

# Internal Audit of the Malaysia Country Office

December 2019

Office of Internal Audit  
and Investigations



Report 2019/17

*Sections of this report have been redacted in accordance with paragraph 9 of Executive Board decision EB2012/13, which states that a report may be redacted if particularly sensitive (relating inter alia to third parties or a country, government or administration); or compromising to a pending action; or likely to endanger the safety or security of any individual, or violate his or her rights or invade his or her privacy.*

## Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Malaysia Country Office. The objective of the audit was to provide assurance over the office's governance, risk management and internal control processes, with a focus on key risks and activities. The audit team visited the office from 15 to 26 July 2019, and the audit covered the period from January 2018 to June 2019.

Malaysia is an upper-middle income country with substantial capacity to uphold child rights. Challenges remain with regard to child poverty, child labour, gender discrimination and child marriage, and there are still gaps in access to quality inclusive education and protection from violence and abuse, particularly for the most vulnerable groups – children with disabilities, child workers, and refugee children. In 2014 there were also an estimated 2.6 million non-Malaysians in the country, of which 451,900 were less than 20 years old.<sup>1</sup> These included refugees, the undocumented, and stateless and migrant workers.

### The country programme

Malaysia is an important private-sector fundraising (PSFR) country for UNICEF. Malaysia Country Office is regarded as a stage four PSFR office; that is to say, it has a structured PSFR operation capable of generating a significant volume of predictable, flexible resources to fund its own programme, and there is no ceiling on the amount the office is permitted to raise. PSFR is a major part of the office's work.

Meanwhile the 2016-2020 country programme itself has three main components: *Enhanced child and adolescent wellbeing; Social inclusion and disparity reduction; and Enhanced engagement and partnerships for child rights*. The office supports the generation of evidence that is used to plan and focus its advocacy of child-friendly national policies and priorities on issues such as inequity, law, disabilities, marriage, education and migration.

The 2016-2020 country programme has a total budget of US\$ 39 million. Except for a multi-year grant of US\$ 7.6 million, its funding comes from the office's own PSFR operations.

### Results of the audit and action agreed

The audit noted several areas where the office's controls were functioning well. The country office has continued to raise funds to meet all its needs and contribute unrestricted funds for UNICEF global operations. In 2018, gross income grew by approximately 38 percent, from around US\$ 13 million in 2017 to around US\$ 18 million. In 2018, the office registered 120,000 active pledge donors (an increase of 22 percent compared to 2017) and received 10,000 one-time gifts. The country office contributed US\$ 10 million to global regular resources in 2018.

The total value of contracts for services for the period January 2018 to June 2019 was US\$1.6 million, including contracts for fundraising, events management, and printing services. The audit found that the office's controls related to bid solicitation and contract award were adequate. The contract review committee's deliberations were comprehensive and well documented.

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<sup>1</sup> Department of Statistics, Malaysia; 2014 estimates.

The audit also identified several areas where further action was needed to better manage risks to UNICEF's activities. None of these are being implemented as a high priority – that is, to address risks that require immediate management attention. However, in discussion with the audit team, the country office and regional office have agreed to take several measures to address these risks.

These included the need to combine fundraising and advocacy priorities and ensure that they do not conflict. The audit thought there should be a clear strategy that balanced fundraising and advocacy strategies, with clear responsibilities for advocacy. There was also a need to clarify the staffing structure and resources needed for fundraising, and how additional posts might be funded.

The audit also suggested that the office review what NGOs were available as implementing partners, and implement an appropriate partnerships strategy that takes into account the local regulatory framework. Other areas noted included measurement of progress in programme delivery, the need to discuss workplans with all the Government ministries concerned, and quality assurance over donor information.

## Conclusion

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's governance, risk management and internal controls were generally established and functioning during the period under audit. The Malaysia Country Office, the East Asia and Pacific Regional Office (EAPRO) 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 is to provide reasonable assurance that there is adequate and effective governance, risk management and control processes. These should ensure: achievement of the office's objectives related to reliability and integrity of financial and operational reporting; effectiveness; efficiency of operations and economic acquisition of resources; safeguarding of assets; and compliance with relevant policies and contractual arrangements.

