

# Internal Audit of the South Sudan Country Office

May 2021

Office of Internal Audit  
and Investigations (OIAI)



Report 2021/02

unicef  | for every child

# Contents

<b>Summary</b>	<b>3</b>
<b>Objectives and scope</b>	<b>4</b>
<b>Observations</b>	<b>4</b>
Office structure and programme design	4
HACT assurance activities	5
Fraud risk management	7
Programme prioritization	8
Recruitment	8
Danger pay	9
Cash transfers to implementing partners	9
Procurement and supply management	10
Warehousing and logistics	10
Monitoring	11
 <b>Annex A: Methodology, and definition of priorities and conclusions</b>	 <b>13</b>

## Summary

The Office of Internal Audit (OIAI) has carried out an audit of the South Sudan country office. The audit covered the period from 1 January 2019 to 30 September 2020. The audit was conducted from 1 October until 4 November 2020.

### Key risks identified for this audit

The audit focused on most significant risks, as identified in its risk assessment. These included the complexity of the office structure and programme design, which could stretch office resources and reduce programmatic impact. The audit also considered the impact of the security situation, political instability and the absence of financial or public service infrastructure, which increase the risk of fraud, corruption, collusion and bribery.

### Results of the audit

The audit noted several areas that worked well. The office had promptly adjusted its engagement of internal and external stakeholders to effectively respond to the COVID-19 pandemic. It had maintained implementation of activities and attended, as far as it could, to staff well-being through various initiatives and tools during quarantine periods. The office had also assigned dedicated staff to PSEA, and made significant progress in the PSEA assessments of implementing partners. The office was active in the PSEA inter-agency working group.

However, the audit identified a number of areas where key risks to UNICEF's activities could be better managed and mitigated. Two were classified as high risk – that is, requiring immediate management attention. These were:

**Programme design and cost:** The office agrees to undertake a critical review of the programme strategy and outreach, and align the office's structure and staff capacity in light of its results. The review will need to consider medium to long-term affordability and sustainability of the office structure, linked to the cost of delivery of priority results.

**Unsupported expenditure:** The office agrees to take measures to resolve a case of incomplete documentation to support a partner's use of direct cash transfer (DCT) totalling US\$ 2.8 million.

### 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 South Sudan Country Office, the Eastern and Southern African Regional Office (ESARO) and OIAI will work together to monitor implementation of the measures that have been agreed.

## Objectives and scope

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 1 January 2019 to 30 September 2020. This report presents the more important risks and issues found by the audit, the measures agreed with the South Sudan country office to address them, and the timelines and accountabilities for their implementation.

The audit focused on most significant risks, as identified in its risk assessment. These included the complexity of the office structure and programme design, which could stretch office resources and reduce programmatic impact. The audit also considered the impact on the office of armed conflict, violent crime, and the overall hardship in most field locations, exacerbated by the COVID-19 pandemic. The risk assessment had also identified political instability and the absence of financial or public service infrastructure, which increase the risk of fraud, corruption, collusion and bribery.

Additional areas of risk evaluated by the audit included the capacity of local partners, low Government contributions to social sectors, and prevention of sexual exploitation and abuse (PSEA). The high cost of implementation in the country also posed significant risk to the continuation and sustainability of the programme.

Due to the COVID-19 global travel restrictions, it was done remotely. OIAI was therefore unable to inspect projects supported by the office or have direct interaction with the communities involved. However, the audit team analyzed data available in corporate systems, reviewed the office's monitoring processes and related reports, and used scanned copies of documents provided by the office. It also held a series of meetings held with staff, selected donors, and key implementing partners.

## Audit observations

### Office structure and programme design

The audit reviewed whether there was a good organizational structure and focused programme design through which the office and its partners can work efficiently and effectively on high impact programme activities.

Under the current country programme, the office operates in all 10 states of South Sudan, as well as two administrative areas and one area with special administrative status. Given the situation in the country and the chronic emergencies, the humanitarian has driven much of UNICEF's work.

This humanitarian-driven approach has resulted in the implementation of over 1,000 activities in approximately 480 geographical municipalities. Many are hard to access for security reasons or poor infrastructure. They range from small workshops worth a few hundred dollars to large, multi-million-dollar construction projects and health campaigns. Moreover, they are implemented through 143 partners and multiple direct contractors. Managing this programme requires significant resources. As of October 2020, the office had 366 approved posts and the 2019 and 2020 expenditure analysis show that about 40 percent of office costs relate to general operating and personnel costs.

