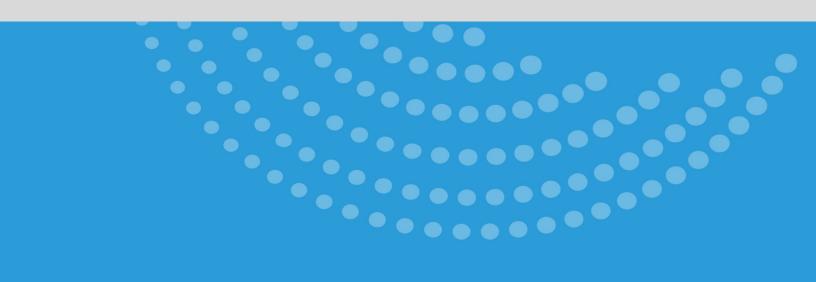


## Office of Internal Audit and Investigations



# Report on the Internal Audit of the UNITED REPUBLIC OF TANZANIA COUNTRY OFFICE

**AUGUST 2023** 

**Report 2023/13** 

# **CONTENTS**

Executive Summary	3
Overall Conclusion Summary of Observations and Agreed Actions	
Context	6
Audit Objectives, Scope and Approach	8
Observations and Management Action Plan	9
<ol> <li>Construction Management</li> <li>Distribution of Supplies</li> <li>Direct Cash Transfers</li> <li>Monitoring Programme Activities</li> <li>Prevention of Sexual Exploitation and Abuse</li> </ol>	
Appendix	15
Definitions of Audit Observation Ratings Definitions of Overall Audit Conclusions	

## **EXECUTIVE SUMMARY**

The Office of Internal Audit and Investigations (OIAI) conducted an audit of the United Republic of Tanzania Country Office, covering the period from January 2021 to November 2022. The audit was conducted from 30 November 2022 to 15 December 2022 in conformance with the Code of Ethics and 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 Country Office, including: cash transfers and assurance activities, supplies, procurement and construction management, programme monitoring, and prevention of sexual exploitation and abuse. The descriptions of the specific risks evaluated are provided in the Audit Objective, Scope and Approach section of this report.

During the period audited, the Tanzania Country Office transferred approximately US\$61.6 million to 315 implementing partners and spent US\$18.6 million on programme supplies, which represented 45 and 14 per cent of expenditures, respectively. There were several risks around the management of cash transfers to implementing partners, distribution of supplies, and completion of construction projects. The high number of implementing partners also impacted monitoring and increased the risk environment for sexual exploitation and abuse for children and women. The audit sought to determine whether and how the Country Office managed those risks.

#### **Overall Conclusion**

Based on the audit work performed, OIAI concluded that the assessed governance, risk management or control processes were **Partially Satisfactory, Improvement Needed**, meaning they 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 (See



the audited entity, area, activity or process. (See the Appendix for <u>definitions of the conclusion</u> ratings.)

#### **Summary of Observations and Agreed Actions**

OIAI noted areas where UNICEF Tanzania's controls were adequate and functioned well. There was a general alignment of office structure and capacity to programmatic/operational needs with regard to office structure and tone at the top. The accountabilities, reporting lines and coordination mechanisms were supported by an accountability framework. Management's focus on UNICEF values, ethics, PSEA and other positive elements of culture was observed and was reported by staff.

The audit team also made a number of <u>observations</u> related to the management of the key risks evaluated. In particular, OIAI noted:

Construction management: There were gaps in the coordination of construction planning
activities with the relevant partners, leading to unforeseen changes, variations and cost
increases. Additionally, there was a significant delay in the implementation of a major
construction project due to inadequately managed business risk exposure of the vendor.
These gaps may have exposed the Country Office to potential financial and reputational risks,
as well as delays in the achievement of results.

