

Internal Audit of the Zimbabwe Country Office

March 2019

Office of Internal Audit
and Investigations



Report 2019/02

Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Zimbabwe Country Office. The audit sought to provide assurance as to whether there were adequate and effective governance, risk management and internal controls processes over a number of key areas in the office. The audit team visited the office from 8 to 26 October 2018, and the audit covered the period from January 2017 to September 2018.

The 2016-2020 country programme has six main programme components: *Health and Nutrition; Water, Sanitation and Hygiene; HIV and AIDS; Education; Child protection; and Social policy, research and development*. There is also a cross-sectoral component. The approved budget is US\$ 598 million, of which US\$ 31 million is Regular Resources (RR) and US\$ 567 million was Other Resources (OR). RR are core resources that are not earmarked for a specific purpose. OR are contributions that may have been made for a specific activity or programme and may not always be used in other ways without the donor's agreement. An office is expected to raise the bulk of the resources it needs for the country programme itself (as OR). The actual allotment for the period under review was US\$ 295.5 million.

During 2009-11, three multi-donor funding mechanisms¹ were established so donors could channel their financial contributions (as OR) through them, to fill specific gaps in delivering essential social services. Starting in 2015, these mechanisms had evolved into development funds. UNICEF was taking a key role in these mechanisms; for the period 2016-2018, the Zimbabwe Country Office managed US\$ 263 million in multi-donor funds. For the period under review (January 2017 to September 2018), the funds managed by the office totalled US\$ 190 million, consisting of the Health Development Fund (US\$ 119 million), Education Development Fund (US\$ 46 million), and Child Protection Fund (US\$ 25 million).

The fund management role entails: acting as the secretariat of the pooled fund mechanisms; managing the planning, implementation and expenditure of the funds; procurement of supplies and equipment; assisting the relevant ministries in donor and programme coordination; and providing additional technical capacity, as needed, in specific areas. The funding provisions emphasize the leadership role of the line ministry, which primarily entails chairing the Steering Committee. This is made up of representatives of respective ministries, donors, UN agencies including UNICEF, and NGOs. The Steering Committee is responsible for identifying funding priorities and approving allocations from each Fund.

Zimbabwe's population was estimated at 16.15 million in 2016, with 51.5 percent of it 18 years old or younger.² Zimbabwe's economy depends heavily on mining and agriculture. Poor harvests, low diamond revenues, and decreased investment have led to years of economic contraction. The country switched to the United States dollar in 2009, but the economy had continued to face structural challenges. In 2018, it experienced a liquidity crisis, with severe consequences for the most vulnerable.

The country office is in Harare; there are no zone offices. The Representative assumed duties in 2016, while the Deputy Representative and the Chief of Operations had been in the office since 2018 (June) and 2015 respectively. The office has a total of 132 posts (20 international

¹ These are sometimes referred to as transition or pooled funding mechanisms.

² UNFPA 2017 Inter-Censal Demographic Survey.

professionals, 55 national officers and 57 general service posts). As of 3 September 2018, four posts were vacant.

Action agreed following the audit

The audit identified many areas which were functioning well. Detailed sector-specific and fund-specific risk assessments were conducted. The office maintained a comprehensive Trip Management Information System to record and analyse trips made by staff. There was a Resource Mobilization Task Force chaired by the Representative. There were mechanisms to monitor proposals submitted to donors. The office had a job-shadowing programme as part of its induction procedures, which enabled mentoring of new recruits.

However, as a result of the audit, and in discussion with the audit team, the Zimbabwe Country Office has agreed to take a number of measures. None are rated as High Priority (that is, requiring immediate management attention).

Conclusion

Based on the audit work performed, OIAI concluded at the end of the audit that, subject to implementation of the agreed actions, the office's governance, risk management and internal controls were generally established and functioning during the period under audit.

The Zimbabwe Country Office, the Regional Office for East and Southern Africa (ESARO) and OIAI intend to work together to monitor implementation of the measures that have been agreed.

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Audit objectives and scope

The objective of a country office audit was to provide assurance as to whether there were adequate and effective governance, risk management and controls processes over a number of key areas in the office.

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

Audit Observations

Planning assumptions

As stated in the Summary (see p2 above), UNICEF was taking a key role in the management of several important pooled funds in Zimbabwe. For the period under review (January 2017 to September 2018), the funds managed by the office totalled US\$ 190 million, consisting of the Health Development Fund (US\$ 119 million), Education Development Fund (US\$ 46 million), and Child Protection Fund (US\$ 25 million). The pooled funds made up 64 percent of the funds allotted to the UNICEF programme during the period under review.

