

Internal Audit of the
Global Partnership and Fund
Education Cannot Wait

OCTOBER 2022

Report 2022/16

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EXECUTIVE SUMMARY

The Office of Internal Audit and Investigations (OIAI) conducted an audit of Education Cannot Wait (ECW), a global fund hosted by UNICEF dedicated to education in emergencies and protracted crises. The audit covered the period from January 2019 to December 2021 and was conducted remotely, in accordance with the International Standards for the Professional Practice of Internal Auditing.

UNICEF increasingly provides hosting services for global development funds and partnerships, which involves acting as custodian and administrator of their financial resources and offering support for their administrative functions. Under the current hosting arrangements, all hosted entities and their personnel are subject to UNICEF's policies and procedures and to audit by OIAI. As such, the auditing of all such entities is part of the OIAI workplan. UNICEF accounts for ECW as a hosted entity under an agency arrangement whereby all cash inflows and outflows are netted together in a liability account. The objectives of this audit were to: review the extent to which the ECW Secretariat is managed in accordance with UNICEF rules, regulations, standard procedures and partnership arrangements; and assess the adequacy and effectiveness of the governance, risk management and control processes over a selection of significant risk areas of the ECW Secretariat and its operations.

Overall Conclusion

Based on the audit work performed, OIAI concluded that the assessed governance, risk management or control processes were **Satisfactory**, meaning that they were adequate and functioning well. (See the Appendix for [definitions of the conclusion ratings](#).) Management has agreed to take actions to manage the residual risks identified.

	Satisfactory
	Partially Satisfactory, Improvement Needed
	Partially Satisfactory, Significant Improvement Needed
	Unsatisfactory

Summary of Observations and Recommended Actions

OIAI noted several areas where ECW's controls were adequate and functioned well. For example, ECW's risk management approach was comprehensive and considered both corporate risks and programme risks. ECW has a robust portfolio level risk management approach which aggregates grantee level risk assessments that are completed during programme development. ECW's operational manual has clear statements of intent regarding promoting diversity, equity and inclusion among its governing bodies and grantees and in its programming.

OIAI also made several [observations](#) related to the management of the key criteria evaluated for ECW. OIAI noted several actions to better manage risk, none of which were classified as high priority. The table below summarizes the findings and key actions management has agreed to take to address the residual risks identified and the ratings of those risks and observations with respect to the assessed governance, risk management and control processes. (See the Appendix for the [definitions of the observation ratings](#).)

Category of process	Area and Recommended Action	Rating
Governance	Governance structure (Observation 1): ECW should review the size and composition of governance committees and put mechanisms in place to ensure that there is fair representation from various constituencies served, with defined term limits for all. The Steering Group should adopt a governance committee performance review process based on Steering Group approved indicators.	Medium
	Regulatory framework (Observation 2): The hosting arrangement should be considered immediately after the approval of the new strategic plan. The Steering Group should ensure the Secretariat develops guidance on whistleblowing and a policy on misuse of funds; and that there are monitoring mechanisms that assess adherence to the guidelines.	Medium
Controls processes	Staffing Management: (Observation 3): Ensure clarity in the terms and conditions under which UNICEF staff can transfer or be seconded to the ECW Secretariat and that there is a strategy in place to improve gender equity and diversity. The operations manual should clarify the accountabilities between UNICEF and the Steering Group for the hiring and firing of the ECW Director, as well as the UN-stipulated rules and regulations pertaining to the protection and rights of a staff member in that process.	Medium
	Grants and grantees: (Observation 4): Identify mechanisms to support an increase in multi-year response programmes and diversify the grantee base; Ensure continuous transparency in the allocation of the Acceleration Facility grants; Develop a roadmap for increased collaboration with the Global Partnership for Education (GPE) and other major education funds and include criteria for the deployment of monitoring mechanisms for ECW grants.	Medium

Management is responsible for establishing and maintaining appropriate governance, risk management and control processes, and implementing the actions agreed following this audit. The role of the OIAI is to provide an independent assessment of those governance, risk management and control processes.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Education Cannot Wait (ECW) is a United Nations global fund dedicated to education in emergencies and protracted crises. ECW was established during the World Humanitarian Summit in 2016 to help reposition education as a priority on the humanitarian agenda and thus ensure that every crisis-affected child and young person is in school and learning. By

working through established humanitarian coordination structures, ECW seeks to bring together host governments and all relevant partners during crises and remove barriers preventing humanitarian and development actors and governments from combining efforts to address education needs in emergencies. ECW aims to reach all crisis-affected children and youth with safe, free and quality education by 2030, a milestone in advancing Sustainable Development Goal 4, “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, in places facing the greatest challenges.

