

Internal Audit of the
REPUBLIC OF BURUNDI COUNTRY OFFICE

JUNE 2023

Report 2023/09

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EXECUTIVE SUMMARY

The Office of Internal Audit and Investigations (OIAI) conducted an audit of the UNICEF Burundi Country Office covering the period from January 2021 to September 2022. The audit was conducted from 19 to 30 September 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 over a selection of significant risk areas of the office, including partnership selection, cash transfer assurance activities, construction management, supply and logistics management, field monitoring, and prevention of sexual exploitation and abuse (PSEA). The descriptions of the specific risks evaluated are provided in the Audit Objectives, Scope and Approach Section of this report.

During the period audited, the Country Office transferred approximately US\$26.1 million to implementing partners and spent US\$17.3 million on programme supplies, representing 34 and 23 per cent of expenditures, respectively. The audit sought to establish whether the office managed partnership risks, implemented effective programme monitoring activities and followed up on findings from assurance activities. The office also managed over 550 construction projects across the country, in multiple programmatic areas. The number and spread of these projects elevated the risks of inadequate programme monitoring and of sexual exploitation and abuse (SEA) of children and women. The audit therefore sought to determine whether and how the office managed those 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 performance of 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 the office's controls were adequate and functioned well:

- **Office structure and capacity:** There was a general alignment of office structure and capacity to programmatic/operational needs, clarity of accountabilities, reporting lines and coordination mechanisms. A focus by management on UNICEF values, ethics, PSEA and other positive elements of culture was observed, and staff confirmed general engagement of management in supporting staff well-being.
- **Quality of planning documents:** Activities were guided by a generally well-defined results framework, with the theory of change and hierarchy of results outlined. The framework clearly outlined the purpose and intended outcomes and outputs, as well as key indicators used to measure progress towards achieving those results. The results framework broke down the intended results into levels, providing an effective and transparent way to measure progress and ensure accountability.

- **Capacity building of implementing partners:** The implementing partners were trained in the Harmonized Approach to Cash Transfers (HACT) and PSEA to increase their awareness and minimize the risks of fraud and SEA. This training translated into timely processing of programme documents and timely disbursement of cash transfers.

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

- **Partnership documentation:** A partnership review committee (PRC) was in place. In only 3 instances out of 11 reviewed, however, were the committee's recommendations correctly reflected in the partnership agreements, and there was inadequate documentation to explain the differences. This occurred because the office did not have a monitoring and quality review process that ensured that PRC recommendations were accurately reflected in the programme documents (PDs). These discrepancies created a risk that the office would select ineligible civil society organizations (CSOs) as implementing partners, resulting in non-achievement of planned results and/or loss of resources through recording of incorrect amounts in PDs.

Cash transfer assurance activities: There was an inadequate process to ensure that the recommendations arising from assurance activities were acted on in a timely manner. This resulted from the office's lack of an adequate quality assurance review process concerning assurance activity reports and the findings therein. There was thus insufficient management of risks of loss or misuse of funds, which could lead to non-achievement of planned results.

- **Construction monitoring:** There were gaps in the documentation and follow-up of findings resulting from construction monitoring activities, potentially affecting the effectiveness and timeliness of implementation of corrective measures.
- **Supply and logistics management:** Last-mile and supply end-user monitoring were not integral parts of regular monitoring activities. Therefore, the office had not obtained the required reasonable assurance that supplies reached their intended beneficiaries, and stockouts were not identified in a timely manner, affecting the implementation of programmatic activities.

The table below summarizes the key actions management should take to address the residual risks identified and the ratings of these risks and observations in respect of the assessed governance, risk management and control processes. (See the [definitions of the observation ratings](#) in the Appendix.)