The fund management role in the 2016-2020 country programme had been premised on the assumption that the country's economy would improve, and that international financial institutions would re-engage with the Government, enabling it to invest in the social sectors and gradually take over some of the responsibilities supported by UNICEF through the pooled funds. This was not happening; indeed, there was limited investment by Government in social sectors, and reduced donor commitments for 2019 and 2020.

In the view of the audit, this called into question some of the office planned results. However, the 2017/18 Mid-Term Review completed in January 2018 had concluded that the programme structure and planned outcomes and outputs³ remained valid and achievable and there was no need for major adjustments.

In discussions with the audit, donors/development partners commented that the planned programme results of the pooled funds, especially the Health Development Fund, were ambitious, considering the operating context and the fact that the Government takeover was happening at a slower than expected pace. The audit therefore thought that there was a need for the office to reassess the achievability of planned programme results, particularly those premised on the key planning assumptions that the pooled funds would be terminated in 2020 and that the Government would take over delivery of social services.

The office stated that it was aware that the Government's takeover was occurring more slowly

³ UNICEF programmes plan for results on two levels. An outcome is a planned result of the country programme, against which resources will be allocated, which will represent a change in the situation of children and women. An output is a description of a change in a defined period that will significantly contribute to the achievement of an outcome. Thus, an output might include (say) the construction of a school or clinic, but that would not in itself constitute an outcome; however, an improvement in education or health arising from it would.

than anticipated, and that it was continuously reviewing the impact of the ongoing economic volatility on programme implementation. It also acknowledged that periodic re-evaluation of some planning assumptions and adjustments to the programme might be needed.

The audit also confirmed the conclusion of an independent assessment, commissioned by the office in January 2015, that some of UNICEF's activities in Zimbabwe appeared to subsume the role of Government. A Government counterpart acknowledged this to the audit, and the 11 NGO partners met by the audit team stated that certain activities currently carried out by the UNICEF office would be best implemented by the structures responsible for them, with the office focusing instead on strengthening their capacities to do so.

Agreed action 1 (medium risk): The office agrees to:

- i. Periodically re-assess planning assumptions, in response to significant changes in the rate of implementation or economic environment — and determine the implications for programme strategies, planned results and activities.
- ii. Review its risk analysis and mitigation actions in line with the re-assessed assumptions and determine a plan of action commensurate with the operating context.

Responsible staff members: Deputy Representative, Chief-Planning and M&E, and Section Chiefs – Health, Education, Child Protection

Date by which action will be taken: 31 December 2019

Management of pooled funds

The office's management of the pooled funds meant that it was, in effect, a fiduciary – that is, a body who is responsible for managing the assets entrusted to it in the best interest of others. In this case, the funds were donated, and the office was responsible for managing them in the interests of the beneficiaries. The United Nations Sustainable Development Group⁴ guidance requires a pooled fund to develop a fund risk-management strategy, and that this should reflect the specific design of each individual funding mechanism and the possible fiduciary risks.

The audit noted that fiduciary risks⁵ were partially being mitigated by steering committees, which were the decision-making bodies chaired by Government officials. The audit also noted that the independent assessment commissioned by the office in 2015 had noted the multiple roles being played by the office, and the debate, when the funds were being established, about potential conflict of interests arising from these roles – that is, the office was both the secretariat/administrator of the funds and the implementer of activities funded by them. However, the risks entailed in these roles were not sufficiently set out in its Risk and Control Self-Assessment (RCSA).⁶ The audit did not see any written analysis of what key fiduciary risks were identified and what processes and structures were in place to manage them. The audit also was not provided with a fund risk-management strategy, reflecting the specific design of

⁴ This was formed in 1997 (as the UN Development Group, or UNDG) to enhance the effectiveness of the UN's development activities at country level.

⁵ This is the risk that the assets may not be managed in the best interest of the beneficiaries.

⁶ The risk and control self-assessment (RCSA) is part of UNICEF's corporate risk management policy (which is currently under review). It is a structured and systematic process for assessment of risk to an office's objectives and planned results, and the incorporation of action to manage those risks into workplans and work processes.

each individual funding mechanism and the possible fiduciary risks.