ECW’s Strategic Plan 2018–2021 is structured around five strategic objectives:

- Inspire political commitment so that education is viewed by both governments and funders as a top priority during crises;
- Generate additional funding to help close the funding gap to reach the millions of crisis-affected children and adolescents worldwide;
- Plan and respond collaboratively, with a particular emphasis on supporting programmes that enable humanitarian and development actors to work together on shared objectives;
- Strengthen capacity to respond to crises, nationally and globally, including the ability to coordinate emergency support;
- Improve accountability by developing and sharing knowledge, including collection of more robust data to make better-informed investment decisions.

ECW’s governance structure has two decision-making bodies: the High-Level Steering Group and the Executive Committee. The High-Level Steering Group provides strategic guidance to the fund’s operations. It is comprised of representatives from partner organizations.

In June 2016, UNICEF issued a hosting statement, which established that UNICEF would serve as initial funds custodian and administrator of ECW and would provide administrative and operational support to the Fund’s governance structure through a secretariat. Initially, the ECW Secretariat was a unit within UNICEF, which operated independently of other UNICEF offices. In May 2017, an autonomous permanent secretariat was established for ECW.

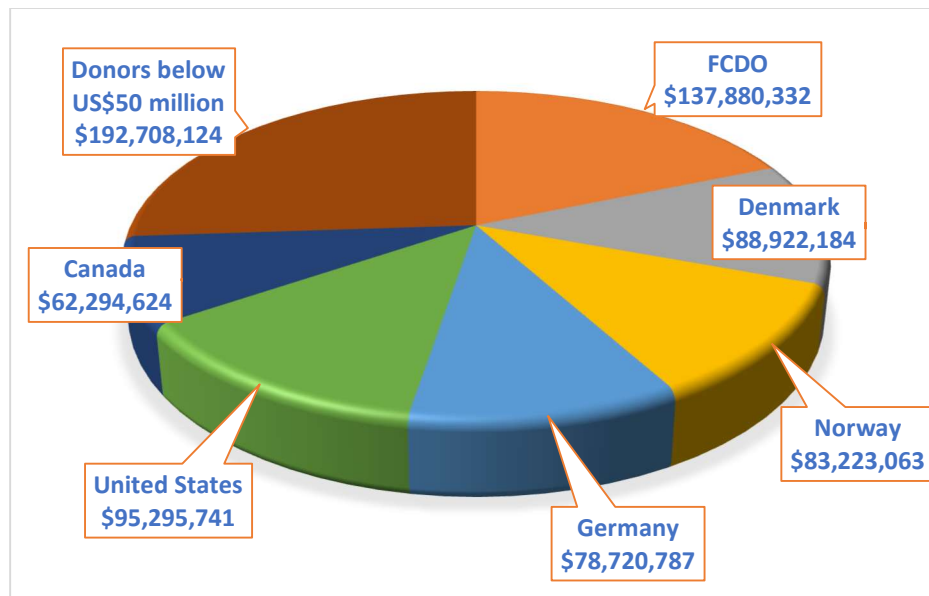
ECW does not have legal personality under the laws of any state or national authority. Hosted partnerships are legally part of UNICEF and the ability or the authority to commit or transfer assets is vested in UNICEF as host. UNICEF does not have control over ECW activities. They are accounted for as agency arrangements, and all cash inflows and outflows are netted together in a liability account. UNICEF is only accountable for the funds while they are held in trust and upon disbursement. UNICEF has no responsibility, fiduciary or otherwise, for the use of such funds or for activities carried out therewith.

UNICEF’s role as administrative host involves supporting the administrative functions of the ECW Secretariat, which operates and is administered under the regulations, rules, procedures, administrative instructions and other administrative issuances governing the operations of

UNICEF, including but not limited to those relating to human resources and financial administration, and the UNICEF policy prohibiting and combatting fraud and corruption.

According to the UNICEF transparency portal,¹ from May 2016 to March 2022, UNICEF received, on behalf of ECW, US\$739,044,855 from 24 donors (see Figure 1 for details). Approximately US\$39 million (5.3 per cent) of the funds received from those donors was allocated to the ECW Secretariat.

Figure 1: Donations received by UNICEF on behalf of ECW (May 2016–March 2022) shown in US\$



Between January 2017 and January 2022, US\$26 million was spent on five different categories of expenses. These included personnel costs (US\$17.6 million), contractual services (US\$4 million) and general operating costs (US\$2 million).

As of 31 March 2022, the ECW Secretariat had an approved staff complement of 29 staff, with 4 vacant positions. The Director and 13 other Secretariat staff were based in New York and the remaining 15 operated out of Amman, Copenhagen and Geneva.

¹ [Open UNICEF](#) provides comprehensive information on income and expenditure of funds and donations, in line with UNICEF's commitment to transparency.