- Distribution of supplies: There were capacity constraints and transportation challenges in the distribution of programme supplies. Coupled with inadequate monitoring, this hampered the identification of supply delays, stockouts, diversions or losses. Additionally, one identified case of distribution of supplies with short shelf-life without adequate distribution planning elevated the risk of financial losses or damaged reputation.
- Monitoring of programme activities: The Country Office provided the Government with two consultants to support effective and efficient monitoring and management of vaccines. The partners and beneficiaries interviewed by the audit team confirmed regular support and monitoring visits by Country Office staff. However, the Country Office did not conduct quality reviews of field monitoring reports and did not ensure that the recommendations from the monitoring reports were acted on in a timely manner. It did not use a risk-based approach in implementing programmatic visits, resulting in non-completion of assurance activities for 29 high/significant risk partners in receipt of US\$1.2 million. Additionally, there was no supplyend user monitoring in place. These gaps may potentially hamper the ability to address risks or identify systemic or recurring issues in programme implementation or use of supplies to achieve results.
- PSEA assessments of implementing partners: The Country Office recorded SEA capacity assessments for 62 implementing partners during the period January 2020 to January 2022. The risk ratings for those partners ranged from low to high risk. However, there was no documentation to support the risk ratings assigned or of any required follow up actions and there were no formal action plans signed or endorsed by implementing partners to address gaps noted. These gaps in PSEA assessments and follow up increase the risk of the occurrence of SEA and expose the Country Office to significant reputational risks.

The table below summarizes the 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 <u>definitions of the observation ratings</u> in the Appendix.)

OBSERVATION RATING			
Category of Process	Area or Operation and Key Recommended Action	Rating	
Risk management	Prevention of sexual exploitation and abuse (Observation 5): Adequately document all implementing partners' SEA assessments, including the follow-up information and actions		
Controls processes	Construction Management (Observation 1): Ensure coordination with relevant authorities in project specifications before awarding the construction contracts and assess staff and vendor capacity to enable adequate monitoring, supervision and completion of the planned activities	High	
	Distribution of Supplies (Observation 2): Strengthen the management of supplies by monitoring the timeliness of their distribution, ensure that supplies with short shelf-lives are distributed and used before their expiry dates, and that supply and logistics staff have appropriate administration skills and capacity to enter accurate and timely supply data in VISION.	Medium	

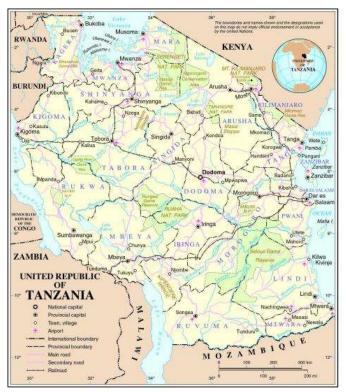
Monitoring programme activities (Observation 4): Strengthen programme monitoring processes through timely follow-up of recommendations stemming from monitoring activities; use a risk-based approach in the implementation of programmatic assurance activities; and include supply-end user monitoring in programmatic visits where supplies constitute a material programme input.

High

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.

## CONTEXT

The United Republic of Tanzania has a population of 62 million, including 30 million children under the age of 18. High fertility rates and declining death rates have initiated a demographic transition in which a youth bulge is expected for decades to come. At the same time, rural-urban migration is driving rapid urbanization.



Prior to the onset of the COVID-19 pandemic, 74 per cent of children lived in multidimensional poverty and 30 per cent in basic needs poverty. substantial regional disparities. As COVID-19 affected the economy in 2020, 1 million Tanzanians are estimated to have fallen below the national poverty line. In the last decade, there were improvements in many child rights indicators, including under-five, infant, neonatal and maternal mortality, stunting, HIV incidence among children, and access to water and sanitation services. But that progress has been slow and uneven. Of the eight Sustainable Development Goals that directly relate to children, the country is on track to achieve one (decent work and economic growth), is making moderate improvements on three (gender; water and sanitation; and peace, and strong institutions),

stagnating on four (poverty, hunger, health and education).

Tanzania has achieved remarkable progress in bringing down the under-five child mortality rate, reducing malnutrition, improving pre-school and primary school enrolment, and in bringing down the number of new HIV infections in children up to the age of 5. Yet challenges remain. For example, 320 children under 5 years die every day due to preventable causes, including one in every three children not nourished adequately. Among children of older age groups, only 74 per cent of boys and 68 per cent of girl's transition from primary to secondary school. Of girls aged 15–19, 27 per cent were pregnant or have already given birth. Thirty per cent of young women got married before their eighteenth birthday.