In the audit's view, there is a need to clearly state any fiduciary risks arising from UNICEF's role in these pooled funds, in particular those arising from reliance on implementing partners' systems and the roles of other development fund stakeholders, and to assess whether current controls provide sufficient mitigation.

Agreed action 2 (medium risk): The office agrees to:

- i. Periodically assess the fiduciary risk arising from its role in the management of the pooled funds, including potential conflicts of interest, and identify clear and appropriate measures to mitigate it.
- ii. Explore ways of periodically updating implementing partners on fiduciary-risk mitigation actions.

Responsible staff members:

Date by which action will be taken:

Fraud risk management

The office's risk assessment had identified the risk of fraud and outlined mitigating actions such as a fraud control framework, training, and the identification of conflicts of interest. The NGO partners interviewed by the audit confirmed that they had mechanisms to address financial risks, such as zero tolerance of fraud and corruption policies, reporting of suspicious activities to the police, and checking of individuals' credibility before employing.

However, while the office's RCSA stated that there was a fraud control framework, it did not clearly state what it was. Further, the office had yet to conduct a detailed, documented fraud-risk assessment, which is now a requirement of UNICEF's anti-fraud procedures. Such an assessment may identify the activities that are most vulnerable to fraud.

Also, in the view of the audit, the office could benefit from an expanded network to obtain and use information from implementing partners' assurance activities in fraud risk assessment and mitigation. This is important because fraud by its nature involves deception and concealment. Trend analysis and exception reporting on a wide scale can help identify red flags.

Agreed action 3 (medium risk): The office agrees to:

- i. Periodically (and in alignment with pooled-fund plans), perform detailed fraud vulnerability assessments and trend analyses, and clearly identify appropriate measures to mitigate the risks identified.
- ii. Consider means by which the coverage of anti-fraud mechanisms can be expanded through networks of implementing partners and UN agencies, particularly those participating in pooled funds.

Responsible staff members: Chief of Operations and Administration & Finance Manager

Date by which action will be taken: 31 July 2019

Staffing

The audit reviewed the office structure and staffing, to assess their alignment with its programme of work, including its outreach programme and fund-manager role. It noted the following.

Field presence: UNICEF in Zimbabwe has no zone offices. Its field presence and links to target communities are through programme-sector field trips and implementing partners. For the field trips, the office's Trip Management Information System (TMIS) provided a comprehensive analysis of not only the trips but also the findings. However, the summary analyses did not state the name or level of staff who travelled and for what reasons.

Roles: The audit's review of the job descriptions for certain fund-management roles found that about 40 percent had not been tailored to reflect the actual posts' objectives and roles. A job description should describe the major duties and responsibilities that are involved in a job so that both the office and the staff clearly understand what is expected.

The office stated that UNICEF generic job profiles had been used in recruitment but that the specifics were outlined in their performance plans. The audit noted that this meant that there was limited scope for the office to attract the most qualified candidates and meant that staff could be hired using generic requirements and then be deployed, and have their performance measured, using different metrics. It is not essential to use a generic profile; the relevant Administrative Instruction (CF/AI/2016-003, on job classifications) does allow specific job descriptions where no suitable generic job profile exists, or minor modifications to one if necessary. Given the uniqueness of the fund-management roles, one of these two approaches should have been used.

Use of temporary staff: The audit reviewed a sample of 10 consultants, representing 43 percent of the total value of consultants' purchase orders during the period. Seven out of the 10 were performing staff-like functions, and the cumulative contract period, excluding mandatory breaks, ranged from 8.1 to 29.2 months. Under UNICEF policy, consultants, unlike individual contractors and technical assistants, should not be allowed to perform staff-like functions.

The reasons provided for allowing consultants to perform staff-like functions were limitations in funding agreement and the short durations of the grants. The Division of Human Resources told the audit that it would soon be making changes to current guidance related to the use of consultancies and contractors. In the meantime, the audit notes that country offices should not hire consultants in staff-like functions and should closely monitor the use of individual contractors.

The audit also noted that, in the current economic climate, with high unemployment and hyperinflation, temporary staff are more likely to yield to undue pressure to keep their jobs – thereby exposing UNICEF to an elevated risk of fraud.

Agreed action 4 (medium risk): The office agrees to consider the following:

- i. Ensure job profiles are appropriately tailored and when necessary draft specific job profiles for fund-management roles, if the role does not lend itself to modifications of a generic job profile.