AUDIT OBJECTIVES AND SCOPE

The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over a selection of significant risk areas of Education Cannot Wait (ECW). The audit scope included key areas, set out in following table, that were selected during the audit planning process based on an assessment of inherent risks.²

RISK AREA	DESCRIPTION KEY RISKS
Governance structures	The role, responsibilities, and accountabilities of the Hosted Partnerships governance structures versus those of UNICEF as host are not clearly defined, as there is no hosting agreement. This could impact the direction and control of the Hosted Partnership and result in a dysfunctional relationship with UNICEF as host.
Ethics and PSEA	The absence of a tailored ethical framework and an action plan for preventing and addressing sexual harassment and conflicts of interest could impact the hosted partnership's ability to develop and apply the highest ethical standards to staff members and partners/grantees.
Programme results and resources	Lack of alignment to hosted partnership's strategic objective and poorly defined or monitored priorities and their related indicators could reduce the Hosted Partnerships ability to assess its performance, course correct and/or achieve its goals.
Compliance with UNICEF financial regulations, rules and procedures.	The lack of an overarching hosting agreement that outlines the purpose/goals of the partnership; clarifies the parties' responsibilities; and applicable rules and regulations and review mechanisms increases the risks of non-compliance with UNICEF rules and regulations.
Monitoring and evaluation	An inadequate monitoring framework and collection of evidence could reduce the hosted partnership's ability to analyse and report on progress towards results; and respond to bottlenecks and demonstrate tangible results

The audit was conducted remotely from November 2021 to March 2022 in accordance with the International Standards for the Professional Practice of Internal Auditing. For the purpose of audit testing, the audit covered the period from January 2019 to December 2021. The audit involved a combination of methods, tools and techniques, including interviews, data analytics, document review, tests of transactions, evaluations and validation of preliminary observations.

² Inherent risk refers to the potential adverse event that could occur if management takes no actions, including internal control activities. The higher the likelihood of the event occurring and the more serious the impact would be should the adverse event occur, the stronger the need for adequate and effective risk management and control processes.

OBSERVATIONS AND MANAGEMENT ACTION PLAN

The key areas where actions are needed are summarized below.

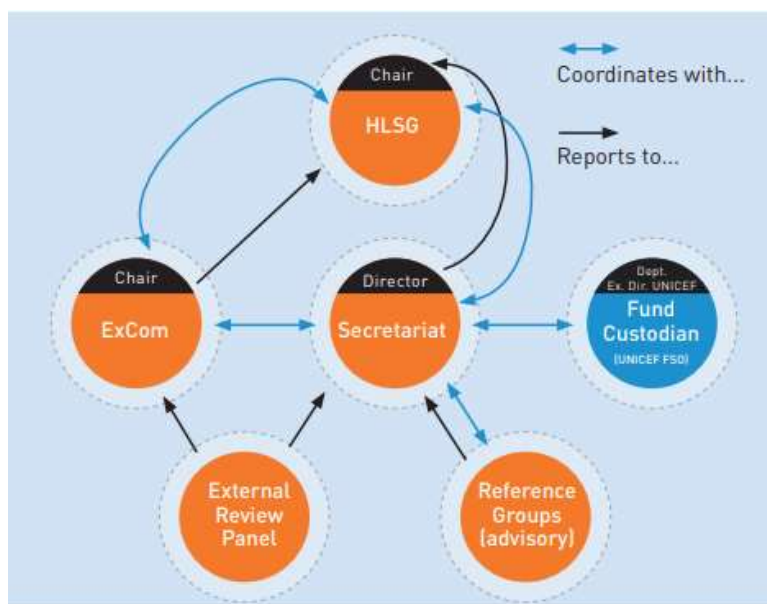
1. Governance structure

Medium

OIAI found that ECW's governance document clearly sets out the fund's governance structure; the various governance bodies have established terms of reference; and the criteria for membership of those bodies has been defined. However, the processes to nominate members and conduct performance reviews of those bodies has not been formalized, which could impact the efficacy of the governing bodies.

ECW's operational manual sets out the fund's governance structure, including the membership criteria, functions, responsibilities, accountabilities and workflows of the governance bodies. The governance bodies include the High-level Steering Group, the Executive Committee, the ECW Secretariat, the fund custodian (UNICEF), the External Review Panel and various reference groups. (See Figure 2 for more details on the relationship between the governance bodies.)

Figure 2: ECW governance bodies and their relationships



The High-Level Steering Group is a decision-making body that approves the appointments of the Steering Group Chair and the ECW Director. It provides overall strategic direction to ECW and advocates for high-level political commitment and funding.

The Executive Committee's core functions are to monitor ECW's operations and finances and support the Steering Group and the Secretariat with resource mobilization and operational, technical and policy issues.