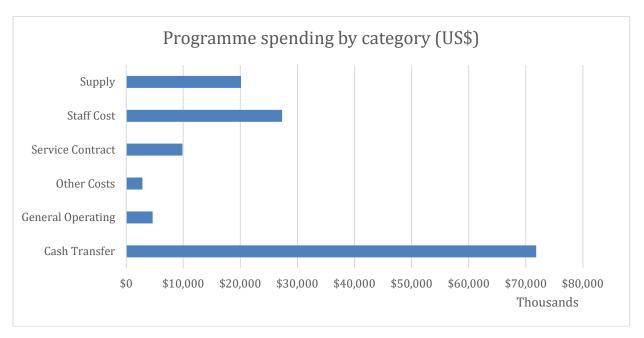
#### Context of key risk areas covered in the audit

The audit covered two different Country Programme (CP) periods: the Country Programme from July 2016 to June 2022 and the Country Programme from July 2022 to June 2027. The CP 2016–2022 was structured around the seven outcome areas of the UNICEF Strategic Plan 2014–2017. The programme components were Health, HIV and AIDS, WASH, Nutrition, Education, Child Protection, Social Inclusion and Programme Effectiveness. The 2022-2027 Country Programme continued along seven similar components: Health, HIV, Nutrition, WASH, Education, Child Protection and Social Policy.

Tanzania is a unitary republic with a central government seated in Dodoma, as well as a devolved Revolutionary Government of Zanzibar with autonomy for non-union matters, seated in Zanzibar. That setup requires that the Country Office manage relationships with two distinct authorities at line ministry level. PERMANENT

UNICEF's main office is located in Dar Es Salaam. There are three field offices, located in Zanzibar, Mbeya and Kibondo. UNICEF also has a presence in the capital at Dodoma, which is considered an extension of the Dar Es Salaam Country Office.

The following chart outlines the Programme spending by category for the years 2021 and 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 Tanzania Country Office. The audit scope included key areas, as set out in following table, selected during the audit planning process based on an assessment of inherent risks.<sup>1</sup>

RISK AREA	DESCRIPTION KEY RISKS
Cash transfers assurance activities	The Country Office may not have adequate assurance that cash transfers made to implementing partners were used for their intended purposes
Construction management	Inadequate construction management may result in suboptimal quality, inefficient and costly construction activities
Supplies and logistics management	Supplies/services may not be used for intended purposes, leading to loss of resources, non-achievement of results and reputational risk
Field programmatic monitoring	Field monitoring may be insufficient to efficiently identify and report in a timely manner on quality issues, delays and any deviations from plan
Prevention of Sexual Exploitation and Abuse	Inadequate management of PSEA may expose the Country Office to reputational or legal implications

The audit was conducted through preparatory interviews with Country Office management conducted remotely and an on-site visit conducted from 30 November to 15 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 of January 2021 to November 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.

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<sup>&</sup>lt;sup>1</sup> 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. Construction management

High

Inadequate planning and monitoring of the implementation of construction contracts risked that planned outputs would not be achieved and created an elevated risk to UNICEF's reputation.

The Country Office executed construction works worth US\$3.1 million in the period January 2021 to mid-December 2022 – this included US\$2.8 million for construction work and US\$0.3 million for design, supervision and quality assurance services. Construction works were conducted primarily for the health facilities in Mbeya, Dodoma and Pemba Regions.

The audit team reviewed construction planning, implementation and monitoring to determine

The Country Office's planning and monitoring for construction projects requires strengthening.

whether they were managed well to achieve the planned outputs. Three construction contracts worth US\$ 2.8 million (or approximately 90 per cent of construction contracts issued) were reviewed and it was noted that they were competitively issued to the vendors. However, the Government periodically requested, and the Country Office accepted, several material extraordinary adjustments to project specifications and outputs after construction

contracts were issued. This resulted in project output variations following the issuance of the contracts to accommodate additional work that was not anticipated and planned for at the time of initial contracting. For example, from the sample reviewed, the audit team noted that due to change in work variations for two contracts, the value of one of the contracts increased by 12 per cent (from US\$669,672 to US\$750,459) while the other increased by approximately 10 per cent (from US\$1.43 million to US\$1.57 million). The variations delayed the completion of the contracts, with one of the completion dates being changed from February 2022 to December 2022. The additional works elevated the risk that additional costs were not competitive when the revisions were added to the initial construction contracts.