OBSERVATION RATINGS		
Category of Process	Area or Operation and Action Agreed	Rating
Risk management	Prevention of sexual exploitation and abuse (Observation 6): Incorporate SEA monitoring into programmatic/field monitoring on a consistent basis.	Medium
Control processes	Partnership documentation (Observation 1): Strengthen the quality review process over partnership documentation.	Medium
	Cash transfer assurance activities (Observation 2): Strengthen cash transfer assurance activities by establishing a monitoring and quality review process to ensure planned assurance activities are implemented and assurance reports are of good quality and	Medium

	include recommendations that are consolidated and implemented in a timely manner.	
	Construction management (Observation 3): Improve documentation and follow-up of construction monitoring activities and strengthen communication, advocacy and support to partners related to ownership, maintenance and sustainability of construction projects.	Medium
	Supply and logistics management (Observation 4): Strengthen distribution and supply end-user monitoring and ensure quality assurance over monitoring results.	Medium
	Field monitoring (Observation 5): Strengthen field monitoring planning, centralize the documentation of findings and action points, and follow up on them.	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 OIAI is to provide an independent assessment of those governance, risk management and control processes.

Context of the audited entity and its operating environment



Burundi ranks 184 out of 188 countries on the Human Development Index. It is the second most densely populated country on the African continent, with a population of 12.3 million, growing at 2.5 per cent annually, and a fertility rate of 5.5 births per woman. Children (aged 0–17) represent 47 per cent of the population, and adolescents (aged 10–19) represent one quarter. In 2014, 65 per cent of the population lived below the national poverty line and 86 per cent on less than US\$1.90 per day. Since then, the situation is likely to have worsened due to COVID-19 and related economic implications.

The country has the highest rate globally of chronic malnutrition (stunting), which affects 56 per cent of its under-five children. The effects of stunting on child mortality, school performance and household income perpetuate the intergenerational cycle of poverty and deprivation. The high rate of childhood stunting has resulted in a 13 per cent reduction in per capita income among the workforce. Poor water supply, sanitation and hygiene are the root causes of the country's high stunting rate and frequent cholera outbreaks, and waterborne diseases are rampant. Most parts of the country have low access to basic drinking water within a 30-minute round trip and low access to improved unshared toilet facilities. Only 6 per cent of the population uses soap and water for handwashing and only 44 per cent of schools have access to safe drinking water.

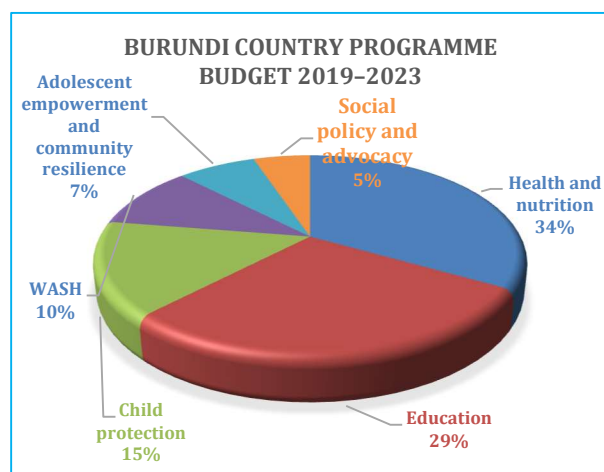
Sixty-four per cent of children live in households that have insufficient means to meet their basic needs. Social protection is crucial to address poverty in Burundi, yet coverage remains very low. Other key social policy bottlenecks include inadequate routine monitoring of child poverty and a lack of information on public expenditures.

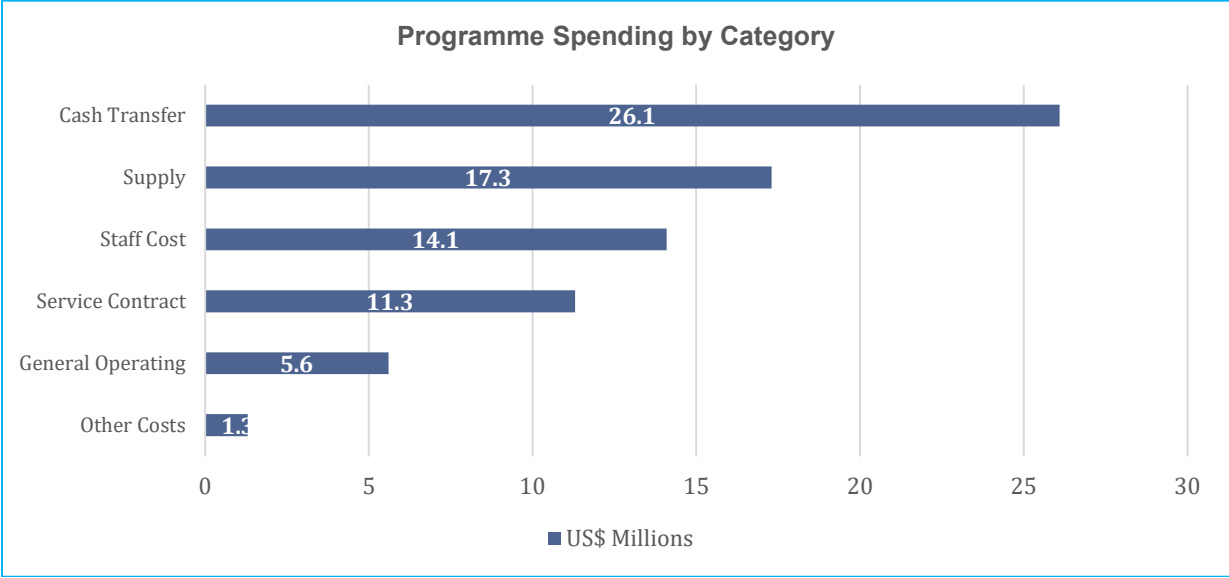
Context of key risk areas covered in the audit