OIAI found that the governance bodies had clearly defined the

required frequency of meetings and that the Steering Group meetings were coordinated with all Executive Committee meetings. Based on a review of the governance bodies' meeting minutes, OIAI made the following observations:

Size and composition of membership. Ensuring diversity and inclusion in the membership of boards is an essential means of taking into account social values and different perspectives in decision-making. Diversity in the membership of boards also has been shown to contribute to the effectiveness of boards. In this regard, the audit team noted that, while the Steering Group and Executive Committee had defined the number of members required from crisis-affected countries and civil society organizations (both international and local) and had established term limits for those members, the bodies had not established a limit on the number of members from donor countries and multinational agencies, and such members were not subject to term limits. The governance bodies did not have in place selection or nomination processes and did not regularly

review the composition of their membership. OIAI found that the number of members from donor countries had increased over time, while the number of members from crisis-affected countries had decreased, and term limits were not always respected. (See Figures 3 and 4 for a breakdown of the composition of the governance bodies.)

Figure 3: Steering Group composition

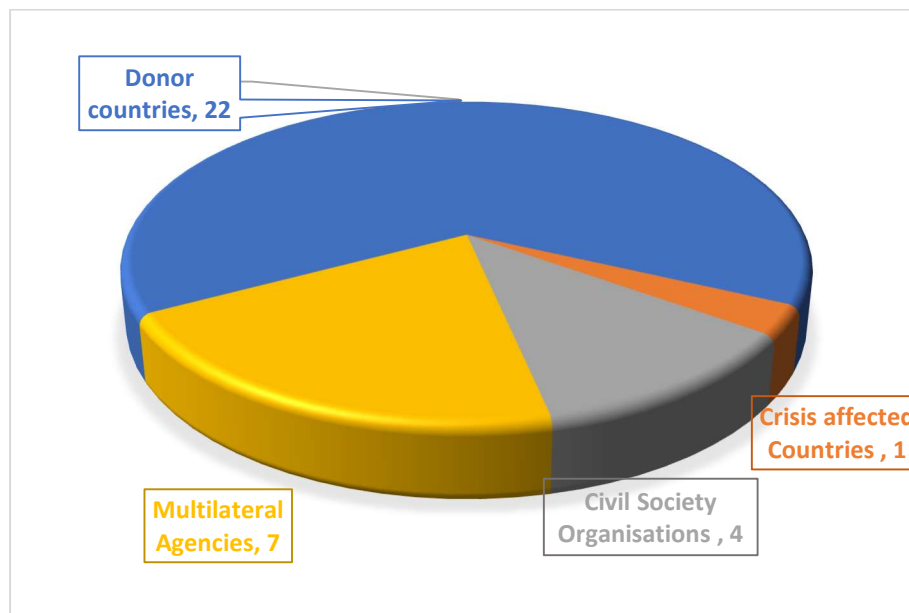
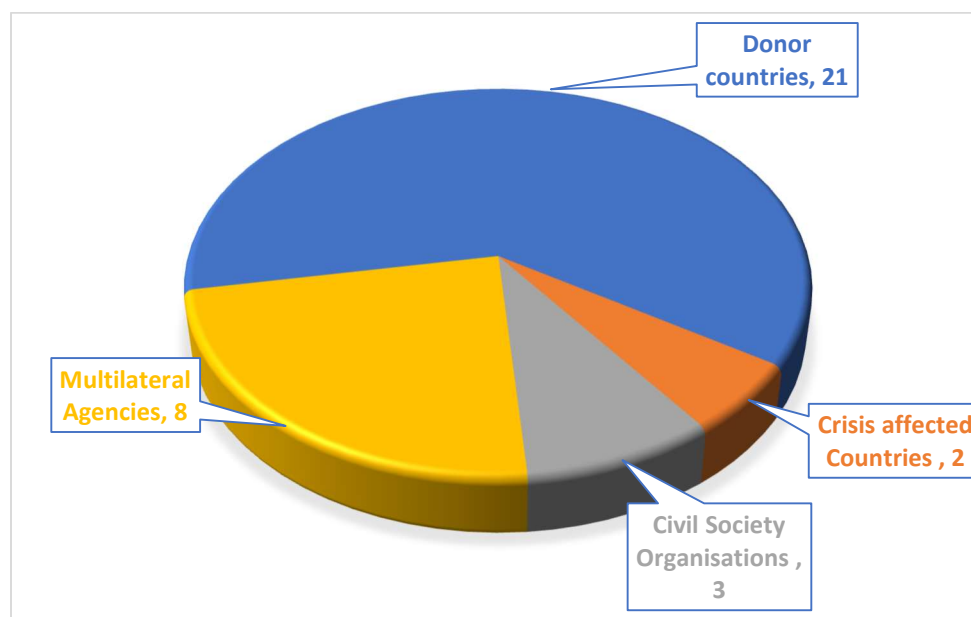


Figure 4: ExCom composition



OIAI assessed the composition of the Steering Group against the requirements of a similar entity, the Global Partnership for Education (GPE),³ and found that both funds required representation

³ A partnership and fund focused on providing quality education to children in lower-income countries.

from the same constituencies for their primary decision-making body (High-Level Steering Group and Board, respectively). However, GPE has a defined number of seats to represent each constituency and its Board members serve as representatives of a constituency, which may be comprised of one or more countries and/or types of organizations. GPE Board members are selected by their constituencies to serve for a specific time period. For ECW, OIAI notes that the absence of defined membership numbers and balanced representation for each of its various constituencies could result in the ECW Steering Group establishing committees and taking decisions that do not adequately reflect the communities the fund seeks to serve.

