

# Internal Audit of the Tunisia Country Office

July 2021

Office of Internal Audit  
and Investigations



Report 2021/03

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## Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Tunisia Country Office. The audit covered the period from January 2020 to the end of February 2021. The audit was conducted remotely from 10 February to 5 March 2021 due to the COVID-19 pandemic-related global travel restrictions. Where appropriate, this report identifies the impact of COVID-19 on specific observations made during the course of the audit.

The audit noted several areas that worked well. The office worked with Government and other key partners to develop the 2021-2025 country programme, which was approved by the Executive Board in February 2021. The office also made good use of simplified procedures and technology. For instance, the office used simplified COVID-19 emergency procedures to expedite the review of programme cooperation agreements with partners, and the provision of operational support to programme sections. It effectively exploited the UN Partner Portal to strengthen efficiency and transparency in the selection of partnerships, and eTools to manage those partnerships effectively.

The office mitigated risks related to the vaccine supply chain and related systems. It worked with the Government in preparing the COVID-19 vaccine strategy, which defines criteria for prioritizing target groups and vaccination sites, and distribution phases. It also mitigated potential risks in the COVAX application package, assessing its cold-chain facilities and drawing up a multi-year reinforcement plan. The office had also assisted with the execution of a memorandum of understanding (MoU) between UNICEF's Supply Division and the Government for procurement of medical goods, including vaccines, equipment and services.

The audit did identify a number of areas where further action was needed to better manage risks to UNICEF's activities. The audit classified one of these as high priority —that is, requiring immediate management attention. This concerned the need to train and supervise staff responsible for carrying out spot checks and programmatic visits, and ensure there is adequate quality assurance of their work. This observation may be found on page 5, under the heading *Assurance activities*.

## Conclusion

Based on the audit work performed, OIAI concluded at the end of the audit that, subject to implementation of the agreed action described, the country office's governance, risk management and internal controls were generally established and functioning during the period under audit. The country office, the Middle East and North Africa Regional Office, and OIAI intend to work together to monitor implementation of the measures that have been agreed.

## Objectives and scope

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Tunisia Country Office. 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. The audit covered the period from January 2020 to the end of February 2021. The audit was conducted remotely from 10 February to 5 March 2021 due to the COVID-19 pandemic-related global travel restrictions (see Annex A on *Methodology*).

The audit sought to evaluate key risks to the achievement of the office's outcomes. The audit focused on the following risk areas: risk management (including fraud risk); simplification of processes to achieve efficiencies; partnership management; Country Programme Document framework and its application; vaccine supply chain management and systems strengthening; and HR management. Where issues were found in these areas, they appear in this report. The auditors also took into account, as appropriate, the operating environment in which the office operates such as the effect of the pandemic on the office's activities.

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

## Background

Tunisia is a middle-income country. The 2015–2019 country programme of cooperation between the Government of the Republic of Tunisia and UNICEF was renewed for one year in June 2019, and again in September 2020 for two months ending in February 2021. The overall approved budget for the programme was US\$ 41.9 million. In addition, the office requested US\$ 8.1 million to respond to the COVID-19 pandemic in 2020.

There are 29 approved posts as of February 2021: 8 international professionals, 11 national officers and 10 general service staff. They are all based in Tunis.

The country programme had three main components. *Equitable and social health policies* aimed at reduction of deprivation and disparities affecting children; this included advocacy and support to decentralization of analysis to identify appropriate solutions at local levels. *Quality education for all children* included support to establishing kindergartens in the poorest areas and mainstreaming a new strategy against dropping out of school, and assistance to reform of the educational system. *Child and adolescent protection* included support to policy and legal standards, improving coordination between services, capacity-building of professionals and advocacy for social change.

## Observations

### Assurance activities

The office paid US\$ 8.3 million in direct cash transfers (DCTs) to 26 implementing partners for humanitarian and development work done from January 2020 to February 2021.

Offices need to obtain assurance that implementing partners use resources for intended purposes and implement agreed programme activities. To do this, they conduct assurance activities that include spot checks of partners' financial management, and programmatic visits to ensure that activities are proceeding and identify any bottlenecks with the partner. The audit found some gaps in the conduct, reporting, and oversight of assurance activities. These could have weakened the office's assurance on the use of cash transfers and achievement of results.