The 2022–2026 country programme comprised six sectoral components, namely: (i) Health and nutrition; (ii) Education; (iii) Child protection; (iv) Water, sanitation and hygiene (WASH); (v) Adolescent empowerment and community resilience; and (vi) Social policy and advocacy. Figure 1, right, provides a 2019–2023 budget breakdown.

The Burundi Country Office has 99 approved staff posts. The office is based in Bujumbura. It does not have field offices.

Figure 2, below, provide a breakdown of the country programme budget by category of expenditure from January to September 2022.





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 over a selection of significant risk areas of the Burundi Country Office. The audit scope included key areas, set out in the following table, that were selected during the audit planning process based on an assessment of inherent risks.¹

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. The table below briefly describes the inherent risks in relation to the specific areas covered in the audit.

RISK AREA	KEY INHERENT RISKS EVALUATED DURING THE AUDIT
Partnership selection	Inadequate selection of implementing partners may lead to poor programme implementation and failure to achieve the planned results for children.
Cash transfer assurance activities	A lack of follow-up on findings from assurance activities meant increased risk that cash transfers made to implementing partners were not used for their intended purposes.
Construction management	Inadequate construction management may result in suboptimal-quality, inefficient and costly construction activities.
Supply and logistics management	Supplies may not be used for their intended purposes, leading to loss of resources, non-achievement of results and increased reputational risk.
Field monitoring	Ineffective planning and implementation of field monitoring activities may result in inefficient identification and untimely reporting of quality issues, which may cause delays and poor operational outcomes.
Prevention of sexual exploitation and abuse	Inadequate management of PSEA may increase the risk of SEA and expose the Country Office to increased reputational and legal risks.

The audit was conducted through remote preparatory interviews with office management and an on-site visit from 19 to 30 September 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 September 2022. It involved a combination of methods, tools and techniques, including interviews, data analytics, document review, tests of transactions, evaluations and validation of preliminary observations.

¹ 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. Partnership documentation

Medium

Inadequacies were found in the recording and implementation of PRC recommendations, which may result in selection of ineligible CSOs as partners, leading to loss of resources or failure to achieve planned results.

Partnerships are established through programme cooperation agreements and, where they involve transfer of resources, programmatic details are defined in PDs. If the resources involved are greater than US\$100,000, the PDs should be reviewed by the PRC. The purpose of the PRC is to make informed, objective and transparent recommendations to the Representative on whether proposed partnerships with CSOs are in the best interests of UNICEF and achieving results for children.

The office had 60 PDs, of which 41 met the PRC's review criteria. The audit team selected a sample of 11 PDs presented to the PRC to determine whether the partner selection process through the PRC was effective and efficient. The audit noted that the office had established a PRC whose membership, responsibilities and procedures were in accordance with UNICEF guidelines. However, a review of the minutes of the sampled review meetings found only three instances in which committee recommendations were accurately reflected in the partnership agreements. There was inadequate documentation to clarify the differences for the other eight cases. For example, in two instances the PD budgeted amounts were US\$14,000 and US\$22,000 higher than the amounts recommended by the PRC. In another instance, the budgeted amount in the PD was US\$13,000 lower than the amount reviewed by the PRC. The PRC recommendations present the considered justification for the selection of a CSO including the budget for implementation of the agreed activities. These discrepancies indicated inadequacies in recording the deliberations of the PRC and/or non-implementation of PRC recommendations for selecting partners without proper justification. They created the risk of loss of resources through incorrect budgets to implement the activities included in PDs. The audit noted that the office did not have a monitoring and quality review process that ensured PRC recommendations were accurately reflected in the PDs and any changes were documented and explained.