- ii. Consult DHR and the Regional Office on any exceptional use of individual contractors for duration of the development funds, including remedial measures to regularize the posts when funding is obtained.

Responsible staff members: Representative, Deputy Representative and Human Resources Manager

Date by which action will be taken: 31 May 2019

Convention on the Rights of Child (CRC) monitoring

Governments that ratify the Convention on the Rights of the Child or one of its Optional Protocols must report to the Committee on the Rights of the Child on the situation of children's rights in the country. Reports are submitted by the state in question within two years of ratification and every five years thereafter.

UNICEF also has an obligation under the Convention, to promote and protect child rights by supporting the work of the Committee. The audit sought to understand the Zimbabwe Country Office's role in supporting Government and implementing partners in monitoring the implementation of the observations and recommendations made by the CRC committee regarding child rights in Zimbabwe. The following was noted.

Support to Government: Within the Zimbabwean Government, overall treaty reporting responsibility lies with the Ministry of Justice, Legal and Parliamentary Affairs, which coordinates the Inter-Ministerial Committee on State Party Reporting. This inter-ministerial committee has subcommittees – including one responsible for CRC reporting and monitoring, which is led by the Ministry of Health and Child Care. The country office informed the audit that it had helped both the Government and NGOs in reporting. The office also stated that it helps the Zimbabwe Human Rights Commission to strengthen its oversight role as an independent human rights institution, giving technical support and advice.

There had been delays in addressing the observations of the CRC committee. These delays were mostly attributed to the absence of an authoritative overarching body to coordinate the implementation of the recommendations through the various ministries tasked with them.

Country office roles and responsibilities: In the Zimbabwe Country Office, the coordination of activities related to CRC reporting fell under the Deputy Representative's office. The Child Protection section provided technical support for monitoring of implementation of CRC recommendations. Within the office, CRC recommendations were addressed by the various sectors.

However, there was no coordinating mechanism or workplan that ensured that what UNICEF was accountable for was being implemented fully. There needed to be stronger and clearer coordination mechanisms for CRC reporting, including periodic assessment of the status of implementation of CRC recommendations by the CMT.⁷ The office could then consider undertaking heightened advocacy within the UNCT⁸ for the elevation of the coordination role

⁷ An office's country management team (CMT) advises the Representative on the management of the country programme and on strategic programme and operations matters. It consists of senior staff from Programme and Operations sections, and staff representatives.

⁸ UNCT stands for UN Country Team, and is an internal UN term to refer to the joint meeting of all the UN agencies or bodies active in a given country. The UNCT is convened by the UN Resident Coordinator.

within Government to a body/structure that has authority over the relevant ministries.

Agreed action 5 (medium risk): The office agrees to enhance monitoring of the Convention on the Rights of the Child (CRC) by:

- i. Within the UNCT, advocating elevation of CRC monitoring to a Ministry or Governmental body with the necessary cross-ministerial authority.
- ii. Strengthening its internal coordination mechanisms for monitoring CRC reporting and the implementation of recommendations of the CRC Committee.
- iii. Consider submitting periodic reports on the CRC monitoring status to the CMT.

Responsible staff members: Representative, Deputy Representative and Specialist-Gender & Rights

Date by which action will be taken: 31 December 2019

Partnership management

Between January 2017 and September 2018, about US\$ 86 million was disbursed to 41 NGO and 131 Government implementing partners (US\$ 25 million and US\$ 61 million respectively). The audit reviewed the office's partnership management processes. It met senior officials from two donors and nine implementing partner organizations with whom UNICEF had collaborated. The following issues were noted.

Partnership agreements: The office had adequate mechanisms for mid-year and annual reviews with NGOs and Government. NGO partners commented positively on the partnership reviews, which they said were well organized, insightful and very beneficial.

However, the NGO partners told the audit team that the process of completing programme documents was lengthy, and cited a few instances when it took six to eight months from the submission of the project proposal to the signing of the partnership agreements. The audit team noted that the NGOs measured the time taken for approval of collaboration from the time a proposal was submitted, whereas the office began tracking only when the parties agreed to enter into an agreement, thereby excluding the discussions on the proposal.

The audit also noted that in 10 out of 20 cases it reviewed, the period for which a direct cash transfer (DCT) was being issued was not mentioned on the FACE form.⁹ It was thus not readily evident which activities were being funded. In seven cases, the funds were found to have been transferred after the start of the activities.

