

Report on the Internal Audit of the  
**GUINEA COUNTRY OFFICE**

**APRIL 2023**

Report 2023/08

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# EXECUTIVE SUMMARY

The Office of Internal Audit and Investigations (OIAI) conducted an audit of the Guinea Country Office covering the period from January 2021 to November 2022. The audit was conducted remotely from 21 November to 8 December 2022 in accordance with the International Standards for the Professional Practice of Internal Auditing.

The overarching objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes across a selection of significant risk areas of the office, including risk management, office structure and staffing, programme management (planning, implementation and monitoring), advocacy, prevention of sexual exploitation and abuse, evaluation, partnership management, cash transfers and assurance activities, procurement management and security. Descriptions of the specific risks identified during the engagement planning process are provided in the Audit Objectives, Scope and Approach Section of this report.

Guinea's operating environment is marked by an ongoing political transition that has impacted key planning processes, including the National Economic and Social Development Plan, the United Nations Sustainable Development Cooperation Framework (UNSDCF) and the UNICEF Country Programme 2023–2027. It also led to the restructuring of key government partners, causing delays in the implementation of programme activities. In addition, according to the latest Corruption Perception Index (2021), Guinea ranked 150 out of 180 countries. This context is indicative of a high-risk environment for programme planning, implementation and monitoring, as well as for input management, whether supplies or cash inputs. For the period from January 2021 to October 2022, the Guinea Country Office spent US\$21 million on cash transfers and US\$13 million on supplies. The audit sought to determine whether and how the office managed the associated risks.

## Overall Conclusion

Based on the audit work performed, OIAI concluded that the assessed governance, risk management and control processes were **Partially Satisfactory, Improvement Needed**, meaning that the weaknesses or deficiencies identified were unlikely to have a materially negative impact on the audited entity, area, activity or process. (See the Appendix for [definitions of the conclusion ratings](#).)

	Satisfactory
➔	Partially Satisfactory, Improvement Needed
	Partially Satisfactory, Major Improvement Needed
	Unsatisfactory

## Summary of Observations and Agreed Actions

OIAI noted several areas where UNICEF Guinea controls were adequate and functioned well:

- **Preparation of the new country programme:** The country office took steps to strengthen its readiness for the preparation of the new country programme by completing an evaluation and finalizing the Terms of Reference for a situation analysis in consultation with the UNICEF West and Central Africa Regional Office. The new country programme will likely be informed by lessons learned and address the current key issues concerning women and children in Guinea.

- **Work planning:** The country office has adopted a bottom-up approach to developing workplans whereby the three zone offices, in consultation with local implementing partners, determined programme requirements. UNICEF Guinea's main office in Conakry adjusted and completed these requirements, then incorporated them into sectoral national workplans, which were in turn approved by the UNICEF Guinea Representative and relevant ministry. The distribution of activities between the central level and the regions was clearly indicated, and workplans were prepared and endorsed in a timely manner, increasing the likelihood that planned interventions would respond to the identified needs and be completed within the year.
- **Resources allocated to evaluations:** In the last three years, the country office met the organizational benchmark for budget allocated to evaluations, which strengthened the office's ability to complete all planned evaluations and make informed programmatic decisions.
- **Partnership:** The country office supported the government in the design and implementation of a new approach to partnerships focusing on reinforcing the capacity of communes/municipalities as the closest administrative entities to the general population and thus the most knowledgeable of its needs.

The audit team also made a number of [observations](#) related to the management of the key risks evaluated. In particular, OIAI noted:

- **Zone office staffing:** UNICEF Guinea has three zone offices that operate in areas with specific challenges and distinct human, geographic and climatic characteristics. The restriction of having the same staffing structure means the zone offices may lack appropriate skills and competencies to address the most important issues in their respective locations. Additionally, staff skills were not being used as efficiently as possible.
- **Renewal of staff contracts:** Staff with expiring fixed-term contracts were not given sufficient notice of the renewal status of their contracts, which negatively affected their morale and created a stressful working environment.
- **Planning of humanitarian activities:** The country office did not have a system in place to ensure that expected results and funding of the Humanitarian Action for Children (HAC) were captured in the signed or internal workplans. As a result, there was no fair representation of what was achieved for the regular programme or for emergency interventions, making it difficult to monitor the status of HAC implementation.
- **Scheduled audits:** The country office did not establish a defined process for the follow-up and closure of scheduled audit agreed actions, with a risk that these would not be implemented. Consequences include waste of human and financial resources and potential repetition of the same audit issues in the future.
- **Contract Review Committee (CRC):** CRC reviews were not always consistent, and there were some exceptions that were unjustified and undocumented. Discrepancies in CRC functioning raise the risk of misuse of funds and the potential to negatively impact UNICEF Guinea's reputation.
- **Security:** The country office did not use the approved Security Risk Management (SRM) document as a reference when conducting its security assessments and did not prepare consolidated security improvement plans to implement the recommendations stemming from the security assessments it conducted. Therefore, security measures implemented by

UNICEF Guinea may not be aligned with SRM recommendations and, furthermore, might not be funded and/or implemented in a timely manner.

The table below summarizes the key actions agreed upon by the country office management to address the risks identified. The table also indicates the category and ratings of these risks. (See the [definitions of the observation ratings](#) in the Appendix.)

OBSERVATION RATING		
Category of Process	Area or Operation and Key Agreed Action	Rating
<b>Governance</b>	<b>Office structure (Observation 1):</b> Seize the opportunity of the upcoming country programme preparation to review and justify the continued need for zone offices and to define their staffing structure based on programmatic needs and a capacity gap analysis.	Medium
<b>Risk management</b>	<b>Staff contracts renewal (Observation 2):</b> Establish a process to review the programme's funding situation and to take prompt decisions that ensure holders of expiring fixed-term contracts are informed of the renewal status ahead of the expiration date.	Medium
<b>Control processes</b>	<b>Security (Observation 9):</b> Plan and implement security assessments using the SRM tool and establish a security action plan to address the agreed actions/recommendations. Ensure that responsibilities are assigned by management, required budget is identified and funded, and implementation monitoring is embedded in the management structure.	Medium
	<b>Programme management (Observations 3 and 4):</b> Establish a process for the planning, implementation and monitoring of humanitarian activities. Strengthen quality assurance during the preparation of zone office workplans to ensure alignment of budgets and ensure that annual programme reviews include a specific discussion on barriers to achieving results, root causes of those barriers and how to mitigate them in subsequent workplans.	High

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

## Context of the audited entity and its operating environment



Guinea's Human Development Index value for 2021 was 0.465, which put the country in the low human development category, positioned 182 out of 191 countries and territories.

Under-five mortality was 95.6 per cent in 2021, per the United Nations Inter-Agency Group for Child Mortality Estimation. That same year, only 29.8 per cent of the population had access to basic sanitation services, according to the Joint Monitoring Programme. Global acute malnutrition was estimated at 9 per cent, and severe acute malnutrition and stunting surpassed emergency thresholds at 4 per cent and 30 per cent, respectively, according to the

2018 Demographic and Health Surveys, which also found that anaemia was present in 75 per cent of children aged 6–59 months and 46 per cent of women aged 15–49 years.

Guinea has experienced political instability since the constitutional referendum in March 2020. New authorities adopted a transitional charter and established a civilian-led transitional government in September 2021.

## Context of key risk areas covered in the audit

The United Nations Development Assistance Framework 2018–2022 was extended by one year to allow the United Nations Country Team to continue providing support to the transitional government, including the national planning process, and to ensure that the UNSDCF was formulated in line with national priorities. Consequently, the current UNICEF country programme, which initially covered the period from January 2018 to December 2022, was extended for another year, through December 2023.

The evolution of the political context has been a major obstacle in programme implementation insofar as it led to changes of signatories, cascading retirements without systematic replacement, and numerous civil servant transfers, causing delays in the implementation of activities. The dismantling of the Ministry of Water and Sanitation in late 2021 also created challenges for a coordinated response to water, sanitation and hygiene (WASH) needs.

The Country Programme 2018–2022 consists of four components (child survival and development, basic education, child protection and social inclusion) and one cross-sectoral component (programme effectiveness). Its objective is to support the government to overcome identified key bottlenecks that impede the realization of children's rights and contribute to Guinea's post-Ebola recovery plan.