AGREED ACTION 1

The office has agreed to strengthen its quality review of partnerships documentation to ensure that differences between amounts recorded in PDs and in PRC minutes are justified and documented.

Staff Responsible: Programme Associate responsible or PD Secretariat

Implementation Date: March 2023 (On-going)

2. Cash transfer assurance activities

Medium

Gaps in assurance activities meant that disbursed funds risked being lost or misused, resulting in non-achievement of programme outputs.

The office prepared a cash transfer assurance plan, comprising spot checks, programmatic visits (PVs) and scheduled audits, that was periodically updated. OIAI reviewed assurance activities and noted the following areas for improvement.

Spots checks: Delays in the finalization of spot check reports and lack of deadline for the implementation of the recommendations could lead to increased exposure and inadequate or delayed response to risks identified. Spot checks provide assurance that amounts reported by implementing partners are accurate through a review of their financial records. During the period under review, 13 out of 47 reports were finalized after more than 90 days. One took 469 days to finalize. The average time from field visit to final report was 104 days in 2022 and 86 days in 2021.

A quality review process and implementation of recommendations from assurance activities strengthens management of cash transfers.

The audit team selected a sample of 10 reports to assess the relevance of the period covered, sufficiency of the coverage of the expenditures reviewed, timeline to address recommendations, and consistency in rating applied to findings. Overall, the spot checks covered relevant implementation periods and the coverage of expenditures reviewed was in line with procedures.

The review noted the following:

- There were no implementation dates for recommendations in the reports. This meant that there was no deadline for action by the implementing partners, which could result in delayed or non-implementation of the recommendations, increasing the office's exposure to the identified risks.
- The rating of recommendations was inconsistent for similar/related observations. For example, two spot check reports reviewed had similar recommendations requesting that the partners ensure reported expenditure reflects actual amounts paid. In the first report, the ineligible expense was around US\$5, and the assigned rating was 'high'. The second report had an ineligible expense of about US\$15 and was assigned a rating of 'low'. There was not a good explanation for the differences in risk ratings. The lack of consistent rating of recommendations could lead to inadequate management of risks associated with cash transfers. The audit attributed the inconsistency to an inadequate quality review process over spot check reports.

Programmatic visits (PVs): PVs allow offices to determine whether activities are being implemented and results are being achieved. The audit noted the following gaps in the implementation of PVs:

- The office did not conduct required PVs for nine implementing partners, including three that were rated as high-risk partners and that received cash transfers totaling US\$136,316. This exposed the office to the risk that planned activities were not implemented as planned.
- In 12 of the 20 PV reports reviewed, there were no clearly assigned responsibilities to ensure recommended actions were implemented in a timely manner.

- In eTools, there were 48 overdue action points (19 rated high and 29 medium) dating back to April 2019. Lack of prompt action over recommendations arising from PVs meant planned activities might not be implemented and funds could be lost through misuse or fraud.

Audits: The office used HACT audits as part of its assurance activities. The audit team reviewed two reports, noting they clearly identified and quantified ineligible expenditures, assigned appropriate rating to internal control gaps identified and associated recommendations, and included the partners' response to the findings. Ineligible expenses identified in the reports were recovered by the office in 2022. However, the audit team noted that there was no mechanism in place to follow up on the recommendations highlighted in the audit reports. As a result, there was a risk that the HACT audit findings, including recommendations for strengthening implementing partner controls, would not be acted upon, resulting in misuse or loss of resources.

The audit noted that these assurance gaps existed because the office did not have an adequate quality assurance review process concerning assurance activity reports and the findings therein. In addition, it did not consolidate the recommendations from the assurance activities, which impeded effective monitoring by programme sections and the Country Management Team.