Performance review: UNICEF requires each of its office's main governance bodies to periodically review the performance of their statutory and management committees. OIAI found that ECW did not have a process in place to assess the performance of the Steering Group and the Executive Committee against the terms of reference set out in the operating manual or the performance of each body's individual members against any established indicators, such as frequency of meeting attendance.

RECOMMENDED ACTIONS

The ECW High-Level Steering Group should strengthen the ECW governance structure by:

- (i) Reviewing the size and composition of all committees; putting mechanisms in place to ensure that representation from various constituencies is balanced and accurately reflects the communities served by ECW; and defining term limits for members from all constituencies;
- (ii) Adopting a performance review process for the Steering Group and the Executive Committee based on indicators approved by the Steering Group.

Staff Responsible: Chief of Finance & Operations

Implementation Date: 30 April 2024

2. Regulatory framework

Medium

A clear regulatory framework tends to enhance organizational performance by facilitating stakeholders' fulfilment of their accountabilities, responsibilities and roles. In this respect, OIAI found that there was a need to clarify the roles, responsibilities and accountabilities of both UNICEF as the partnership host and ECW as the hosted entity.

The ECW operational manual outlines policies and procedures related to the operations of ECW, is aligned with ECW's Strategic Plan 2018–2021 and, where applicable, to UNICEF policies and procedures. The manual provides an overview of governance arrangements and shows that the ECW Secretariat operates under the direction of the High-Level Steering Group and the Executive Committee and is hosted by UNICEF.

OIAI made the following observations with respect to the ECW regulatory framework:

Memorandum of understanding. Although the ECW operational manual describes the specific role of fund custodian fulfilled by the UNICEF Funds Support Office, it does not outline UNICEF's other roles and responsibilities as the hosting agency. Some of those responsibilities were defined

in other documents, such as the standard contribution agreement signed between donors and UNICEF, and the ECW Director's job description.

One standard contribution agreement signed in April 2020 by UNICEF and a donor provided that the functions of the ECW Secretariat, which would be agreed between UNICEF and the High-Level Steering Group, should be set out in a separate memorandum of understanding co-signed by UNICEF and the Chair of the Steering Group. This memorandum of understanding was to be in place if administrative support to ECW was provided exclusively by UNICEF. At the time of the audit, although UNICEF had provided exclusive administrative support to ECW, no such memorandum of understanding had been signed.

A review of the hosting arrangement commissioned by the ECW Secretariat in 2018 recommended that ECW's incubation at UNICEF should continue through the period covered by the ECW Strategic Plan 2018–2021 and that the question of long-term hosting should be reconsidered in 2020 and 2021, as part of the process of evaluating ECW's initial performance and preparing its strategy for 2022 and beyond. In September 2021 the Steering Group decided to extend the strategic period and the UNICEF hosting until the end of 2022. At the time of this audit, the review of the hosting arrangement was pending.

Ethics and conflicts of interest. ECW's operational manual covers elements related to its ethics framework, including conflicts of interest, whistle blower protection and privacy safeguards. Provisions on managing conflicts of interest cover in detail issues related to members of the governing bodies, such as UNICEF, who represent both the fund custodian and grantees. Some elements of the ethics framework were still being developed at the time of this audit. The operational manual acknowledges that there is still a need to provide guidance on conflicts of interest and whistle blower protection, and to develop a policy on the misuse of funds. While ECW's governance documents broadly set out the institutional framework with respect to ethics, organizational culture and child safeguarding, there was insufficient information in those documents on the monitoring mechanisms required to ensure adherence to policies.

RECOMMENDED ACTIONS

To strengthen the ECW regulatory framework, the High-Level Steering Group should ensure that:

- (i) The UNICEF hosting arrangement is reviewed soon after the strategic plan is approved, and the review considers the maturity level of the fund and the partnership;
- (ii) When the hosting arrangement between ECW and UNICEF is formalized in a memorandum of understanding, the roles, responsibilities, accountabilities and obligations of UNICEF and ECW are clearly defined in the operations manual;
- (iii) Guidance on whistle blower protections and a policy on misuse of funds are developed and implemented; prioritizing the completion of the missing elements of its ethics framework - and monitoring mechanisms that assess ensure implementation of and adherence to ethics, organizational culture and child safeguarding policies are articulated in the governance documents.