The 2020 risk-based assurance plan included 30 programmatic visits; in fact, the office had completed 50. The audit checked a sample of five reports, and found two were of good quality; the remaining three, however, did not meet quality standards; for example, lacking information on progress against planned results (in one case, there was no report from the visit at all). For spot checks, the office had planned three in 2020 and had done them, but as of the time of the audit in February 2021 they were still in draft although the work had been carried out in June, November and December 2020. They were also incomplete, lacking key elements such as the status of last assurance activities' recommendations, description of internal controls, and follow-up action points. The implementing partners' approval of the findings was still pending. Further, the reports were inaccurately marked as completed in the assurance plan.

The gaps in the quality of sampled programmatic visit and spot check reports were mainly due to insufficient training and supervision. The audit noted that the staff position responsible for assurance activities had been vacant since June 2020 (the role had initially been assigned to the finance officer, then from January 2021 was filled by a staff member on stretch assignment).

**Agreed action 1 (high priority):** The office agrees to train and supervise staff responsible for spot checks and programmatic visits, and ensure their work meets established quality standards.

Responsible staff members: Chief of Operations and Deputy Representative for Programmes

Date by which action will be taken: December 2021

### Risk management

UNICEF offices carry out an annual risk assessment in which each office should identify risks to its programme together with measures to adequately mitigate those risks. These measures should then be monitored. The Tunisia office did this, and escalated risks to the Regional Office or HQ divisions when necessary; it also had an anti-fraud strategy. However, there were some gaps in the assessment and consolidation of risks in the risk register that could have constrained the office's capacity to take risk-informed decisions.

The risk register lacked mitigation actions for two of the seven risks rated medium or high. Also, no root causes were identified for one of the two high risks. Three mandatory risks related to Fraud, Child Safeguarding and Prevention of Sexual Exploitation and Abuse (PSEA) had not been assessed

and recorded in the risk register. Regarding PSEA, the office had assessed the capacity to manage PSEA risks for three out of 10 NGOs as of the time of the audit. It planned PSEA assessments of the remaining seven by June 2021, which is the UNICEF global deadline.

The political and pandemic context were also identified as impediments to programme implementation in the end of cycle country programme evaluation conducted in 2020. Interviews with programme staff, two implementing partners and two donors revealed important risks related to frequent changes in Government, and access limitations and movement restrictions due to COVID-19 pandemic. Meanwhile the pandemic had limited access to sites; this, and inability to bring in technical experts from abroad, had weakened achievement of programme results. However, these risks had not been thoroughly assessed and reflected in the risk register. For instance, COVID-19 related risks were assessed from the perspective of health and prevention but not from that of access and movement restrictions.

Further, the medium and high risks identified from various systems and processes such as business continuity planning and emergency preparedness planning had not been consolidated in the office's risk register. Finally, the office did not review and update the risk register to reflect new emerging risks stemming from the mid-year programme review in September 2020.

**Agreed action 2 (medium priority):** The office agrees to periodically update the risk register to include all key risks and any changes in risk ratings and mitigation measures.

Responsible staff members: Chief of Operations

Date by which action will be taken: December 2021

## Partnership management

Country offices need to select partners that have the capacity to achieve the agreed results. In 2020 the office worked with 10 NGO partners, two of which were rated as high risk. The audit noted that aspects of partnerships were well managed. NGO partners were mainly selected through competition, which was properly documented. Further, the office built the capacity of partners to use UNICEF key policies, processes and tools efficiently and effectively.

However, the office told the audit that it could not train partners in prevention of sexual exploitation and abuse (SEA) remotely as originally planned, as it had decided to focus on the COVID-19 pandemic response. Lack of training could increase the risks of NGO partners not adequately monitoring and reporting any occurrences of SEA.

**Agreed action 3 (medium priority):** The office agrees to build capacity of NGO partners in the prevention of sexual exploitation and abuse remotely, to minimize the risks of insufficient monitoring and reporting occurrences of SEA by partners.