AGREED ACTION 2

The office has agreed to strengthen cash transfer assurance activities by establishing a monitoring and quality review process to ensure planned assurance activities (particularly of high-risk partners) are implemented and the assurance reports are of good quality and include recommendations that are consolidated and implemented in a timely manner.

Staff Responsible: Implementing Partnerships Specialist

Implementation Date: September 2023

3. Construction management

Medium

The office manages a large portfolio of construction projects and has put in place a robust governance and management process for construction activities. However, there were gaps in the documentation and follow-up of findings resulting from the construction monitoring activities, potentially affecting the effectiveness and timeliness of implementation of corrective measures.

During the period audited, the office managed approximately 550 directly implemented construction projects worth US\$5.3 million. Additionally, the office indirectly implemented a classroom rehabilitation programme with the Ministry of Education, encompassing approximately 360 classrooms and worth approximately US\$0.7 million, through cash transfer modality. Overall, the construction projects included building of and rehabilitation of health and education facilities (such as classrooms, hospitals and clinics and sanitation facilities).

The audit reviewed the governance and management processes for directly and indirectly implemented construction, including needs assessments, feasibility studies, procurement procedures, handover and post-construction use of completed works. The audit noted that overall, the office had established an adequate management process for construction except for some gaps in monitoring, warranty and sustainability, discussed below.

The Construction Section, which included five engineers, was responsible for managing and monitoring construction projects in close collaboration with programme sections. Planning of construction projects was done in close cooperation between the programmes and the Construction Section, as well as in close coordination with key government stakeholders and donors. The testing of a sample of five procurement and contracting processes for construction works and services worth US\$2.7 million showed that the process was competitive and in line with UNICEF's procurement rules and regulations. The daily management and supervision of directly implemented construction projects were ensured through engineering contractors as recommended by the applicable policy.

The Construction Section's construction monitoring activities achieved a high level of coverage of construction sites, with 100 per cent coverage of directly implemented construction projects and sample-based monitoring of small construction projects managed by the implementing partners (indirect implementation). Each staff member within the Construction Section was assigned a portfolio of construction projects to monitor, and a back-up system was in place.

Based on the audit work conducted, the audit noted the following areas requiring management's attention:

Documentation and follow-up related to the monitoring of construction projects: The office did not utilize any specific tool or centralized database of findings and observations resulting from the construction monitoring activities, but rather relied on individual documents, which included trip reports and individual notes from monitoring visits. Follow-up on findings and observations was done individually and documented in individual trip reports. The audit was therefore unable to determine the completeness of information and documentation collected by the office as part of its construction monitoring activities or to assess the overall effectiveness of the follow-up process and the implementation of mitigating actions.

Absence of a complete overview and documentation may hamper effective follow-up of implementation progress and implementation of corrective actions, especially in cases of staff unavailability, and may potentially affect continuity of operations. Additionally, the Country Office may miss out on the identification of recurring issues. The Country Office was aware of these gaps and in 2022 hired a consultant to put in place a strengthened monitoring process with enhanced documentation of follow-up activities. This process was ongoing at the time of the audit fieldwork.

Warranty period awareness: In audit visits of two construction sites that were within the 12-month construction warranty period, local government personnel appeared to lack clarity or awareness of contractual warranty terms and the process of reporting potential faults or repair needs. This absence of clarity and awareness may hamper a timely resolution of any defects or lead to expiration of warranties without issues under contractors' responsibility having been addressed.

Sustainability: In the course of site visits, the audit team noted maintenance issues in structures constructed/rehabilitated using funds provided by UNICEF and handed over to government partners. Three of the eight sites visited were in need of maintenance or repairs. According to the audit team's discussions with the local government personnel accountable for the buildings (such as school principals or local education authorities), there were no public funds available for maintenance and repairs and local communities were unable to provide the required funds or materials necessary. This lack of funds and resources may affect the overall sustainability of the UNICEF-funded projects and the achievement of programmatic objectives. It would require strong engagement with, advocacy to, and capacity building of partners and communities to provide

funds and resources to sustain constructions after they are handed over. The audit acknowledges that the issue is beyond the control of the Burundi Country Office and the question of sustainability will be addressed as part of OIAI's thematic audit of construction management, planned for 2023.