There was also a significant delay in the completion of the third construction project reviewed. This construction project, which was valued at US\$459,008, should have been completed by 31 December 2022. However, at the time of the audit in mid-December 2022, the project was only 40 per cent completed. The audit team was informed that the contractor faced cash flow challenges. The Supply Division had highlighted at the time of contracting that the contractor posed a high business risk exposure to UNICEF due to the contractor's financial position vis-avis the contract value. The business risk exposure was rated at 117 per cent against a threshold of 30 per cent, pointing to a potential inability of the contractor to complete the project. The Country Office failed to take adequate mitigating measures to address the risks identified by the Supply Division as part of the vendor financial and ethical evaluation.

The delays in construction risked planned programme outputs not being achieved. This could in turn hurt UNICEF's reputation with donors and the communities that are expected to benefit from the construction projects. The Country Office has an in-house construction specialist who oversees the construction projects, provides quality assurance, and coordinates with respective stakeholders and engineering firms in providing site supervision and quality assurance. The Country Office indicated that this constitutes adequate capacity to manage constructions.

#### **AGREED ACTION 1**

The Country Office will strengthen its capacity for planning and monitoring of construction projects by:

- i. Developing criteria to be used with government counterparts that defines the benchmark for acceptance of changes made to construction projects.
- ii. Assessing capacity of vendors to complete the construction projects on time as part of the contract award process and document how assessed gaps or risks (including business exposure risks) will be managed.

**Staff Responsible:** Construction Specialist **Implementation Date:** December 2023

#### 2. Distribution of supplies

Medium

The distribution of supplies was delayed and supplies with short shelf life were given to implementing partners without a plan for their timely use. These gaps negatively affect the achievement of the intended outputs and create an elevated risk to UNICEF's reputation.

During the period audited, programme supplies amounting to US\$1.2 million were sent to implementing partners from the Country Office warehouses. A review of data in Vision noted that only 37 per cent of those supplies were delivered on time while the other 63 per cent were delayed. Late delivery of supplies risked that programme implementation would be delayed and negatively impact planned programme outputs. The audit team also noted that some supplies were distributed to implementing partners with short shelf-life and without distribution plans to ensure they would be used before they expired. This risked financial loss from obsolescence and a reputational risk to UNICEF should partners distribute expired items. For example, the audit team visited a government implementing partner and noted that micronutrient supplements with a shelf life of six months were due to expire by the end of January 2023. At the time of the audit in mid-December 2022, some of those supplements were still held in government-owned medical facilities awaiting distribution to end-users.

The Country Office informed the audit team that transportation challenges and capacity constraints within the supply and logistics section contributed to the delays. The Country Office also said that some data in VISION were incorrectly entered, which distorted information on the number of delayed deliveries. The audit team could not establish the extent of such errors. Nevertheless, the audit team noted that the Country Office did not adequately monitor whether the supplies were delivered in time to implementing partners.

#### **AGREED ACTION 2**

The Country Office has agreed to strengthen its management of supplies by:

- i. Monitoring and acting on the timeliness of distribution of supplies (for example, assign staff role to periodically report to CMT on status of supply distribution).
- ii. Ensuring that supplies with short shelf-lives are distributed and used before their expiry dates.
- iii. Ensuring that supply and logistics staff have appropriate administration skills and capacity to enter accurate and timely supply data in VISION.

Staff Responsible: Supply Specialist/Logistics Associate

**Implementation Date:** September 2023

#### 3. Direct cash transfers

Medium

Delays in the processing of Funding Authorization and Certificate of Expenditures forms negatively impacted the programme implementation in the period under review.

The Country Office transferred US\$69.1 million to 316 implementing partners in the period of January 2021 to mid-December 2022. According to UNICEF guidance, cash transfers should be processed within 14 days to allow for the timely implementation of planned programme activities. The audit team noted that 851 Funding Authorization and Certificate of Expenditures (FACE) forms with a total value of nearly US\$30 million were processed late, taking more than the allowable period of 14 days, as reflected in the table below.