However, with the increasing cost and length of South Sudan's humanitarian assistance, the office needed to focus on a resilience agenda, to be reflected in where and how it undertook

its programme activities. As things stood, the costs of implementing such a wide outreach programme in a volatile environment was stretching UNICEF's resources. The audit noted, for example, that core resources for some of critical management activities had been shifted from the provision of WASH (Water, Sanitation and Health) services to the Protection of Civilians programming.

The office was aware of this and was engaging third parties to implement critical programme activities, such as monitoring. However, as reflected in several other observations in this report (on, for example, DCTs, HACT assurance activities, supplies; and field monitoring), gaps remained. If no action is taken, the current dispersed programme might have reduced impact and might not be sustainable, especially given downward funding trends (and further funding challenges that could result from the COVID-19 pandemic).

The audit considers that, before the next programme cycle, there should be a critical review of programme strategy and outreach. The review should consider how the programme design could become more agile and adaptable to changes in the environment, needs and funding availability. The office should also analyze results by field presence versus the cost of maintaining that presence. Such analysis would help identify areas where the office could be more effective and address affordability and sustainability concerns.

**Agreed action 1 (high priority):** The office agrees to undertake a critical review of the programme strategy and outreach, and align the office's structure and staff capacity accordingly. The review should consider medium to long-term affordability and sustainability of the office structure and should link it to the cost of delivery.

Responsible staff members: Deputy Representative Programmes, Deputy Representative Operations, Chief of Field Operations

Date by which action will be taken: 30 September 2021

### HACT assurance activities

UNICEF country offices are required to monitor progress towards results and ensure that funds disbursed to implementing partners are used for the intended purposes. To provide reasonable assurance in these areas, UNICEF and two other UN agencies have implemented the Harmonized Approach to Cash Transfers (HACT), a risk-based framework. This involves assessing the partner, assigning it a risk level and then performing a commensurate level of assurance activities. The latter include spot checks of financial management, programmatic visits to check progress of implementation, and scheduled audits (plus unscheduled ones if needed). If HACT assurance activities are insufficient or untimely, there is an increased risk of funds not being used for the intended purposes – including a risk of fraud.

As of September 2020, the total amount of cash transfers to implementing partners since 2019 was US\$ 126 million – 93 percent to NGOs and 7 percent to Government partners. The audit assessed the office's HACT processes, and noted the following.

**Spot checks and scheduled audits:** The COVID-19 pandemic and the related lockdowns had an impact on the execution of the assurance activities in 2020. Despite this, the office had achieved the minimum HACT assurance requirements for spot checks and scheduled audits.

Part of the HACT assurance activities – the execution of spot-checks and audits – was fully outsourced to external contractors (it is not unusual for country offices to do this). The audit noted that the spot-check and scheduled-audit reports were of generally good quality. The most common high-priority issues identified related to lack of, or insufficient, supporting

documentation on the part of partners (for example receipts etc.). This was despite a considerable amount of capacity building for partners by the office.

Additionally, one case of inadequate supporting documentation amounting to US\$ 2.8 million was pending resolution as of the date of the audit fieldwork. The case had been outstanding since November 2018 and the audit could not ascertain that an effective follow-up process to resolve the case had been undertaken. However, the audit found no evidence to indicate that additional cash had been advanced directly to the partner, as subsequent activities had been paid for through direct payments, and the office had verified delivery of all activities funded this way.

**Programmatic monitoring visits:** According to the HACT assurance plan, by September 2020 the office had exceeded the number of required visits for the year. However, in a sample of 20 programme documents (out of a total of 185), the audit noted three cases where the minimum required programmatic visits have not been conducted. In two of these, no programmatic visit had been conducted at all.

The audit also looked at a sample of 16 of the programmatic visits themselves (out of a total population of 765). It noted quality issues in their conduct or documentation. For example, the status of implementation of programme activities was not compared against the targets in nine cases. The linkage between findings and action points was unclear in six cases; in one case, the follow-up of previous action points was not documented; and in another, no visit report was prepared.

The office was aware of the issues related to the programmatic monitoring visits, and a related Standard Operating Procedure was awaiting finalization as of the audit fieldwork. The new SOP aims to address some of the issues identified by the audit.

**Follow-up:** The office had introduced eTools<sup>1</sup> to follow up on findings and recommendations arising from HACT assurance activities. However, while all office staff had become familiar with eTools, the office had still been using an Excel spreadsheet to centrally manage the results of HACT assurance activities and track the action points. This spreadsheet was being used as a tool to maintain data centrally so as to ensure completeness and accuracy.