AGREED ACTION 3

The office has agreed to:

- i. Continue strengthening documentation of follow-ups of construction monitoring activities.
- ii. Strengthen communication, advocacy and support to partners related to ownership, maintenance and sustainability of construction/rehabilitation projects.

Staff Responsible: Construction Manager

Implementation Date: September 2023

4. Supply and logistics management

Medium

There were gaps in supply distribution follow-up, especially between district- and local-level service delivery points, and no continuous supply end-user monitoring was included in the regular programmatic monitoring activities. These gaps hampered the Country Office's awareness of stockouts of key commodities.

The audit reviewed the overall planning and management of supplies and logistics, including requisitioning; custom clearance, receiving and inspection; warehousing and inventory controls; release orders; handover of inventory to partners; and distribution to intended beneficiaries. The audit also included site visits to UNICEF's warehouse and two central government warehouses in Bujumbura, as well as one government district warehouse in the Ngozi province. Overall, the audit noted an effective supply planning process and well-established controls over customs clearance, supply receipt and inspection as well as inventory management, warehousing and handover procedures.

The audit also noted the following areas requiring management's attention:

Monitoring of supply distribution: The audit noted gaps in the consistency of supplies monitoring by the Country Office. While the office had some level of information on the movement of supplies in specific interventions (e.g., back-to-school campaign in education) and the distribution of health and nutrition commodities to district levels, the office was lacking information and documentation related to the distribution to local-level facilities and end-users. Even though the office had access to the Government's online logistics system, which holds information on commodities distribution, the audit interviews disclosed that the information was typically delayed due to connection issues or internal reporting delays from certain regions.

Furthermore, at least two interviews with government authorities and staff during audit visits to the district and community levels indicated possible supply diversion. The interviews disclosed reports of UNICEF supplies found by law enforcement or observed for sale at local markets, which the office was not aware of. While the claims were not supported by documentation, the gaps in the office's distribution monitoring may have increased the risk of such supply diversion not being promptly detected and appropriate action not taken to respond or prevent it from reoccurring.

Supply end-user monitoring: In 2021 and 2022, within the Nutrition programme, the office conducted supervisory visits, in collaboration with government partners, focused on monitoring of supply and distribution processes. In April 2022, the Country Office conducted its first large-scale supply end-user monitoring exercise utilizing the procedures and tools provided by the Supply Division. The focus was on the availability and usability of UNICEF-funded supplies. At the time of the audit fieldwork, the office was planning to conduct another exercise in October/November 2022.

Apart from the targeted exercises mentioned, however, there was no continuous supply end-user monitoring as part of the regular programmatic monitoring activities. The audit did not identify any specific on-going monitoring activity in the sampled programmatic monitoring or trip reports. The audit team believes that, especially in programmatic activities that require significant supply inputs to achieve objectives and results for children, it is essential to conduct on-going supply end-user monitoring to confirm distribution and use of supplies by the intended beneficiaries and to identify possible distribution gaps or stockouts.

Supply stockouts: Following the local government requirements, nutrition- and health-related commodities had to be delivered to and distributed from a government warehouse through a specialized government agency. Generally, the storage conditions in the government warehouse appeared satisfactory during the audit visit, with the exception of the storage temperature of ready-to-use therapeutic food (RUTF), which consistently exceeded the recommended temperature by about 2–4° C (27–29° C as compared to the manufacturer-recommended 25° C) based on records for 10 days preceding the audit visit.

Based on visits to one district warehouse and one local-level health care facility, the audit team noted that there had been three instances of stockouts of RUTFs lasting between two and four weeks in the 12 months preceding the audit visits and one stockout of standard types of vaccines lasting approximately three weeks. One RUTF stockout and the vaccine stockout resulted from untimely receipt of donor funding and global supply-chain disruptions caused by COVID. For two of the RUTF stockouts, the commodities in question were available at the central government warehouse in Bujumbura but the Government delayed delivery of the items where they were needed.

The audit team noted that the stockouts had a direct impact on the provision of services and implementation of the programmes, primarily in the area of nutrition. They led to limited or denied treatment of both new and existing patients. Given that UNICEF is the sole provider of these types of commodities in the country, the absence of UNICEF-funded commodities has a negative impact on beneficiaries and thus on the achievement of objectives and results for children. The audit team is also of the opinion that failure to consistently monitor distribution and perform regular end-user monitoring may have contributed to the office's limited awareness of the aforementioned stockouts and its inability to take prompt corrective action to address them.