Number of Days	Number of FACE forms	FACE Form Amounts (US\$)
15 - 30 days	521	20,220,000
30 - 45 days	175	6,442,000
45 - 60 days	88	1,583,000
60 - 120 days	58	1,270,000
More than 120 days	9	461,000
	851	29,976,000

These delays risked that programme activities would not be implemented as planned. Four implementing partners informed the audit team that programme implementation had to be stopped or postponed due to lack of funds. One example related to delayed payments to community health workers who could not conduct the planned activities in the targeted communities related to health and nutrition interventions in a timely manner. The main causes for the delays in processing the FACE forms were errors in the forms and provision of incomplete documentation by the implementing partners. This led to a lengthy exchange between the partners and the Country Office before approval of the FACE forms. These errors and omissions indicated ineffectiveness of the training provided to implementing partners.

#### **AGREED ACTION 3**

The Country Office has agreed to ensure that cash transfer requests are processed and cash is released to implementing partners in a timely manner. It will review, and as necessary revise, its training offered to implementing partners on preparing correct FACE forms documentation.

Staff Responsible: Deputy Representatives, HACT Officer; Finance Officer; Chiefs of

Sections, Finance and Admin Manager Implementation Date: August 2023

#### 4. Monitoring programme activities

High

The Country Office ensured strong presence in the field during the implementation of programmatic activities. However, gaps in programme monitoring documentation and follow-up created a risk that quality issues, delays, and any deviations from plans would not be identified and acted on in a timely manner.

Programme implementation monitoring includes, among other things, regularly tracking and responding to progress towards key interventions and country programme outputs, implementation of work plan activities, programmatic risks and bottlenecks, the end-use of supplies, and feedback from affected populations. It is comprised of field monitoring and riskbased programmatic assurance. The audit team reviewed the Country Office's programme implementation monitoring to determine whether it is effective in contributing to ensuring accountability and whether it informs timely decision-making to manage programme risks at the implementation level. The Country Office provided the Government with two consultants whose main task was to provide technical support for effective and efficient monitoring and management of vaccines. Those consultants were based at the ministry's emergency operating centre, with frequent travel to the regions and councils to monitor all aspects of vaccines. From interviews with 20 partners at the central, provincial and community levels, the audit team confirmed that the Country Office ensured strong presence in the field for all the 14 sampled programmes and activities. The partners and beneficiaries confirmed regular support and monitoring visits by Country Office staff, including active participation in events, site visits, supervision and monitoring trips. The audit team did, however, note areas that require strengthening in field monitoring, programmatic assurance and the end-use of supplies, as discussed below.

**Field monitoring:** The audit team reviewed a sample of 10 trip reports and noted that each report outlined the reasons for travel and provided a short description of the trip activities and included field visit observations and required follow-up actions. However, the Country Office did not monitor to ensure actions recommended in the reports were acted upon. It did not have a process for systematic quality review of results of field visits and did not use any tool (e.g., eTools) that consolidated the results of the field visits. From the sample reviewed, the audit team could not determine whether corrective actions were taken. The lack of systematic follow up risked that noted barriers and bottlenecks to implementation would not be addressed. Based on the interviews with key programme staff, management's expectation was that any actions requiring follow-up would be performed by the respective staff member in the course of subsequent field visits. This approach may negatively affect the timeliness of implementation of mitigating actions and may also hamper the identification of recurring or systemic issues that may need to be addressed at management levels.

**Programmatic assurance visits:** Risk-based programmatic assurance is a sub-component of field monitoring. Its primary objective is to verify that activities are effectively implemented as

planned and/or reported by the implementing partners. Risk-based programmatic assurance can be provided by the implementation of a minimum number of programmatic assurance visits determined in accordance with the harmonized approach to cash transfer guidelines, third party monitoring, and beneficiary confirmations on the implementation of planned activities. The audit team noted that the Country Office did not implement the minimum number of programmatic assurance visits. For example, in 2021, it did not complete forty-five of the 306 planned programmatic visits, including for 29 high/significant risk partners in receipt of US\$1.2 million. In 2022 (as of 15 December), it did not complete 45 of 288 programmatic visits required, including 37 to high/significant risk partners in receipt of US\$1.8 million. Non-implementation of the minimum number of assurance activities, particularly for high/significant risk partners, increased the risk that the County Office could not determine that planned programme activities were effectively implemented as planned and/or reported. The Country Office did not provide reasons why the planned assurance activities were not implemented and did not indicate that other risk mitigation actions had been taken.