There were also instances where provisions in the programme document relating to low-value procurements were removed without clarification, resulting in disruptions in activity implementation. The office stated that this occurred only when it was believed that there could be savings by purchasing in bulk. However, a programme management team meeting had heard that the agreed procedure for partners to procure items below US\$ 2,500 was not being followed. Under that procedure, partners should have been able to procure these items

⁹ The Funding Authorization Certificate of Expenditure (FACE) form is used by the partner to request and liquidate cash transfers. It is also used by UNICEF to process the requests for and liquidation of cash transfers. The FACE forms should reflect the workplans, which set out the activities for which funds are being requested, or on which they have been spent.

on their own initiative.

Budget considerations: The office had taken steps to ensure cost-efficiency considerations were reflected when planning and agreeing budgets within programme documents.¹⁰ These included the use of standard costs designed to keep down the cost of procuring certain items. However, NGO partners mentioned that in some cases such measures did not reflect the actual cost of implementing activities. The audit notes that the use of standard costs, especially during periods of significant price fluctuations, could affect the services provided to the targeted communities; but the office said that the reductions were justified, and that this value-for-money practice had been strongly endorsed by the regional office.

The office also stated that the national liquidity crisis had increased the cost of programme implementation and monitoring. The audit acknowledges the office's emphasis on value for money, but there is a need to distinguish between cost efficiency and actual value for money—and, in case of the latter, to reflect on the value to the target groups (who are the children and their communities). In circumstances where there are rising prices and regular shortages, a focus on reducing costs could have an impact on sustainability, timeliness and quality of programme implementation. There is thus a need to be more flexible in costing procurement and in determining who should do it.

Involvement of Operations staff in budget review: The Operations finance staff told the audit that although they provided input into finalized budgets for programme documents, this was done during final stages, and that their much earlier involvement would speed up the process.

Also, the partners felt that there could be more frequent interaction between their finance staff and UNICEF colleagues with financial knowledge. The partners interviewed by the audit confirmed that they did have mechanisms to address financial risks, such as zero tolerance of fraud and corruption policies, reporting of suspicious activities to the police, and checks before employing staff. However, they regarded UNICEF's continuous guidance as important, especially in managing risks – which might not always be foreseen when agreeing on the terms of partnership.

Agreed action 6 (medium risk): The office agrees to consider the following:

- i. Review the planning process and involve staff with budget/financial skills in the process at an earlier stage.
- ii. Ensuring clear communication is provided to implementing partners and that there is an appropriate indicator to assess the timely processing of programme documents and quality.
- iii. Review partnership documentation and provide comprehensive guidance on developing budgets.

Responsible staff members: Deputy Representative, Chief-Planning and M&E and Administration & Finance Manager

Date by which action will be taken: 31 March 2019

¹⁰ The programme documents set out the basis for a proposed partnership – what it will do, who will do it, and over what period.

Monitoring and assurance

UNICEF offices monitor programme implementation through a number of mechanisms. Some are for monitoring the progress on activity implementation. Others are part of the Harmonized Approach to Cash Transfers (HACT),¹¹ which provides assurance on the use of programme funds by partners. However, there is considerable crossover between the two, as HACT involves some programmatic monitoring as well as reviews of partners' financial procedures. The audit sought to assess the overall effectiveness of the Zimbabwe Country Office's processes for monitoring and assurance, both within the HACT framework and outside it.

In general, the office's overall programme monitoring and assurance framework reflected UNICEF's guidance on programme monitoring and HACT assurance. It also complied with the conditions within the conditions laid down for the pooled funds. Responsibilities for programme monitoring and assurance activities were assigned to specific programme staff and were complemented by activities contracted out to third parties, and by joint monitoring reviews with partners.

According to its 2018 plan, the office had completed 98 percent of its planned programme monitoring visits. It had also completed 48 percent of its 2018 planned spot checks, and 13 out of 17 planned scheduled audits by September 2018. Third-party end-user monitoring, established in 2017, was also undertaken for select high-value supplies. The office had a database to help it follow up on recommendations addressing significant and high risks found during spot checks and audits. It also compiled consolidated reports from spot checks and audits. These contained an aggregation of major risks by region and NGO implementing partner, amongst other information. This information was presented to staff and relevant partners.