The audit sample identified 10 spot-check reports with high-priority findings; of these, there were eight for which the office did not track follow-up actions in eTools. Out of nine audit reports, action points from four audit reports were not tracked in eTools. This may reduce the consistency and timeliness of follow-up, reducing overall assurance on results. Similarly, for programmatic visits, the office acknowledged that the challenge was to ensure that all visit reports were recorded and uploaded in eTools, action points assigned, and actions taken to close the action point. (The audit also identified three reports with premature closure of action points related to ineligible expenditure.)

Timely follow-up of high-priority recommendations would strengthen the assurance obtained, and help the office improve the programme management capacity of implementing partners. The office had adopted eTools in late 2019 but acknowledged that proper use of the system by all staff is a continued area of focus.

**Agreed action 2 (high priority):** The office agrees to resolve the outstanding case of obtaining documentation from the implementing partner related to US\$ 2.8 million of ineligible expenditure identified in an audit report.

---

<sup>1</sup> 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.

Responsible staff members: Chief of Education, HACT Specialist

Date by which action will be taken: 31 August 2021

**Agreed actions 3 (medium priority):** The office agrees to:

- i. Explore ways to strengthen the administrative/accounting capacity of implementing partners to ensure a continuous collection/filing of financial documentation.
- ii. Strengthen internal training, monitoring and quality assurance to ensure the complete and accurate entry of data and information into eTools, including a regular review of report quality, supporting documentation and action points tracking.
- iii. Assign adequate capacity to perform the number of programmatic monitoring visits planned in each programme document – or consider outsourcing the activities in case of capacity gaps.

Responsible staff members: HACT Specialist, Chief SPPME, Monitoring Specialist, Chiefs of Field Offices

Date by which action will be taken: 31 December 2021

### Fraud risk management

The office works in an inherently high fraud-risk environment. The 2019 Transparency International Corruption Perception Index ranked South Sudan 179th out of 180 countries, making it one of the most corrupt countries in the world.

In its risk register, the office identified multiple risks related to various types of fraud, rating them medium to very high risk. The primary preventive and detective controls identified consisted of enhanced monitoring and training on fraud prevention and detection. The audit therefore reviewed the processes in place to ensure heightened fraud risk monitoring and training – including the necessary fraud-risk training to partners, which assists the early identification of anomalies.

Most office staff had completed the relevant internal training related to fraud awareness and ethics and integrity. The office stated that it had provided fraud-related information to its implementing partners during its regular training sessions. However, staff of three out of eight NGO implementing partners interviewed by the audit were unaware of UNICEF's reporting requirements for fraud and the processes and tools for reporting it. Two Government partners were not aware of whether or not they had their own internal policies related to fraud prevention and reporting. From discussions with the UNICEF office, the lack of awareness can be attributed to a significant staff turnover and a general absence of the necessary policies in most governmental bodies.

The audit also reviewed the areas of programme field monitoring, HACT and supplies monitoring, and found several weaknesses that could increase the risk of fraud (see also previous observation, *HACT assurance activities*). These included inconsistent use of monitoring tools, gaps in monitoring records, and inadequate action-point management. The office recognized a continuing need for specific measures to increase fraud awareness, including training on fraud reporting for partners and beneficiaries, as well as a need to strengthen overall monitoring processes.

**Agreed action 4 (medium priority):** The office agrees to ensure continuous implementation of UNICEF's anti-fraud strategy through regular distribution to partners of information on fraud-reporting requirements. It should also explore the possibilities of extending awareness on fraud reporting to beneficiaries.

Responsible staff members: Deputy Representative Operations, HACT Specialist

Date by which action will be taken: 31 August 2021

### Programme prioritization

International aid funding for South Sudan is decreasing.<sup>2</sup> This has led to increased competition by international and local actors for the limited resources funded by key donors.<sup>3</sup> This in turn leads to situations where interventions are driven by the availability of donor funding – which is increasingly earmarked, as well as decreasing. While the audit was unable to ascertain the overall extent of donor influence on programming, individuals interviewed by the audit acknowledged that in the absence of effective Government provision, the international community was supplementing the function of a large proportion of public services. This implies that donor priorities and funding availability/earmarking determine the extent and quality of public services across the country.