UNICEF's Corporate Emergency Level 2 Scale-up Procedure for the Sahel Crisis in Guinea was activated from 18 July 2022 to 18 January 2023 because of the predicted conflict spillover from the Central Sahel region, which accounted for one third of all abductions of aid workers in the world during 2020.

The total approved budget for the UNICEF Guinea Country Office programme is US\$143 million, including US\$58 million in Regular Resources (RR) and US\$85 million in Other Resources Regular (ORR). Guinea HAC for 2022 amounted to US\$27 million of Other Resources Emergency, covering nutrition, health, WASH, child protection, education and social inclusion.

The breakdown of the office's expenditures (in \$US 1,000) in 2021 and 2022, as of October, was as follows:

<b>Expenditure category</b>	<b>2021 amount</b>	<b>Percentage</b>	<b>2022 amount</b>	<b>Percentage</b>
Cash transfers	15,010	38	6,091	23
Staff costs	8,038	20	6,328	24
Operating costs	6,988	18	3,904	15
Supplies	6,089	15	6,825	26
Travel	1,560	4	659	2
Contract services	1,408	4	2,461	9
Other	625	1	324	1
<b>Total expenses</b>	<b>39,718</b>	<b>100</b>	<b>26,592</b>	<b>100</b>

Source: SAP 2021 and 2022 trial balances

**Office structure and staffing:** The main Guinea Country Office is located in Conakry, with three zone offices established in the Nzérékoré, Labé and Kankan regions. UNICEF Guinea has 120 approved staff positions, including 23 international professionals, 43 national officers and 54 general service posts. Out of these, 39 staff members (32.5 per cent of the overall team) are based in the zone offices. As of October 2022, there were 15 vacant posts.



# AUDIT OBJECTIVES, SCOPE AND APPROACH

The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes across a selection of significant risk areas of the Guinea Country Office. The scope of the audit included key areas, set out in following table, that were selected during the audit planning process based on an assessment of inherent risks.<sup>1</sup>

RISK AREAS	KEY INHERENT RISKS EVALUATED DURING THE AUDIT
<b>Risk management</b>	The country office may not effectively identify and assess the risks to its programme results and thus may not take sufficient measures to manage significant risks.
<b>Office structure and human resources management</b>	The country office structure and staffing may be not fit for purpose, and responsibilities between the main office and zone offices may not be clearly defined and communicated, risking inefficiency (e.g., overlapping functions) and non-achievement of planned results.
<b>Programme management (planning, implementation and monitoring)</b>	The country office may not have established sufficient controls to ensure adequate consultation with relevant stakeholders, robust programme planning and monitoring, and realistic budgets for funding interventions, resulting in non-achievement of country programme results.
<b>Advocacy</b>	Advocacy activities may be conducted on an ad hoc basis without clear objectives, coordination mechanisms and supporting evidence, thereby failing to ensure the efficient and effective promotion of children's rights.
<b>Protection against sexual exploitation and abuse</b>	The country office and its partners may fail to take adequate measures to prevent and protect children against sexual exploitation and abuse, thus exposing beneficiaries to harmful actions and UNICEF to reputational risks.
<b>Evaluation</b>	The country office may not have sufficient evaluation knowledge and information on impacts and outcomes of the country programme and may therefore be unable to assess achievements of programme objectives, identify and share lessons learned and inform future programme planning.
<b>Partnership management</b>	Partnership selection processes may not engage civil society organization partners that may offer the best comparative advantage to achieving programme results.
<b>Cash transfers and assurance activities</b>	Cash transfers to implementing partners may not be properly managed, resulting in fraud, loss of financial resources and non-achievement of results. This can also lead to reputational risks for UNICEF.
<b>Humanitarian cash programmes</b>	Established controls may be inadequate, such that they may not ensure the timely and efficient processing of disbursements, provide reasonable assurance that intended beneficiaries receive those transfers, or protect the personal data of beneficiaries.
<b>Procurement of goods and services</b>	Potential supply chain weaknesses may end in failure to achieve results due to late provision and/or poor quality of supplies. Such limitations may lead to supplies not being used for their intended purposes, leading to loss of resources and reputational risks.
<b>Security management</b>	Inadequate resources to implement necessary security risk-mitigation measures may result in injury and/or loss of lives and/or assets.