Staff Responsible: Chief of Finance & Operations

Implementation Date: 31 December 2023

3. Staff management

Medium

Adequate, appropriate and affordable staffing is essential to strategically position the ECW Secretariat to achieve the fund's objectives. The staff structure includes 23 international positions and 6 General Service⁴ staff. At the time of the audit, ECW had a total of 25 staff, and 4 vacant positions. The ECW Director and 13 other staff members were based in New York, and 11 staff members operated from Amman, Copenhagen and Geneva.

OIAI reviewed the records of several staff members and noted that all had undergone an appropriate recruitment process. OIAI reviewed five recruitments and noted that externally recruited staff were granted UNICEF contracts that specified that they are not rotational and cannot reassign within UNICEF. To get a job in UNICEF, ECW staff must respond to a specific vacancy and be considered through a competitive process. There was lack of clarity on this process for staff who were transferred or seconded from UNICEF to ECW. OIAI noted three instances where it was unclear whether the staff were being transferred or seconded from UNICEF. Given the relationship between UNICEF and the ECW Secretariat, it is essential that all aspects of movement or exchange of staff in both directions are clear.

OIAI found that gender and diversity considerations were not systematically addressed during ECW recruitment processes. Although the ECW candidate selection reports demonstrated an awareness of the gender imbalance and UNICEF's commitment to improving gender diversity, ECW made requests for exceptional approvals without indicating measures or strategies in place to improve gender diversity.

The functions and accountabilities in the job description of the ECW Director are commensurate with the level of the position (D-2, Senior Director). The ECW Director reports directly to the Chair of the High-Level Steering Group, who is the primary supervisor, and the UNICEF Deputy Executive Director of Programmes, who is the secondary/administrative supervisor. This also is articulated in the operational manual, which notes that the Chair of Executive Committee is responsible for assessing the Director's performance against set indicators. Given the autonomy of the ECW Steering Group, those procedures are appropriate. The ECW operational manual does not specify what role, if any, the Deputy Executive Director of Programmes plays in the performance review of the ECW Director, nor does it articulate accountabilities for the termination or separation procedures for this position. The latter omission is particularly significant, given that the ECW Director holds a UNICEF staff contract but reports to an autonomous governance body. There is a need for clarity between UNICEF and the Steering Group on the accountabilities for not only the hiring, but also the disciplining, termination or separation of, the ECW Director, and what the Director's rights would be during that process.

RECOMMENDED ACTIONS

The ECW Secretariat should:

- (i) Work closely with UNICEF to ensure equity terms and conditions by which UNICEF staff can either transfer or be seconded to the ECW Secretariat;
- (ii) Ensure that there is a strategy in place to ensure the appropriate gender balance and diversity in the ECW Secretariat;
- (iii) Articulate the role of the UNICEF Deputy Executive Director of Programmes in assessing the performance of the ECW Director and clarify, together with UNICEF as host, the

⁴ General Service roles include administrative, secretarial, and clerical support as well as some specialized positions.

accountabilities of UNICEF and the Steering Group for hiring, firing and any disciplinary action of the ECW Director, as well as the UN stipulated rules and regulations pertaining to the protection and rights of the staff member in that process. These procedures should be included in the hosting agreement.