There is a significant risk that this situation may lead to underservicing of certain programme and/or geographical areas. From UNICEF's perspective, thanks to the available funding and donor priorities, key elements of Nutrition, Education and Health are represented across the country. However, other UNICEF programmes, for example Child Protection, have the majority of interventions concentrated in specific areas due to reduction in funding and increased earmarking of funds. The Child Protection programme has been particularly underfunded, significantly affecting staffing and execution of planned interventions.

Multiple audit interviewees suggested that, despite the overall cooperation of the international community, there is quite strong competition among the actors for the limited funding available for South Sudan. It was also reported that engagement of donors tended to be compartmentalized by UN agency (and within UNICEF, by programme section and priority area), despite cluster coordination efforts. Although international actors do work together in the country, there was space for enhanced UN collaboration in leveraging donor funding for aid interventions in South Sudan.

**Agreed action 5 (medium priority):** The office agrees to, while protecting UNICEF's donors' engagement flexibility as appropriate, strengthen joint coordination with other UN agencies in the country so as to strategically engage donors. It should make efforts in this direction in discussions within the UN country team.

Responsible staff members: Representative, Donor Relations Specialist

Date by which action will be taken: 30 September 2021

### Recruitment

A lengthy recruitment process and vacant posts can create additional strain on existing staff, and can lead to errors and to improper segregation of duties. UNICEF country offices operating in an emergency context are expected to complete the recruitment process within 30 days.

---

<sup>2</sup> Based on the available OCHA data, aid funding for South Sudan (all of it, not only for UN agencies) decreased from almost US\$ 1.5 billion in 2017 to less than a US\$ 1 billion in 2020 (estimate as of October 2020). Source: <https://fts.unocha.org/countries/211/summary/2019> (accessed 28 October 2020).

<sup>3</sup> The top five donors have provided over 80 percent of the overall resources in South Sudan. Source: [https://fts.unocha.org/countries/211/donors/2019?order=total\\_funding&sort=desc](https://fts.unocha.org/countries/211/donors/2019?order=total_funding&sort=desc) (accessed 28 October 2020).



The South Sudan office's Human Resources unit accompanied each recruitment with a plan and a clear timeline of actions when sharing longlists with hiring managers. However, there were a number of factors that slowed the process. They included the six-week rest and recuperation cycle, which generates delays due to hiring managers' absence. There are difficulties attracting qualified candidates, especially female candidates from industrial countries. For local recruitment, a weak local labour market does not help.

However, there were also administrative delays affecting the overall performance of the office hiring function. The audit reviewed 54 recruitment processes conducted from Jan 2019 to September 2020 and found that in 46 instances, the time taken (from closing date to notification letter) exceeded the UNICEF benchmark. For example, in 35 cases, the candidate selection took 30 days or more from closing date to the hiring unit's candidate selection.

**Agreed action 6 (medium priority):** The office agrees to ensure hiring units' adherence to recruitment process timelines proposed by HR.

Responsible staff members: HR Manager

Date by which action will be taken: 30 June 2021

### Danger pay

The office had paid approximately US\$ 3 million in danger pay to local staff during the period 2019-2020. Due to pandemic-related remote working in 2020, the office's management reported an increased risk of overpayment of staff entitlements, including danger pay. The calculation of danger pay relies on staff correctly recording their absence from the country in the system, with HR manually monitoring the attendance in the offices. However, verification became harder when people were working at home.

Given that remote working is continuing, UNICEF would benefit from having stronger controls to prevent errors or omissions, perhaps through automatized reconciliations of travel, leave, attendance and staff benefit records, and automatic reporting of exceptions.

**Agreed action 7 (medium priority):** UNICEF's Division of Human Resources agrees to explore strengthening systems and controls related to remote recording of leave, attendance and staff benefits.

Responsible staff members: Chief, Analytics and Operations (DHR), All Regional Chiefs of HR

Date by which action will be taken: 31 December 2021

### Cash transfers to implementing partners

The office used Direct Cash Transfers (DCTs) as the primary way to disburse funds to implementing partners.

Analysis of cash disbursements to partners showed that since 2019, 442 transactions, amounting to US\$ 51.7 million (41 percent of the total amount), had exceeded the UNICEF processing benchmark of 14 days. Of these, the payment processing time for 179 transactions, amounting to US\$ 21.9 million, had been 30 days or longer. The audit noted that one transaction processing time was 224 days. The audit also noted that two of the eight implementing partners interviewed mentioned delays in the cash disbursements. Delays in processing times may slow partners' implementation of activities.