<sup>1</sup> Inherent risk refers to the potential adverse event that could occur if management takes no action, 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.



The audit was conducted remotely between 21 November and 8 December 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 2021 to November 2022 and involved a combination of methods, tools and techniques. These included interviews, data analytics, document review, tests of transactions, assessment and validation of preliminary observations.

# OBSERVATIONS AND MANAGEMENT ACTION PLAN

The key areas where actions are needed are summarized below.

## 1. Office structure

Medium

*Although the three zone offices operate in various locations with specific challenges and distinct human, geographic and climatic characteristics, they all have the same staffing structure. This inflexibility means there is a risk that zone offices lack skills and competencies to address the most important challenges in their respective areas.*

UNICEF Guinea's zone offices are located in Labé, Kankan and Nzérékoré and cover five (out of seven) administrative regions. Each zone office operates in a geographical area with specific challenges and distinct human, geographic and climatic characteristics. For instance, the Nzérékoré area is located in a forest region, has a population of 1.9 million and historically has been the most exposed to emergency situations such as Ebola and Lassa fever outbreaks. Labé, with a population of 2.5 million, is one of the poorest regions and is a bastion of rebellion. Kankan region, located towards the Sahel, has a population of 3.5 million, with a high infant mortality rate (100 per 1,000 live births<sup>2</sup> compared to a nationwide average of 29.9) and, more recently, violent religious extremism. Despite these differences, zone offices have the same staffing structure, and the country office could not provide the audit team with a documented justification for the rationale behind this decision. The review of the zone offices during the most recent programme and budget review in April 2020 focused mainly on funding sources of existing staff positions, and the country office confirmed in its submission that the revised staffing structure did not depart significantly from the original structure, which was established at the beginning of the 2018–2022 programme cycle.

**The Nzérékoré zone office is located in an emergency area yet did not have a dedicated emergency programme officer.**

There is a risk that the zone offices might not have the appropriate skills and competencies to address the most important challenges in their respective locations and that some of the staff assigned in these offices are not efficiently used. For example, the Nzérékoré zone office is located in an emergency area yet did not have a dedicated emergency programme officer.

The country office was aware of this and, in an attempt to mitigate the issue, adapted the profile of the chief of the zone office – for example, by selecting a public health profile for the chief position in Nzérékoré. The office said that this concern will be addressed in the next country programme.

### Agreed action 1

The country office has agreed to seize the opportunity of the upcoming country programme preparation to review and confirm the continued need for zone offices and to redefine their staffing structure based on a capacity gap analysis to best meet programmatic needs.

**Staff Responsible:** Representative

**Implementation Date:** 31 March 2024

<sup>2</sup> 2022–2023 Kankan zone office contingency plan

## 2. Staff contracts renewal

Medium

*Staff with expiring contracts were not given sufficient notice of the renewal of their contracts. This uncertainty affected morale and created a stressful working environment that was not conducive to performance or achievement of results.*

The country office has 120 approved staff positions (23 international professionals, 43 national officers and 54 general service posts), of which 70 (58 per cent) are ORR funded. The audit team noted that there have been challenges regarding the renewal of staff contracts. Fifteen of the 120 positions were vacant as of October 2022, and 12 of these vacancies were due to lack of ORR funding.

At the time of the audit, 40 fixed-term contracts (65 per cent of the total) were set to expire by 31 December 2022. On 5 December 2022, the country office had not yet informed the relevant staff members whether their contracts would be renewed. This issue was discussed in the Joint Consultative Committee<sup>3</sup> meeting in September 2022, during which country office management stated that it was reviewing the available resources for contracts expiring in the following three months. The previous year, in 2021, staff with contracts expiring at the end of the year received information on the renewal of their contract on 3 December 2021. This situation seems to be recurrent and is due to lack of ORR resources and uncertainty about an additional extension of the current country programme. A number of staff interviewed mentioned that this uncertainty affected their morale and created a stressful working environment that undermined performance and achievement of results.