Overall, the office had made a commendable effort, establishing multiple of monitoring and assurance activities regarding the proper use of resources while also mitigating the fiduciary risks so prevalent in the operating environment. The audit team was able to validate the implementation of all these monitoring activities at provincial and district levels. Moreover, various review reports had been undertaken by external audit firms to fulfil the donor requirements of mid- and annual reviews, and these reports also commented on the rigour of these mechanisms.

However, although the issues from assurance activities were consolidated, there was no evidence as to how the trends noted had been addressed. It was not clear how all the information generated from these activities informed subsequent planning and risk assessments (such as fraud risk assessments), or how it was reflected in (for example) annual management plans. Neither was it always clear that issues identified with individual partners had been followed up. For example, in the HACT spot-check consolidated reports, 81 percent of the implementing partners checked had at least some issues from the prior year's spot

¹¹ The Harmonized Approach to Cash Transfers (HACT) is a set of procedures used by several UN agencies to ensure that cash transfers to partners are used as intended. Its principle is to do a risk assessment (a 'micro-assessment') of the specific partner and manage the relationship with the partner accordingly. This is meant to cut down on bureaucracy, but without reducing vigilance in cases where fraud seems more likely. HACT procedures include a micro-assessment of the partner to determine the risk level, which should then determine the level of assurance activities used with that partner. These activities include spot checks, scheduled audits, special audits where necessary, and programmatic visits; the latter review progress on funded activities.

check that had yet to be addressed. In some cases, the partners told the audit that they had not been aware of these issues as they had not been given the previous years spot-check report.

Agreed action 7 (medium risk): The office agrees to improve linkages so that information collected from the various monitoring systems it uses is fed back into programme planning and risk assessments; and ensure feedback from spot checks is provided to the relevant implementing partners.

Responsible staff members: Chief Planning and M&E

Date by which action will be taken: 31 March 2019

Community-Based Feedback Mechanisms (CBFMs)

The 2010 Zimbabwe National Child Participation and Protection Guidelines, which had been supported by UNICEF and Save the Children, had helped realize one of the objectives of the country's National Action Plan for Orphans and Vulnerable Children – to increase child participation, where appropriate, in all issues that concern them, from community to national level. The audit sought assess how community-based feedback had been operationalized by UNICEF in its Zimbabwe programme design and monitoring.

The audit reviewed a sample of proposals, workplans, programme monitoring tools and other documentation. It found no clear integrated community-based feedback or complaints mechanisms. Individual activities did have such channels; for example, the Harmonised Social Cash Transfer (HSCT) system¹² had grievance desks at pay points. But there were disparate feedback and complaints mechanisms between sector workplans, other UN organizations and implementing partners, and no clear plan for how responses to feedback would be managed. Neither did the partner agreements the audit saw contain a requirement for CBFM, and there was nothing specifically related to community feedback mechanisms in the monitoring framework.

An inter-agency community-based system would enable a more collective and comprehensive gathering of complaints, consolidation of lessons learned, and appropriate follow-up or adjustment to programming. It is also important to identify the best channels from which to obtain community input for the different areas. They can include radio, complaints boxes (though Community Case Workers stated that these boxes were not much used), face-to-face feedback during HSCT payments, managed hotlines and other channels.

However, while different means provide targeted communities more opportunities to provide input, it is also essential to put all the information together to be able to assess or analyse trends that may have an impact on programming. Furthermore, as with most programmatic issues, it is important to ensure the channels are sustainable and can be institutionalized within Government.

Agreed action 8 (medium risk): The office agrees to:

- i. Review the feedback mechanisms currently available, focusing on those that amplify

¹² Introduced in 2012, this is an unconditional cash transfer programme for households in extreme poverty. It is under the auspices of Zimbabwe's Ministry of Public Service, Labour and Social Welfare, with UNICEF providing technical assistance.

- the voice of the child.
- ii. Using the results of this review, advocate an interagency CBFM that uses the most effective channels and ensures that the trends emerging from the feedback are shared within the UNCT.
 - iii. Build the capacity of Government and/or local institutions for maintaining and using CBFMs, to ensure sustainability.

Responsible staff members: Representative and Chief of Communication

Date by which action will be taken: 30 June 2019

Protection and safeguarding of children

UNICEF's policy on child safeguarding reaffirms the organization's long-standing commitment to promote the protection and safeguarding of all children. Safeguarding entails the prevention of physical, sexual and emotional abuse and maltreatment of children by employees and other persons with whom the organization works in the implementation of its programmes, such as partners or consultants.