Staff Responsible: Chief of Finance & Operations

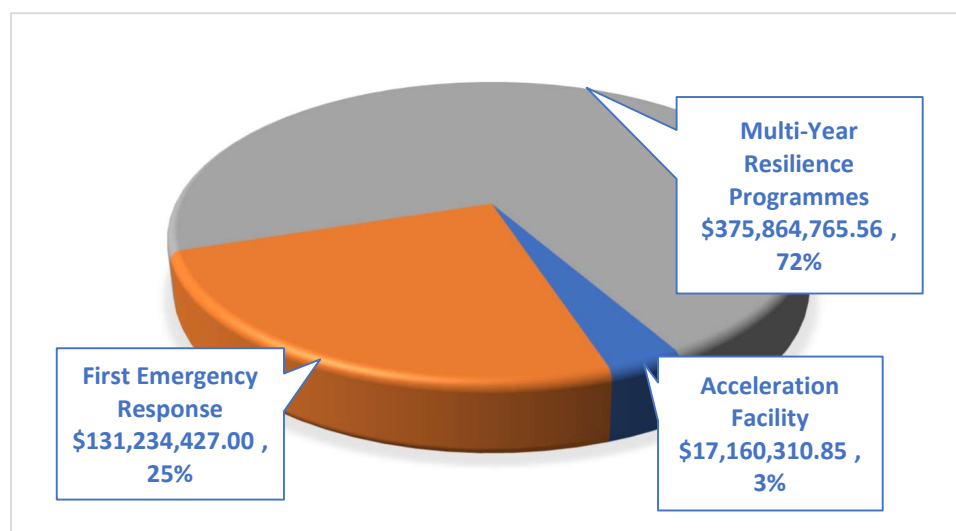
Implementation Date: 31 December 2023

4. Grants and grantees

Medium

ECW funds are invested in countries and contexts affected by emergencies and protracted crises. Based on ECW's grant and budget database, between January 2019 and March 2022, the majority of ECW funds (97 per cent) was allocated to support country-level programming through two financing windows: 25 per cent of funds were allocated using First Emergency Response grants (FER), which are employed during the onset or escalation of a crisis, and 72 per cent were allocated to Multi-Year Resilience Programmes (MYRP), which are multi-year investments to address protracted crises. The remaining funds (approximately 3 per cent of ECW funding) were allocated to Acceleration Facility grants (AF), which are used to invest in global public goods, including initiatives to build the evidence base for education in emergencies and improve coordination mechanisms.

Figure 5: Allocation of ECW investments (January 2019 to March

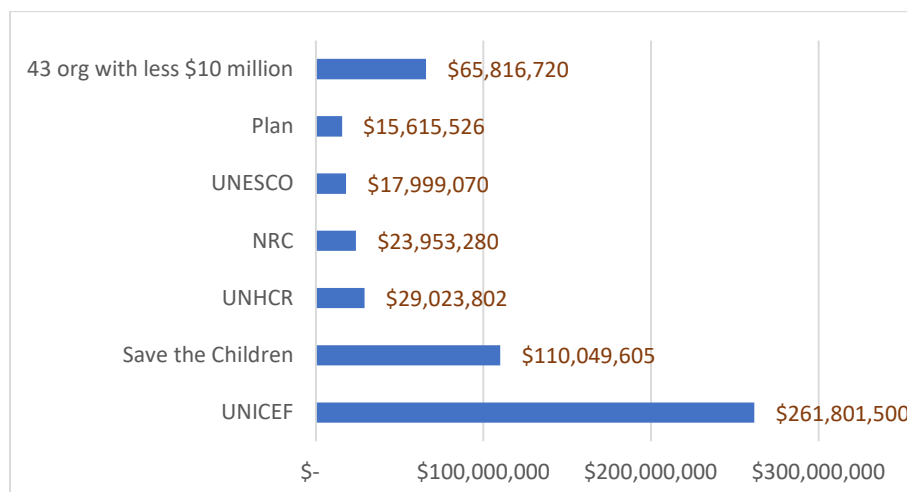


Direct recipients of ECW funding are referred to as grantees. Subgrantees are agencies or institutions that receive ECW funding from a direct grantee. ECW funds United Nations agencies and non-governmental organizations (NGOs) that have received a 'low' or 'moderate' risk rating from a micro assessment under the Harmonized Approach to Cash Transfers (HACT)⁵. Between

⁵ The Harmonized Approach to Cash Transfers (HACT) is used by several United Nations agencies to work with their implementing partners. Its principle is to systematically assess the level of risk of working with a given partner and adjust the method of funding and assurance practices accordingly. The HACT framework includes a number of tools for that purpose, including programmatic visits and spot checks of a partner's financial management.

2019 and 2022 ECW issued 262 grants, totalling approximately US\$524 million, to 49 grantees in 40 countries. (See Figure 6 for a breakdown of grantees and number of grants received.) Of the 49 grantees, UNICEF received the most grants, followed by Save the Children and the United Nations High Commissioner for Refugees (UNHCR).

Figure 6: Grants issued by ECW, by grantee (2019 to March 2022)



Abbreviations: UNESCO = United Nations Educational, Scientific and Cultural Organization; NRC = Norwegian Refugee Council; UNHCR = United Nations High Commissioner for Refugees.

OIAI reviewed the selection, contracting and management 27 grantees in nine countries of Africa, Asia, Europe and Latin America and at the international level, and made the following observations:

Programme documents were developed for all 27 grantees sampled, though risk assessments were performed for only 21 of the sampled grantees. Six of the grantees received Acceleration Facility grants.

ECW's Strategic Plan 2018–2021 identifies the promotion of the localization agenda in its commitment to the Grand Bargain⁶. ECW aims to invest in local and national responders to help reduce the number of intermediaries through which assistance passes before it reaches people in need. OIAI notes that there is a need for ECW to diversify its grantees, as the majority currently are large United Nations organizations and international NGOs (see Figure 6 for details). A formative evaluation of the Multi-Year Resilience Programme (MYRP) funding window conducted in 2021 noted this lack of diversity and recommended that ECW develop a more systematic approach to inclusive processes when allocating investments in Multi-Year Resilience Programmes by targeting local and national civil society organizations and NGOs. Similarly, a review of selected grantees for the Acceleration Facility funding window revealed that 13 out of 47 grantees were international CSOs and United Nations organizations. The audit team also found that some of the grantees under the Acceleration Facility were represented on the ECW Steering Group, which could create a potential or perceived conflict of interest if the grantee selection process with regard to conflicts of interest was not articulated. The UK's Foreign, Commonwealth and Development Office annual report noted some concerns related to lack of transparency in the selection of Acceleration Facility projects.