### Agreed action 2

The country office has agreed to establish a programme funding review process to improve early decision-making that ensures holders of expiring fixed-term contracts are informed of the status of their renewal well in advance of the expiration date.

**Staff Responsible:** Human Resources Specialist, in coordination with budget owners

**Implementation Date:** 31 August 2023

## 3. Work planning

High

*Emergency-related activities were not included in the country office's work plans. There was no established process to allocate the required financial resources to the zone offices, and annual programme reviews did not specifically discuss the constraints on results and related bottlenecks. These gaps are a risk to the effective implementation of the overall country programme and the achievement of planned results.*

Every UNICEF country programme is operationalized through workplans. These should reflect the results defined in a country office's annual management plan, country programme document and HAC, as well as by the UNSDCF. Workplans should clearly outline, among other elements,

<sup>3</sup> The Joint Consultative Committee serves as a two-way channel between management and staff. It is a platform for raising local administrative or human resources-related issues that are of concern to staff members.

specific outputs and activities, target location of interventions, and projected timelines, as well as partners that will collaborate with UNICEF on the delivery and implementation of these outputs and activities. Workplans should mitigate risk to effective and efficient achievement of a country office's planned results.

The audit review noted the following:

**HAC:** Due to the risk of conflict spillover from the Central Sahel crisis, UNICEF declared Guinea a Corporate Emergency Level 2<sup>4</sup> in July 2022. The funding requirement for the 2022 HAC had been set at US\$27.3 million, of which the country office had raised US\$7.6 million as of November 2022. While there were HAC-related activities included in the Guinea Country Office's 2022 workplans, the expected results and funding for HAC were not captured in these workplans. As a result, the country office lacked a sufficient basis to objectively evaluate and accurately report on its contribution to the HAC.

**Human resources allocation:** Guinea is composed of seven administrative regions, five of which (Mamou, Labé, Faranah, Kankan and Nzérékoré) are covered by UNICEF Guinea zone offices and two of which (Kindia and Boke) by the main office in Conakry, under the leadership of the Programme Monitoring and Evaluation section. For these two regions, contrary to others, there was no dedicated staff responsible for the overall management of the programme. Instead, the country office had designated a programme officer in each programme section and assigned them as focal points for the management of the programme in Kindia and Boke. The audit team was informed that these focal points were able to dedicate only 15 to 20 per cent of their time to this work. Additionally, the responsibilities of these staff were not formalized in their respective performance plans. The audit noted that there were concerns around low frequency of programme monitoring and quality of support provided to the partners in these regions, which suggest that the level of resources allocated to these regions may be inadequate. The country office indicated that it did not have the resources to establish additional zone offices in these regions. Discussion with programme staff showed that given the current workload in Conakry, it has not been possible to release the focal points from their tasks at central level; however, an increase in the time allocated to their regional responsibilities could be envisaged.

**Financial resources allocation:** Approved country office rolling workplans (RWPs) included specific activities and results for each region. The audit reviewed the status of implementation of the programme managed by one of the zone offices in 2021 (Kankan) and noted that only 25 per cent of the approved RWP budget (US\$1,084,436 out of US\$4,320,950) and only 4 per cent of the planned RR budget (US\$82,536 out of US\$2,158,738) was received by the zone office. Furthermore, the RR budget planned for one programme in this RWP was higher than the programme's total budget.

The zone offices are not cost centres, which means that there is no specific allocation of funds for programme activities implemented at that level. Programme officers were not informed in advance of the list of funded activities that would be implemented during any particular period (quarter or semester). This has resulted in back-and-forth discussions between the zone office and relevant programme sections in the main office in Conakry and between the zone office and its implementing partners. Zone office programme officers are perceived by partners as mere intermediaries, which negatively impacts their credibility. This perception is due to lack of

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<sup>4</sup> A Corporate Emergency Level 2 is defined as a situation in which the emergency is such that a country office needs additional and prioritized support from other parts of the organization to respond, and in which the regional office must provide dedicated leadership and support.

communication and insufficient sharing of information between the main office and zone offices and deficiency in quality assurance over the RWPs.