UNICEF's Executive Director is currently the Inter-Agency Steering Committees' Champion on Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) for the period up to September 2019. It is therefore essential that UNICEF take a leadership role in child safeguarding and in advocating protection from sexual abuse and exploitation (PSEA) in the UNCT. The audit reviewed the office's actions to embed child safeguarding, both in-house and in its work with UN and other partners.

Internal actions and accountabilities: The office had drawn up proposals for an action plan for safeguarding and protection, but at the time of the audit this was still a draft and had not been presented to the CMT. In the meantime, however, the office was taking measures to comply with the guidance provided by HQ. These included planning mandatory training for partners, and sending letters on safeguarding and protection policy to all Government and NGO partners with current programme agreements. Safeguarding had also been added to the office's risk and control self-assessment.

However, there was need to move beyond a compliance approach, and inculcate a culture of child safeguarding, by bringing the formal and informal aspects of staff behaviour closer. UNICEF staff who are working to end child labour should also ensure it does not happen in their homes and communities. The office said an informal meeting had been held to enable staff to discuss what safeguarding meant in the local context. But since then they had been busy, and the meeting had not been followed up. The audit thought this should be done with the formation of a working group.

Another UNICEF country office in the region had set up informal fora for male and female personnel to discuss and understand the principles of the policy and the Secretary-General's special measure in the local context, with the endorsement or participation of senior members of staff. The audit believes this is a helpful practice.

System-wide management and coordination: The February 2018 *Report of the Secretary-General on Special Measures for Protection from Sexual Exploitation and Sexual Abuse* reiterated the need for aligned approaches, enhanced inter-agency coordination and the implementation of system-wide initiatives to avoid fragmentation and gaps. The audit met

the head of the Office of the UN Resident Coordinator in Zimbabwe to discuss actions by the UNCT regarding PSEA. The audit was told that in 2016 a task force had been formed to curb gender-based violence to or by UN personnel. This was intended to address: Rape of UN female personnel by external parties; domestic violence on UN personnel; domestic violence by UN personnel; and sexual harassment in the workplace. The Resident Coordinator's office stated that the matter had been revisited in 2017, but that competing priorities had affected further work. The audit also thought the terms of reference of the task force did not comprehensively address PSEA.

In discussion with NGO partners, it was noted that they too were aware of PSEA issues and that some of them had received training from UNDP. They said they had instituted varying systems to address the matter. However, they also said that some other partners lacked the capacity to adopt adequate procedures. In an integrated system-wide approach, such partners would not have to be trained separately by UNICEF, but the office could complement such training. Additionally, the best practices of the different UN agencies and other partners can be shared as a baseline.

Agreed action 9 (medium risk): To enhance measures for protection against sexual exploitation and abuse, the office agrees to:

- i. Formalize the safeguarding working group and enable regular reporting and follow-up by the CMT.
- ii. Work closely with the UNCT to agree and document priority areas of collaboration on PSEA, such as information sharing and outreach.
- iii. Ensure that any agreed activities relating PSEA are included in the appropriate workplans, and are implemented.
- iv. Put in place mechanisms to enable benchmarking and capacity building amongst implementing partners and improve collaboration in protection and safeguarding.

Responsible staff members: Representative, Deputy Representative and Specialist-Gender & Date by which action will be taken: 30 September 2019

Supply management

Country offices are required to establish effective processes so that the procurement of programme supplies and services is properly planned, implemented and monitored. The total procurement values for services and programme supplies for the period (2017, and 2018 up to August) were US\$ 32.2 million and US\$ 27.3 million respectively.

The audit looked at a number of aspects of the office's procurement arrangements. It also conducted a transactions walk-through of 10 institutional service contracts, and found that the office's controls related to bid solicitation, review and award were adequate. The contract review committee (CRC) deliberations were comprehensive and well documented. In addition, the audit assessed the role of the management agency contracted to handle the financial transacting of the Trust Funds, as a donor requirement, and found it to be adequate. However, the audit also noted the following.

Planning: The office had prepared service and supply plans for both 2017 and 2018, and there was evidence their implementation had been monitored in both programme team and CMT meetings. However, a review of the 2017 supply workplan noted variations for some

programmes that could indicate the need to improve estimating.