**Agreed action 8 (medium priority):** The office agrees to identify the internal bottlenecks and root causes of delayed disbursements to partners, and ensure timely processing.

Responsible staff members: Finance Manager

Date by which action will be taken: 30 June 2021

## Procurement and supply management

From January 2019 to September 2020, the office procured approximately US\$ 55.9 million-worth of programme supplies, and contracted services worth US\$ 41.9 million. Offshore procurement accounted for US\$ 40.3 million of this, mainly composed of supplies for Nutrition (50 percent) and Health (24 percent).

South Sudan has limited local market capacity for goods and services. It is also landlocked, and inbound supplies come through neighbouring countries (Sudan, Uganda and Kenya) or by air. The office operates in a complex and volatile environment and faces challenges in distribution of supplies during the rainy season.

The office procurement plan was developed in collaboration with programme sections in March each year and reviewed in June to reflect changes in programme needs. The audit examined 315 purchase orders (POs), with a total value of US\$ 15.5 million. It noted that 40 percent of the sampled POs, or US\$ 8.5 million-worth of supplies, were delivered late by more than 20 days. Late deliveries could delay programme implementation.

Factors affecting the timeliness of delivery included a lengthy process to obtain tax exemption, lack of storage at the warehouse, delay in review, and artwork approval for printing material. Also, the office noted some cases where POs' delivery dates were not adequately recorded in UNICEF's management system, VISION, or amended to reflect changes in the expected delivery date. Inaccurate data can impair the office's ability to measure procurement performance in terms of supply delivery.

The audit also noted that the office had raised approximately 78 POs (worth US\$ 3.7 million) 45 days or less before grant expiry. This can indicate poor planning. It can also lead to the rushed procurement of supplies regardless of need, in order to prevent the funds from being lost.

**Agreed action 9 (medium priority):** To address delays in procurement and supply deliveries, the office agrees to improve procurement planning to factor in difficulties in obtaining tax exemptions or storage capacity, and reduce last-minute transactions. Additionally, the office should improve recording and updating in VISION of PO delivery dates.

Responsible staff members: Chief Supply & Logistics

Date by which action will be taken: 30 September 2021

## Warehousing and logistics

Due to access constraints during the rainy season, the office relied heavily on partners for supplies prepositioning. A Dry Season Preposition Plan (DSP) was prepared to ensure supplies availability in affected areas. VISION data showed that the office had dispatched about US\$ 45.7 million-worth in supplies during the period covered by the audit; however, at the time of the audit fieldwork, the audit could not substantiate the inventory held by partners due to lack of data.

Partners were required to provide monthly reports on the distribution of inventory items. The office's oversight over partners' warehouses included monitoring visits by programme and operations staff, who assessed inventory management and provided technical support. Despite the efforts made to help partners with this, however, the sample of monitoring reports reviewed by the audit indicated that the partners visited were not managing supplies properly. Weaknesses included poor conditions, limited storage capacity, and damaged and expired goods.

In addition, supplies kept at NGO and Government warehouses increase UNICEF exposure to possible inventory loss due to fraud or to looting during armed clashes. The office has a register to record looting cases and an SOP to provide guidance to staff and partners on managing incidents. Its records showed 70 incidents and losses worth US\$ 170,894 in supplies in the last 22 months. The value of losses equalled 0.4 percent of total supply throughput in the same period. At the time of the audit, the office was working on a strategy to improve UNICEF-controlled warehouses and put in place a more holistic approach for partner capacity building.

The office had an agreement with one NGO that was almost exclusively for warehouse management services but done under a programme document. This contracting type limits the extent to which a partner can be held accountable for inventory loss resulting from damage, fraud, or theft/looting. The use of institutional contracts instead could increase services providers' accountability, as these instruments may include liability clauses and minimum requirements. Furthermore, it increases controls and oversight as supplies have to remain in UNICEF's VISION system until their actual distribution to end-users.

**Agreed action 10 (medium priority):** The office agrees to: implement a strategy to further mitigate possible mismanagement of UNICEF supplies controlled by third parties; assess the current capacity-building approach to ensure it is suitable; and review whether the contracting mechanism for services provision is appropriate.

Responsible staff members: Chief Supply & Logistics

Date by which action will be taken: 30 September 2021

## Monitoring

UNICEF offices use several tools to monitor the progress of the country programme. These include programmatic visits under HACT (see observation *HACT assurance activities*, above). But they also include field-monitoring visits for non-HACT purposes to monitor implementation of programme activities.