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

## Audit observations

### Communications, advocacy and fundraising

The Malaysia country office has two distinct but complementary responsibilities. One is to implement a programme that focuses on influencing national policies in favour of the progressive realization of children's rights in Malaysia. The other is to raise funds for this programme and for the UNICEF global regular resources pool; in fact, the office holds the third place, after the Brazil and Argentina offices, in terms of its contributions to the UNICEF global resource pool.

There are risks involved in influencing child-friendly policies while raising funds from the private sector. For example, as part of the push on child rights, the office advocates change on some culturally sensitive issues – such as comprehensive sex education and child marriages – that require a carefully considered approach so as not to detract from UNICEF's principles, but that is also mindful of the divergent views within the Malaysian populace from which it fundraises. The office has thus far been careful to anticipate and mitigate this risk; however, as it both opens up more programmatic pathways, and diversifies its fundraising to bigger audiences to meet an ambitious revenue target, managing these risks will become harder. The audit reviewed how the office is positioned to handle these challenges, with respect to its strategy, roles and responsibilities, and capacity.

**Communications and advocacy strategy:** Achieving results for children requires coordinated advocacy to change policy and increase engagement with the public.<sup>2</sup> This needs an overarching advocacy and communications strategy. For the Malaysia office, such a strategy must recognize the need for UNICEF to advocate child-friendly national policies while striving to meet fundraising targets. While the office had set out advocacy priorities in its annual management plan, it did not have an overarching advocacy strategy that would guide activities and the setting of priorities.

The office told the audit that it had asked its Communications Section to develop a roadmap outlining key advocacy activities. Further, the Private Sector Fundraising Division (PFP) told the audit that it has undertaken some actions to strengthen the capacity of the senior management of country offices with a private-sector fundraising (PFSR) function; the aim is to help them handle communications and public advocacy in a more balanced manner when offices straddle both programme and fundraising functions. However, the effectiveness of these activities would be enhanced by a clear strategy that is informed by the risks entailed in undertaking the two functions.

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<sup>2</sup> See UNICEF's Global Communication and Public Advocacy strategy, available internally at: <https://unicef.sharepoint.com/sites/DOC/SitePages/GCAS.aspx>

**Roles and responsibilities for public advocacy:** The Communication and Programme Sections and the PSFR team were undertaking a range of advocacy-related activities. However, the staff roles and responsibilities for advocacy had not been fully clarified. Such clarity could ensure synergies between the sections, and might result in greater efficiency and effectiveness.

**Fundraising and advocacy capacities:** As stated above, PFP told the audit team that it had trained UNICEF representatives and other senior staff in PSFR country offices to manage simultaneous demands for fundraising and policy advocacy. Personnel are likely to have a background in one and not the other, but may need to understand both. At organizational level, PFP is aware of this and its activities have included leadership training components on PSFR for Representatives and training for Deputy Representatives for Programme and Operations on PSFR functions. It has also encouraged the alignment of key planning milestones for programme and PSFR.

There remains a need for Representatives in dual-function offices to have business technical skills that will help them better balance these interdependent roles. The audit understands from PFP that, although it oversees PSFR activities across UNICEF, it has not played a direct role in recruiting and selecting the leadership team in PSFR countries. OIAI's recent internal audit report on PFP (2019/10) made a similar observation and also found that PFP did not play any role in the performance management of any staff of the PSFR country offices. This is because UNICEF human resources management policy does not currently provide for PFP's direct involvement in the recruitment and performance management of country-office staff. For example, vetting of candidates (including candidates for Representative) for senior appointments is done by the Senior Staff Recruitment Group. In response to the OIAI audit of PFP, the latter has agreed to work with relevant regional offices, and those PSFR country offices with dedicated staff for fundraising, to jointly review the staff's management and reporting structures and make any changes needed.

**Agreed action 1 (medium priority):** The office agrees to:

- i. Develop a communications and advocacy strategy to enhance the effective and efficient achievement of both its programmatic and fundraising goals.
- ii. Clarify distinctions in roles and responsibilities for advocacy, to ensure synergies, efficient use of resources and increased effectiveness.