The audit team reviewed 15 programmatic monitoring reports and noted that 7 did not have action plans to address gaps and issues identified by the visits. There was no consistent and documented review and quality assurance process over reports. These omissions risked those programmatic visits will not contribute to effective management of risks inherent in the use of cash transfers and that staff and financial resources spent on them will be wasted.

**Supply monitoring process:** The monitoring of the distribution of programme supplies by the Country Office was mainly conducted through programmatic visits to partners. Of 15 programmatic visit reports reviewed during the audit, 5 did not include the results of any supply monitoring, even though those partners had received supplies worth US\$9.4million. This occurred because the visiting team did not use the programmatic reporting template that requires assessment of supplies. Absence of effective supply monitoring meant that the Country Office was unable to promptly identify and address potential delays, diversions or losses.

#### **AGREED ACTION 4**

The Country Office has agreed to strengthen its programme monitoring process by:

- i. Ensuring a formalized and timely follow-up of observations and recommendations stemming from monitoring activities.
- ii. Ensuring a centralized database of findings to assist in the identification of recurring and systemic issues.
- iii. Ensuring that a programmatic assurance plan is implemented using a risk-based approach (by prioritizing the high/significant risk partners) and documenting alternative actions taken where the planned programmatic visits are not completed.
- iv. Ensuring that programmatic visits will include reviews of effectiveness of supplies where they constitute a material programme input. The Country Office will use the programmatic reporting template that requires assessment of supplies.

**Staff Responsible:** Chief of PMFC/Deputy Representative Programme **Implementation Date:** December 2023

#### 5. Prevention of sexual exploitation and abuse (PSEA)

Medium

While the implementing partners' PSEA capacity assessments were conducted, the assigned risk ratings were not clearly documented. This risked that appropriate follow-up actions to mitigate assessed risks would not be prioritized or implemented.

UNICEF country offices conduct PSEA assessment of national CSO partners. Country offices assess the risks derived from a CSO's organizational capacities to prevent and respond to SEA. Between January 2020 to January 2022, the Tanzania Country Office completed PSEA Assessments for all 62 CSOs in the Country Office's portfolio, 60 of which were active implementing partners (IPs). According to the records available at the time of the audit field work, of the 60 active IPs, one had a low PSEA capacity (high risk), 25 had moderate PSEA capacity (medium risk), and 34 had high PSEA capacity (low risk).

While the PSEA assessments were entered into the corporate tracking tool (eTools), generally, no supporting documentation or follow-up information was uploaded, and no action points were raised. The supporting documents were generally stored in electronic folders outside of eTools. Only assessments performed from January 2022 appear to have a proper audit trail and follow-up information.

In its review of a sample of eight PSEA IP assessments, the audit team noted that the available documentation per IP assessment varied significantly. No documented explanations were available for six of the eight sampled assessments. Therefore, it was challenging to establish the accuracy of the assigned PSEA rating based on the available information. The audit team could not identify any formal action plans signed or endorsed by IP management, nor could it establish the follow-up process put in place to mitigate the gaps identified by the assessments.

According to interviews with Country Office management, with the move to the new UN Common Assessment tool, the Country Office has started to conduct new PSEA assessments using the new assessment tools available. A consultant was recruited to support the new assessments and the Country Office envisages that the work will be completed in 2023.

The audit team also noted that there were at least six open SEA cases related to IP staff members under assessment/investigation by OIAI at the time of the audit field work. Although those cases were not closed or concluded at the time of the audit field work, their existence implied an elevated risk level related to SEA at IP level that further underscored the need for accurate record keeping of assessments. Any gaps in PSEA assessments could increase the risk of the occurrence of SEA, as well as expose the Country Office to significant reputational risks.

#### **AGREED ACTION 5**

The Country Office has agreed to ensure that all implementing partners' PSEA assessments and follow up information and actions are adequately documented.

**Staff Responsible:** Child Protection Specialist/PSEA focal person

**Implementation Date:** Immediate

## **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	$\Rightarrow$	The assessed governance, risk management or control processes were adequate and functioning well.
Partially Satisfactory, Improvement Needed	<b>=</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.
Partially Satisfactory, Major Improvement Needed	<b>&gt;</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.
Unsatisfactory	<b>→</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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