⁶ The 'Grand Bargain' is an agreement between the biggest donors and aid organizations aimed at getting more means into the hands of people in need; the essential objective is to improve the effectiveness and efficiency of humanitarian action.

Monitoring mechanisms. To track progress against the indicators in the results framework, the ECW Secretariat relies mainly on progress and completion reports from grantees, in line with the requirements in the standard Grant Confirmation Letter. The monitoring and reporting systems used by each grantee are therefore critical. To carry out more objective oversight, the ECW Secretariat can deploy a third-party monitor for First Emergency Response grants and conduct annual programme reviews for Multi-Year Response Programmes. There were no clear criteria as to when the objective monitoring mechanisms would be deployed or whether the participation in the annual reviews is sufficient. Both evaluations of the main ECW funding windows found that there was a need for ECW to take a more coherent approach to monitoring, which provides the ECW Secretariat with critical information about grantee performance and lessons learned in implementation.

Evaluations of funding facilities. ECW commissioned formative evaluations of its two main funding facilities. The 2020 evaluation of the First Emergency Response facility found that the modality could catalyse additional resources at the global level, but less so at country level, in sudden onset emergency contexts. The 2021 formative evaluation of the Multi-Year Response Programme facility found that there is a need to further clarify the roles, responsibilities, accountabilities and complementarity between the ECW and the GPE, as well as other funds and coordination bodies operating in the humanitarian–development nexus. This observation was also noted in the 2018 review of the hosting arrangement commissioned by the ECW Secretariat and is reflected in the ECW 2018-2021 Strategic Plan. At the time of this audit there was no memorandum of understanding between the GPE and ECW. OIAI reviewed grants received from the GPE and ECW in Afghanistan and found that there was no coordination between the two funds. Coordination between the two funds is essential to strengthening the education cluster system and finding ways to practically bridge the humanitarian–development nexus. A key indicator of the ECW strategic objective to improve joint planning and responses is an increase in the percentage of multi-year programmes developed through bringing together humanitarian and development mechanisms. That indicates multi-year funding (i.e., through Multi-Year Response Programmes) will continue to be the mainstay for ECW.

RECOMMENDED ACTIONS:

The ECW Steering Group, through the ECW Secretariat, should strengthen its grantee base and grant management by:

- (i) Identifying mechanisms and monitoring agreed criteria to diversify the grantee base with a view to increase participation of local grantees, in line with the Grand Bargain;
- (ii) Ensuring continuous transparency in the allocation of the Acceleration Facility grants so that agreements established through a grant Contribution Letter are subject to appropriate monitoring mechanisms;
- (iii) Developing a roadmap for increased collaboration and coordination with the Global Partnership for Education and other major education funds and their coordinators, at national and international levels;
- (iv) Including in the ECW monitoring framework clear criteria for the deployment of sufficiently objective monitoring mechanisms.

Staff Responsible: Chief of Quality Education, Chief of Strategy and Chief of Humanitarian Liaison

Implementation Date: 31 December 2023

APPENDIX





Definitions of Audit Observation Ratings

To assist management in prioritizing the actions arising from the audit, OIAI ascribes a rating to each audit observation based on the potential consequence or residual risks to the audited entity, area, activity or process, or to UNICEF as a whole. Individual observations are rated as follows:

Low	The observation concerns a potential opportunity for improvement in the assessed governance, risk management or control processes. Low-priority observations are reported to management during the audit but are not included in the audit report. Action in response to the observation is desirable.
Medium	The observation relates to a weakness or deficiency in the assessed governance, risk management or control processes that requires resolution within a reasonable period of time to avoid adverse consequences for the audited entity, area, activity or process.
High	The observation concerns a fundamental weakness or deficiency in the assessed governance, risk management or control processes that requires prompt/immediate resolution to avoid severe/major adverse consequences for the audited entity, area, activity or process, or for UNICEF as a whole.

Definitions of Overall Audit Conclusions

The above ratings of audit observations are then used to support an overall audit conclusion for the area under review, as follows:

Satisfactory		The assessed governance, risk management or control processes were adequate and functioning well.
Partially Satisfactory, Improvement Needed		The assessed governance, risk management or control processes were generally adequate and functioning but needed improvement. The weaknesses or deficiencies identified were unlikely to have a materially negative impact on the performance of the audited entity, area, activity or process.
Partially Satisfactory, Major Improvement Needed		The assessed governance, risk management or control processes needed major improvement. The weaknesses or deficiencies identified could have a materially negative impact on the performance of the audited entity, area, activity or process.
Unsatisfactory		The assessed governance, risk management or control processes were not adequately established or not functioning well. The weaknesses or deficiencies identified could have a severely negative impact on the performance of the audited entity, area, activity or process.

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