### Agreed action 3

The country office has agreed to:

- i. Establish a process for the planning, implementation and monitoring of humanitarian activities.
- ii. Formally assign the responsibility of programme management in the performance evaluation reports of relevant staff members in both the Kindia and Boke regions and allocate a sufficient portion of their time to fulfill this responsibility.
- iii. Strengthen quality assurance of the preparation of zone office workplans to ensure alignment of budgets.
- iv. Establish a process whereby zone offices are provided with the necessary funds as planned in the approved workplans and that programme officers are informed in advance about funded activities so that they can discuss workplan implementation directly with their respective partners.

**Staff Responsible:** Chief Planning, Monitoring and Evaluation for i,  
Deputy Representative and Heads of Sections for ii, iii and iv

**Implementation Date:** 31 October 2023

## 4. Programme reviews

High

In 2021, the country office undertook the required exercise of reviewing its programmes to assess the achievement of planned results and to take appropriate remedial action to address any obstacles identified during the review process. The audit did not find evidence of specific discussions between the country office and implementing partners on the programme result indicators that were not achieved or partially achieved. By failing to obtain inputs from implementing partners, the ability to identify root causes for programme shortcomings and develop mitigation measures to address these challenges in future workplans was greatly diminished. Instead, bottlenecks and recommendations were presented only in general terms in the review reports. Therefore, there was a risk that challenges to successful programme implementation would not be effectively resolved and expected results would not be achieved.

### Agreed action 4

The country office has agreed to ensure that programme reviews include a specific discussion with implementing partners and other key stakeholders on both barriers and challenges to achieving results as well as root causes of those barriers and challenges and how to mitigate or resolve them in future workplans.

**Staff Responsible:** Deputy Representative

**Implementation Date:** 31 December 2023

## 5. Advocacy

Medium

*Due to lack of implementation of the country office advocacy strategy, there was a risk that child-related issues were not being considered by policymakers and that advocacy activities were not focused on key themes or supported by adequate evidence.*

***The country office had a well-developed advocacy strategy; however, it was not implemented.***

In accordance with its mandate, UNICEF advocates for the progressive realization of child rights globally. Thus, advocacy and communication around children and gender-related issues were identified as key priorities in the UNICEF Guinea Country Programme 2018–2022. The country programme document specified areas in which advocacy would advance child rights, such as nutrition as a key national priority, affordable school fees, and allocation of resources in national budgets to address

issues faced by children.

The country office had prepared an advocacy strategy for the 2018–2022 Country Programme with clear and specific objectives. According to this advocacy document, the strategy should have been implemented in three distinct phases: (i) identifying policy and priority issues for women and children in Guinea, (ii) developing a strong evidence base for advocacy and (iii) implementation. However, there was no evidence to show either that in fact any of these phases had been implemented nor that the office had monitored the implementation of this strategy.

The country office shared with the audit team documents such as ‘African partnership for children in Guinea’ and ‘Memorandum for an increase of public funding for education and training’ that were considered to be advocacy materials. However, these documents did not meet the requirements for effective advocacy as set out in the UNICEF advocacy toolkit. For example, the materials shared with the audit team did not include or provide for specific and measurable advocacy results, specific messages for targeted decision-makers, or definitions of what motivates target audiences, or the appropriate messengers and evidence needed to convince them.

The identified gaps could prevent effective and efficient advocacy for adequate public funding and prioritization of issues affecting children.

### Agreed action 5

The country office, in consultation with the Division of Global Communication and Advocacy, has agreed to ensure that an effective advocacy plan is prepared and implemented in line with UNICEF advocacy toolkit guidance and adequate monitoring of the implementation of the strategy is established.

**Staff Responsible:** Communication Specialist

**Implementation Date:** 31 December 2023

## 6. Harmonized Approach to Cash Transfers assurance activities

Medium

*Utilization of eTools<sup>5</sup> to plan and monitor Harmonized Approach to Cash Transfers (HACT) assurance activities and implementation of scheduled audit recommendations needs to be improved to ensure effective use of cash transfers and mitigate commensurate risks, which are the largest input of the country programme.*

UNICEF country offices use HACT to manage the risks of cash transfers to implementing partners as well as in the implementation of activities assigned to partners. HACT involves an assessment of collaboration with a particular partner and includes certain activities, such as spot checks, audits and programmatic visits, to obtain assurance on the appropriate use of cash transferred and implementation of assigned activities as intended. UNICEF Guinea has a HACT unit and a HACT task force that share responsibility for overseeing the implementation of HACT in the country.