Responsible staff: Chief, Communications

Target date for completion: 31 May 2020

## Office governance

The audit team noted that the office had put in place standard governance structures like the ones used in country offices without a fundraising mandate. These included the Country Management Team (CMT), Contract Review Committee and Programme Review Committee. However, both the office and the regional office commented that there is no UNICEF guidance on how management structures should be adapted for countries with this function.

A review of the minutes of meetings of the committees noted a need for improved coordination between them. This would help ensure adequate discussion of matters such as budget and expenditure, outstanding cash transfers, and monitoring and evaluation. Improved coordination should also ensure matters are escalated to the CMT as necessary, for strategic discussion and decision. This would help the CMT focus on strategy and results-management issues, which staff acknowledged

was necessary. As it was, some issues were discussed repeatedly, and monitoring of key performance indicators took place in programme and operations teams' meetings. But there was no mechanism in place for information sharing amongst the committees and for escalating issues to the CMT.

**Agreed action 2 (medium priority):** The office agrees to put in place mechanisms for statutory committees so as to better coordinate their activities, and for the Country Management Team to receive the information it requires to effectively and efficiently carry out its functions – including deliberation on strategic issues and advising the Representative as necessary.

Responsible staff: Operations Manager and Chairs of committees

Target date for completion: 31 December 2019

**Agreed action 3 (medium priority):** The regional office agrees to, in collaboration with the country office, consider adjusting the country office structure to more sharply focus on risk mitigation of hybrid country offices with private-sector fundraising.

Responsible staff: Chief, Regional Operations; Operations Manager

Target date for completion: 31 March 2020

## Operations support for fundraising activities

PFP guidance on the staffing of PSFR teams recognizes that a growing fundraising activity in an office would call for growth in fundraising staff, and that this need not be bound by the same constraints as non-fundraising teams (this is partly because these constraints may be resource-driven, and PSFR is raising resources). In line with the guidance, the staffing level of the Malaysia PSFR team had increased by 13 PFP project funded posts since 2017. Meanwhile the Operations Section had continued to support the increasingly complex commercial contracts generated by PSFR (the value of contracts increased from US\$ 937,000 in 2016 to US\$ 4.9 million in 2018).

However, there were indications that the Operations Section was itself inadequately staffed, despite increasing from seven in 2017 to 11 in 2019. Operational support structures across country offices are determined globally, based on set criteria – which includes their country programme budget which covers designated “core” functions only. These criteria do not necessarily reflect the distinct needs of an office with a large PSFR function, and the number of Operation staff allowed may not meet the needs of both PSFR and the country programme. PFP funds allows for funding of, some Operations posts from PSFR revenues; however, the total number of Operations posts is still determined based on the set criteria. The regional office had tried to address this in part by diverting funds from other offices to Malaysia, and by advocating increased integrated budget<sup>3</sup> (IB) funding; but more needed to be done.

In separate discussions, the regional office and PFP agreed that there was a need for a robust approach to determining the needs, resources and staffing levels for specific country offices. PFP told the audit team that they had raised this issue several times with the Division of Financial and Administrative Management and with the Division of Human Resources (DHR), but without success. However, there was insufficient documentation of this for the audit to assess PFP's communications on the matter with the right levels of UNICEF management.

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<sup>3</sup> The integrated budget is the entire budget for the activities to be performed during the period in question.

More importantly, the audit noted that the Malaysia office might not have made best use of existing mechanisms to obtain the appropriate level of operational support for its PSFR activities. The office had asked the regional programme budget review committee (PBR)<sup>4</sup> for additional posts for the Operations team; it also asked for upgrading of some of the team's existing posts. The PBR did grant some of the requests, but considered the office's submission to be inadequate as it was not based on a strategic workforce planning exercise that took into consideration the support required to meet its ambitious PSFR targets over several years. The PBR asked the office to prepare a multi-year growth plan in line with the PFP IMPACT plan,<sup>5</sup> but the office had not done this by the time of audit in July 2019.

**Agreed action 4 (medium priority):** The office agrees to implement the recommendation of the regional PBR by undertaking a strategic workforce planning exercise. This should take into consideration the support required to achieve the office's ambitious PSFR targets, and state how its Operations support team should be strengthened to provide it. The exercise should make the business case for staffing structures for the new 2021-2025 country programme; when this is submitted to the PBR, it should be informed by sound analysis of operational support for both country programme and PSFR. The regional office should consult with DFAM on how the additional posts will be funded.