AGREED ACTION 4

The office has agreed to strengthen supply end-user monitoring by periodically following up on distribution of UNICEF-funded supplies to end-users as part of regular programme field monitoring activities and by ensuring a quality assurance process over monitoring results and their follow-up.

Staff Responsible: Supply and Logistics Specialist
Implementation Date: July 2023

5. Field monitoring

Medium

The office ensured a strong presence in the field during the implementation of programmatic activities. Gaps in programme monitoring documentation and follow-up, however, created a risk that quality issues, delays and any deviations from plan might not be identified and reported in a timely manner.

The office ensured a strong presence in the field, including two outposted staff members in key support regions, throughout the audit period. All audit interviews conducted with partners at the central, provincial and community levels confirmed strong UNICEF presence throughout programme/project implementation for all the sampled programmes and activities. Interviewed partners and relevant beneficiaries confirmed regular support and monitoring visits by Country Office staff, including active participation in events, site visits, supervision and monitoring trips.

As per UNICEF guidance, programmatic and field monitoring requires proper planning to ensure adequate coverage, scale and frequency. During the period under review, in addition to the HACT assurance plan, the Country Office sections prepared their own travel plans, which outlined travel and field trips planned by each section. These plans assisted in resource planning and provided an overview of all travel across the sections. Travel plans concerned all types of activities, from programmatic monitoring visits to participation in meetings, workshops and partner engagement activities, many of which constituted field monitoring activities as per UNICEF guidance. With the exception of cross-sectoral missions around key office priorities such as climate change, early childhood development and adolescents, the office's travel planning remained largely segregated by programme section. The absence of effective planning of cross-sectoral monitoring may prevent the office from combining monitoring visits and achieving economies of scale.

Generally, a visit to the field or a partner was documented by a trip report. The 10 sampled trip reports outlined the reasons for travel and provided a short description of the trip activities. Occasionally, these reports identified observations and required follow-up actions. However, because the office does not utilize the eTools functionality to consistently upload trip reports and follow-up of any observations made, the audit could not substantiate a consistent follow-up process. Based on the interviews conducted, management's expectation was that any actions requiring active follow-up would be performed by the respective staff member in the course of the subsequent field visit. This approach may negatively affect the implementation of mitigating actions, especially in cases of staff departures or unavailability, and may also hamper the identification of recurring or systemic issues that may need to be addressed at central levels.

AGREED ACTION 5

The office has agreed to strengthen its field monitoring process by:

- i. Improve field monitoring planning by defining coverage targets, methodology and objectives and identifying cross-sectoral potential.
- ii. Document the follow-up process and ensure a centralized database of findings to assist in the identification of recurring and systemic issues.

Staff Responsible: Planning and Monitoring Specialist

Implementation Date: September 2023

6. Prevention of sexual exploitation and abuse

Medium

PSEA was not included in field monitoring activities, hampering the collection of feedback on the effectiveness of the PSEA measures put in place by the partners.

The audit reviewed the control processes put in place by the office on PSEA and tested whether these were functioning as required. Based on the audit work conducted, the audit team noted that the office developed and implemented a PSEA action plan and put in place active measures resulting in adequate awareness among UNICEF and partners' staff of UNICEF's zero tolerance of SEA. The office conducted and documented the SEA assessments of all of its partners as required. Strong capacity building was noted and reported by all partners.

The audit noted that the office did not conduct specific SEA monitoring in the course of its programmatic or field monitoring activities as advised by the applicable guidance. None of the sampled PV reports or field trip reports included reviews or assessments of SEA-related actions or activities. This gap in monitoring could elevate the risk that UNICEF partners will fail to take adequate measures to prevent and protect against SEA or be able to adequately respond to allegations of SEA by their staff, potentially exposing beneficiaries to harmful actions, and putting UNICEF's reputation at risk.

AGREED ACTION 6

The office has agreed to incorporate SEA monitoring into programmatic/field monitoring on a consistent basis.

Staff Responsible: P&M specialist and PSEA consultant
Implementation Date: 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.

Office of Internal Audit and Investigations

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