Given that the country office uses the riskiest cash transfer modality under HACT for partners assessed as significant or high risk, there should be a robust assurance plan in place. The audit team was satisfied with the planning of HACT assurance activities due to the utilization of the plan generated by the system (VISION). The rate of implementation was found to be adequate: as of the end of 2021; 114 per cent of planned programmatic visits and 103 per cent of scheduled spot checks were completed and all planned micro-assessments and scheduled audits (11) had been completed. The quality of the assurance activity reports as well as the quality assurance process exercised by the Implementation Partnership Management unit were satisfactory.

On the other hand, weak ownership and utilization of eTools created a misleading representation of the HACT situation. The information recorded in this tool showed a high number of overdue agreed actions and a low number of planned programmatic visits. For example, while 134 programmatic visits were identified based on HACT guidance and 182 were undertaken, only 24 were planned in eTools. Insufficient use of eTools deprived the country office of a centralized register of all pending agreed actions. This complicates monitoring of HACT assurance activity action points. This elevates the risk that questionable expenditure or practices noted in the assurance activity reports are not acted upon which could therefore lead to loss of resources. The country office said that training on eTools was provided to programme staff, but additional measures need to be identified to ensure full use of the tool.

Regarding HACT audits, the country office completed 11 scheduled audits in 2021. Once the audit reports were finalized and shared with the concerned implementing partners, relevant programme sections were expected to monitor the status of implementation of the agreed actions. However, the country office did not establish a defined process for the follow-up and closure of the scheduled audit agreed actions. The audit contacted two implementing partners that were audited, and both confirmed that after receipt of the audit report, they were not contacted by the country office to discuss and agree on how the agreed actions would be monitored and eventually closed. There is thus a risk that the implementing partners may misuse and/or lose funds. There was an additional risk that the human and financial resources invested in these audits will be wasted because they are not used to improve the management of cash transfer risks.

### Agreed action 6

<sup>5</sup> eTools is a suite of applications being rolled out that make regular administrative functions in UNICEF easier. It includes facilities to assist planning and follow-up of assurance activities.



The country office has agreed to:

- i. Strengthen the enforcement of the requirement to fully utilize eTools, including appropriate monitoring of utilization.
- ii. Establish and implement a standard procedure with assigned responsibility for completing, monitoring and closing scheduled audit agreed actions as appropriate.

**Staff Responsible:** Deputy Representative Operations

**Implementation Date:** 31 July 2023

## 7. Procurement of programme supplies and services

Medium

*Some of the supplies that were scheduled to be delivered by vendors to implementing partners were stored in the UNICEF warehouse in Conakry. This suggests that the country office did not undertake appropriate due diligence as part of the procurement process to ensure partners had the capacity and wherewithal to handle and promptly deliver the supplies to end users.*

**Procurement planning:** From January 2021 to November 2022, vendors contracted by the country office delivered supplies valued at US\$2.5 million directly to partners that were engaged to distribute the supplies to end users. The audit team noted that during the same period, supplies valued at US\$3.1 million that should have been delivered by the vendors to partners were stored in the UNICEF warehouse in Conakry. This occurred because partners (mainly the Guinean Central Pharmacy) lacked the storage capacity and wherewithal to handle and promptly deliver the supplies to end users. As a result, the country office incurred avoidable storage and freight costs as well as potential deterioration in the value of the supplies. There was also the risk that supplies might not reach end users on time.

**CRC:** UNICEF requires country offices to establish CRCs to facilitate an independent review of the procurement process for higher-value goods and services exceeding predetermined financial limits (US\$200,000 for country offices). The audit team reviewed a sample of 5 contracts valued at US\$2.5 million out of a total of 10 contracts amounting to US\$4.6 million that were submitted to the CRC. The objective of the exercise was to assess the CRC's control over the procurement process. The audit noted several instances in which the quality of the CRC's reviews and recommendations for award of contracts could be improved.