For example, the Nutrition programme budget was initially estimated at US\$ 1.3 million, but the actual budget was almost twice this, at US\$ 2.7 million. The number of line items was also almost double. Conversely, for the HIV and Education programmes, the actual amounts decreased from those planned by 89 percent and 79 percent respectively. As of October 2018, Child Protection and Nutrition programme budgets had decreased by 86 percent and 92 percent respectively. Whilst overestimations are inevitable at beginning of the year, midcourse adjustments would assist in moving to more realistic figures, since the analysis is based on actual purchase orders at this point. (The Health programme, which accounted for close to 50 percent of the procurement budget in 2017 -2018, showed less variations between its planned and actual budgets.)

Supplies in the warehouse: As of September 2018, there was approximately US\$ 1.6 million worth of supplies yet to be distributed to implementing partners, of which US\$ 450,000 were prepositioned emergency stock.

The Education programme had supplies in the warehouse with a total value of US\$ 449,042, of which US\$ 35,768 was emergency stock that had been in the warehouse for periods of seven to 18 months. Other items, with a total value of US\$ 63,749, had been in the warehouse from 13-18 months. There were Nutrition supplies with a total value of US\$ 230,712 that had been in the warehouse for 7-12 months. The WASH (Water, Sanitation and Hygiene) programme had the highest value – US\$ 869,806 aged 13-18 months; and the Education programme had the highest number of items close to an expiry date of December 2018, although these were of small value.

For Nutrition supplies, the audit was informed that they were originally intended to be stored in Government warehouses, but there was inadequate storage space and so the Government had asked UNICEF for temporary storage. However, the current consumption of these supplies is low, which means there will be slow movement, and this points to the need to carefully plan ordering of stock.

There may be a correlation between planning and movement of supplies, especially for the Education programme.

Agreed action 10 (medium risk): The office agrees to review its mechanisms for supply planning to better forecast the requirement of supplies, and adopt an adequate and reliable system for procurement planning.

Responsible staff members: Supply & Logistics Manager in collaboration Programme Section Heads

Date by which action will be taken: 31 March 2019

Annex A: Methodology, and definition of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, testing samples of transactions. The audit team visited UNICEF locations and supported programme activities. The audit compared actual controls, governance and risk management practices found in the office against UNICEF policies, procedures and contractual arrangements.

OIAI is firmly committed to working with clients and helping them to strengthen their internal controls, governance and risk management practices in the way that is most practical for them. With support from the relevant regional office, the country office reviews and comments upon a draft report before the departure of the audit team. The Representative and their staff then work with the audit team on agreed action plans to address the observations. These plans are presented in the report together with the observations they address. OIAI follows up on these actions and reports quarterly to management on the extent to which they have been implemented. When appropriate, OIAI may agree an action with, or address a recommendation to, an office other than the client's (for example, a regional office or Headquarters division).

The audit looks for areas where internal controls can be strengthened to reduce exposure to fraud or irregularities. It is not looking for fraud itself. This is consistent with normal practices. However, UNICEF's auditors will consider any suspected fraud or mismanagement reported before or during an audit and will ensure that the relevant bodies are informed. This may include asking the Investigations section to take action if appropriate.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. OIAI also followed the reporting standards of the International Organization of Supreme Audit Institutions.

Priorities attached to agreed actions

- High:** Action is considered imperative to ensure that the audited entity is not exposed to high risks. Failure to take action could result in major consequences and issues.
- Medium:** Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
- Low:** Action is considered desirable and should result in enhanced control or better value for money. (Low-priority actions, if any, are agreed with the country office management but are not included in this final report.)

Conclusions

The conclusions presented in the Summary fall into four categories:

[Unqualified (satisfactory) conclusion]

Based on the audit work performed, OIAI concluded at the end of the audit that the *[country office or audit area]*'s governance, risk management and internal controls were generally established and functioning during the period under audit.

[Qualified conclusion, moderate]

Based on the audit work performed, OIAI concluded at the end of the audit that, subject to implementation of the agreed actions described, the *[country office or audit area]*'s governance, risk management and internal controls, as defined above, were generally established and functioning during the period under audit.

[Qualified conclusion, strong]

Based on the audit work performed, OIAI concluded that the *[country office or audit area]*'s governance, risk management and internal controls, as defined above, needed improvement to be adequately established and functioning.

[Adverse conclusion]

Based on the audit work performed, OIAI concluded that the *[country office or audit area]*'s governance, risk management and internal controls, as defined above, needed **significant** improvement to be adequately established and functioning.