working from home were unable to reach the Suva Data Centre due to COVID-19-related restrictions for a few days, although the data centre was functioning.

Agreed action 11 (medium priority): The office agrees to monitor the networks for any intrusion attempts, run anti-virus reports, and prepare and test the DRP for field offices.

Responsible staff members: ICT team
Target date: November 2021

Annex A: Methodology, and definition of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, testing samples of transactions. The audit 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 clients 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 client's own (for example, a regional office or headquarters division).

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