- The CRC recommended that a contract be awarded to the second lowest bidder because it considered the cost proposal of the lowest bidder to be too low (25 per cent lower than the estimated cost of the work) to deliver the expected service. It recommended, however, that contracts be awarded to the lowest bidders in two other procurement actions even though the cost proposals of the recommended bidders were 78 per cent and 50 per cent less than the estimated cost of the services required. There was no evidence to support or explain the inconsistencies in the logic to recommend awarding of contracts to these bidders.
- The CRC recommended awarding two of three lots to one company even though it had been specified in the request for proposal that no company would be awarded more than one lot. The two lots awarded to the same company amounted to US\$1.4 million. The CRC, however, did not question this decision.

- A supplier ranked third in the financial offer was awarded a contract valued at US\$252,000 without a clear justification, but the CRC did not question this choice.

The audit noted that there were new members in the CRC who might not be fully familiar with the responsibilities and functions of the Committee and, according to the evidence provided by the country office, only 2 of the existing 15 members of the CRC had undergone the relevant training.

## Agreed action 7

The country office has agreed to:

- Review the logistical set-up (including storage capacity) of government structures across the country and take necessary steps identified through this review to ensure the in-country supply chain is adequate.
- Ensure that CRC members are trained on their roles and responsibilities and that all CRC recommendations are fully justified.

**Staff Responsible:** Supply Specialist

**Implementation Date:** 31 July 2023

## 8. Security

Medium

*The country office did not have a consolidated security improvement plan to implement the recommendations stemming from the security review of the office premises. This increased the risk that the country office's security needs might not be promptly and effectively addressed.*

***In 2021, the security associate visited all three zone offices to review the security arrangements and to identify gaps. However, there was no evidence that these reviews were carried out against the approved SRM requirements***

A new Security Risk Management (SRM) was prepared by the United Nations Department for Safety and Security (UNDSS) for the period from 10 June 2022 to 3 May 2023 and was issued by the Designated Officer on 10 June 2022. According to this SRM, the overall residual security risk in Guinea was rated as moderate. The main threats were civil unrest and crime. A significant number of registered security incidents were related to armed robberies, burglaries, murders and assassinations, as well as violent demonstrations. The population's reluctance or refusal to respect the measures put in place to fight epidemics generated violent demonstrations

against humanitarian actors and health personnel. The country office is yet to plan and implement security assessments of all of its premises to verify conformity with this new SRM and to take action to address the gaps, if any.

The SRM assessment for UNICEF Guinea's main office in Conakry was conducted in September 2019. Prior assessments of the three zone offices were outdated, having been carried out between four and six years ago (2016 for Nzérékoré, 2017 for Kankan and 2018 for Labé).

In 2021, the security associate visited all three zone offices to review the security arrangements and to identify gaps. However, there was no evidence that these reviews were carried out against the approved SRM requirements. This increased the risk that staff exposure to security threats

would not be adequately assessed and that the country office might fail to identify and take appropriate measures.

Some security measures were implemented during the period covered by the audit: for example, metal detectors were installed at the entrance of the main office and all three zone offices, and all vehicles were equipped with Global Positioning System kits. There was no consolidated security improvement plan, however, to implement the recommendations stemming from these assessments. There is therefore a risk that security measures are not being funded or timely implemented.

## Agreed action 8

The country office has agreed to:

- i. Plan and implement security assessments to verify conformity of office premises with the new SRM.
- ii. Establish a security action plan to address the agreed actions stemming from the assessments and ensure that responsibilities are assigned by management, required budget is identified and funded, and its implementation is monitored by a management structure (the country management team, for example).

**Staff Responsible:** Deputy Representative Operations

**Implementation Date:** 31 July 2023 for i, 31 March 2024 for ii

# 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:

<b>Low</b>	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.
<b>Medium</b>	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.
<b>High</b>	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:

<b>Satisfactory</b>		The assessed governance, risk management or control processes were adequate and functioning well.
<b>Partially Satisfactory, Improvement Needed</b>		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.
<b>Partially Satisfactory, Major Improvement Needed</b>		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.
<b>Unsatisfactory</b>		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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