The office had a centralized field-monitoring plan indicating the number of planned visits by programme component, field office and staff, but not by programme output. At Juba level, the programme sections developed monitoring plans covering the Juba-based activities, while field offices developed their own field-monitoring plans.

The audit noted varying monitoring capacity across the programme sections. This can be partially attributed to availability of funding for the individual programmes. The same was true for outsourced third-party monitors, which were consistently engaged by only one programme section at a time, using specific funding for that purpose. The section responsible for monitoring overall (Social Policy, Planning, Monitoring and Evaluation, or SPPME) had limited staffing at Juba level and no dedicated staff allocated in the 13 field offices.

There was no consistent use of monitoring tools across all field offices and programmes during the period under review. According to the office, the key tool in use to track monitoring activities and their recommendations was a digital platform called ONA, which captured responses to a set of field monitoring questionnaires using tablets. Since 2019, the office had also gradually rolled out eTools. A process of improvement was still ongoing at the time of the audit, through internal capacity building, standardization of monitoring tools, the roll-out of a dedicated field-monitoring SOP, and eTools.

The audit reviewed a sample of 15 field-monitoring trip reports from 2019 and 2020. The quality and extent of information provided in the reports varied significantly. The main gaps and inconsistencies related to: lack of comparison of programme activities against the planned outcomes, outputs and indicators; clarity on the exact activities being monitored; lack of linkage to action points raised; and non-collection of beneficiary/end-user feedback. Additionally, the audit found records of three field-monitoring visits that had been recorded as “completed” although there was no report uploaded and no information was available about the findings and/or action points in eTools.

The office noted that many of these issues had been identified as challenges following the rollout of the new tools and procedures. The office did regularly follow up on the open status of action points generated from eTools as part of regular management monitoring. However, it was aware of the need to build more capacity for, and oversight over, action-point management.

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

- i. Review the tools in use to conduct field monitoring to ensure appropriate quality, completeness, consistency and accuracy.
- ii. Embed systematic end-user monitoring into the field-monitoring process.
- iii. Enhance the quality of field-monitoring procedures to ensure that field visits achieve their primary objectives, and train staff accordingly.
- iv. Ensure consistent quality review and tracking of programme results.

Responsible staff members: Chief SPPM, Monitoring Specialist, Chief Supply & Logistics

Date by which action will be taken: 31 December 2021

## Annex A: Methodology, and definitions of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, testing samples of transactions, and a virtual visit to a warehouse in Kampala. The audit compared actual controls, governance and risk-management practices found in the office against UNICEF policies, procedures and contractual arrangements.

The audit was executed remotely. While the audit team enhanced its audit planning process and adapted audit procedures to fit the remote audit execution, limitations of a remote audit approach were recognized by the Institute of Internal Auditors as follows:

- First-hand observations of processes, sites, and persons cannot be replaced by online interaction and documentary evidence. Critical aspect, gaps or material misstatements may be missed.
- Remote auditing makes it hard to build rapport with auditees, as opportunities to provide hints, tips, and observations for improvement are lost. It is hard to identify best practices or describe things that others may benefit from, outside of the documentation process.
- The lack of in-person interaction opens other opportunities for fraud, as the opportunity to present doctored documents and to omit relevant information is increased. This may call for a strengthened follow-up audit process once the barriers to a traditional audit lift.
- Certain areas such as measures taken to prevent Sexual Exploitation and Abuse are hard to assess without interactions and observation in the field, of project sites and targeted communities. The audit could only perform a limited review of the control designs based on interviews and assurances from management and the resident coordinator, without performing any tests of effectiveness.

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

The audit looks for areas where internal controls can be strengthened to reduce exposure to fraud or irregularities. It is not looking for fraud itself. This is consistent with normal auditing practices. However, UNICEF's auditors will consider any suspected fraud or mismanagement reported before or during an audit and will ensure that the relevant bodies are informed. This may include asking the Investigations section to take action if appropriate.

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

## Priorities attached to agreed actions

- High:** Action is considered imperative to ensure that the audited entity is not exposed to high risks. Failure to take action could result in major consequences and issues.
- Medium:** Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
- Low:** Action is considered desirable and should result in enhanced control or better value for money. Low-priority actions, if any, are agreed with the country-office management but are not included in the final report.

## Conclusions

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

***[Unqualified (satisfactory) conclusion]***

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

***[Qualified conclusion, moderate]***

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

***[Qualified conclusion, strong]***

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

***[Adverse conclusion]***

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