Responsible staff members: Deputy Representative for Programmes

Date by which action will be taken: The office has reported the action as being completed in April 2021

## Human resources

The audit sought to assess whether the office effectively managed key risks related to recruitment, work practices and work-life balance of staff during the COVID-19 pandemic. The office had prioritized human resources management during the pandemic, and had taken a number of useful steps, such as car-pooling and a van option to ease transportation of staff. However, it had a number of vacancies, which it had decided not to fill until it had completed the new CPMP;<sup>1</sup> also, where recruitment had taken place, it had taken some time. Both of these led to additional workload to remaining staff, which could have affected the office's efficiency and effectiveness, and work-life balance and well-being of staff. The audit also noted that the Global Staff Survey had found scope for further improvements as explained below.

**Vacancies:** The office had 10 vacancies (one International Professional, eight National Officers, one General Staff); this was 35 percent of the 29 total approved posts it had as of February 2021. The vacancies included three operations positions and seven programme positions. Out of these 10 vacancies, four were under recruitment as of the time of the audit. Only one of the 10 vacant posts was due to insufficient funding; the rest were mainly due to a decision by the office to wait for the preparation of the 2021 CPMP, which will identify the necessary resources and skills for the new country programme, approved in February 2021. Meanwhile a Government partner told the audit that staff turnover in 2019-2020 contributed to delayed implementation of programme activities because of a learning curve for UNICEF newcomers assigned to ongoing projects. However, despite this, and movement and gathering restrictions due to the pandemic, the office reported that it fully achieved four out of the seven targets in the COVID-19 response plan and four of the 10 outputs of the regular country programme in 2020.

**Recruitment:** The office recruited eight staff in 2020. Three recruitments that started before the COVID-19 pandemic were within the 90-day non-emergency recruitment target (from the date of closure of the vacancy to the date of issuing the offer letter to the successful candidate). However, four out of the remaining five conducted after the start of the pandemic were over the 30-day emergency recruitment target, with an average of 73 days – ranging from 35 to 107 days. Delays in recruitment were mainly due to new leadership's request to be involved in the recruitment process, and a limited number of internal and external qualified candidates for technical areas such as construction. This had increased the risks of additional workload on remaining staff and potential delays in programme implementation.

**Staff survey:** Despite the challenges stemming from the pandemic, the office's efficiency and effectiveness, and work-life balance of staff, had improved from the 2017 to the 2020 Global Staff Survey.<sup>2</sup> However, they remained below the survey's average for all country offices. The 2020 report identified the two major areas for improvement, and the office had created working groups to review these two areas. As of the time of the audit, the action plan was being finalized.

**Agreed action 4 (medium priority):** The office agrees to:

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<sup>1</sup> When preparing a new country programme, country offices prepare a country programme management plan (CPMP) to describe, and help budget for, the human and financial resources that they expect will be needed.

<sup>2</sup> UNICEF's Global Staff Survey, first launched in 2008, is an exercise to increase understanding between staff and management by gathering opinion on a range of staff-related issues, including internal relationships and communications, transparency and accountability, work/life balance and efficiency. All staff are invited to participate; the responses are confidential, and the results are anonymized.

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- i. Take necessary steps to mitigate key risks caused by critical vacant positions and delayed recruitment.
  - ii. Finalize and implement the action plan to improve work-life balance, efficiency and effectiveness.

Responsible staff members: Chief of Operations and Representative

Date by which action will be taken: December 2021

## Annex: 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 governance, risk management and controls processes in the way that is most practical for them. With support from the relevant regional office, the country office comments on a draft report and works with the audit team on 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 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 practices. However, UNICEF 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 governance,

risk management and internal control processes to mitigate the significant risks in the areas audited 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 governance, risk management and internal control processes to mitigate the significant risks in the areas audited were generally established and functioning during the period under audit.

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

Based on the audit work performed, OIAI concluded that the governance, risk management and internal control processes to mitigate the significant risks in the areas audited needed improvement to be adequately established and functioning.

***[Adverse conclusion]***

Based on the audit work performed, OIAI concluded that the controls and processes over governance, risk management and internal control processes to mitigate the significant risks in the areas audited needed significant improvement to be adequately established and functioning.