Responsible staff: Representative, Regional Chief of Operations, Deputy Representative, and Chief, PSFR

Target date for completion: 31 January 2020

## Managing partnerships

In 2018 and 2019, the office had a total of 33 implementing partners, of which 16 (in both years) were Government partners. The total amount of direct cash transfers to all partners was US\$ 773,780 in 2018 and for 2019 (by June), US\$ 272,104. Direct cash transfers represented 18 percent of the total programme budget of about US\$ 4.2 million. In 2018, around 80 percent of the office's partnerships with non-governmental organizations (NGOs) were for amounts of not more than US\$ 50,000. These partnerships are referred to as small-scale funding agreements.<sup>6</sup>

Based on a document review and discussions with staff and implementing partners, the audit noted the need for a clear strategy that would inform the nature/type of partnerships and how to go about establishing them. Such a partnership strategy needs to be based on a keen understanding of the regulatory framework within which the office operates, risks, and the market for partners.

The audit also noted the following.

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<sup>4</sup> The programme budget review (PBR) is a review of a UNICEF unit or country office's proposed management plan for its forthcoming country programme. For a country office, it is carried out by a regional-level committee, which will examine – among other things – the proposed office structure, staffing levels and fundraising strategy, and whether they are appropriate for the proposed activities and objectives. An office can ask the committee for an interim review of a specific area if it needs to.

<sup>5</sup> To align with the UNICEF 2018-2021 strategic plan, PFP had drawn up a strategic plan called the Private Sector IMPACT Plan. This had been produced in close collaboration with relevant UNICEF regional/country offices, headquarters divisions and National Committees (Natcoms); the latter are the fundraising bodies that support UNICEF in non-programme countries. The IMPACT Plan set clear revenue targets for PSFR country offices and for Natcoms.

<sup>6</sup> A small-scale funding agreement (SSFA) is an agreement defining the expected result, activities and resource requirements of UNICEF and the NGO where the transfer of UNICEF cash and supply resources to the partner does not exceed a total of US\$ 50,000 in a 12-month period.

**Relationship with partners:** The audit reviewed the partnerships and met with four Government partners, three institutions and an NGO. The office had informed the audit that the wrong type of partnership contract was initially used for two of the institutions due to the office's inadequate knowledge of their status (they were academic institutions, rather than NGOs implementing activities on the ground). In one case the work had been contractual, and the office had not realized that the institution concerned was in effect an NGO; under the local regulatory framework, this type of contract was therefore not appropriate. The office had later changed it; however, the partners said they were not told the reasons for the changes.

All the partners met by the audit expressed inadequate understanding of UNICEF's partnership/collaboration tools, and of procedures related to accounting for UNICEF funds provided to them. Wherever training was provided, this was done after funds had been disbursed to the partners or when an agreed disbursement was withheld due inadequate accounting of earlier disbursements. Two of the partners told the audit team that the instructions for liquidating funds were only provided upon their request.

Based on review of documentation and discussions with staff and implementing partners, the audit noted the need for a clear partnership strategy that would inform the nature/type of partnerships to establish and how to go about establishing them. Such a strategy needs to be based on complete understanding of the regulatory framework within which the office operates, the risks, and the market for partners.

**Fraud-risk management:** This is an important part of partnership management. The audit team noted the work of office in supporting fraud awareness activities; most of the staff had completed the mandatory fraud-related training activities. In addition, the office had reported cases of fraud, theft of petty cash and possible conflict of interest, and acknowledged that it was operating in a high-risk environment for corruption. However, the office had not assessed partnership-related fraud risks with the aim of taking mitigating actions.

The monetary value of partnerships was moderate compared to the overall budget of the office, and it was implementing UNICEF-prescribed assurance activities with respect to funds provided to partners. However, in the audit's view, there was still a need for a comprehensive partnership risk assessment that would look at partners' capacity to deliver results and the financial and reputational risk to UNICEF from any risks of fraud, corruption, bribery or conflict of interest associated with the partner. This would enable specific mitigation measures beyond those required by the organizational guidelines.

**Agreed action 5 (medium priority):** The office agrees to review the non-governmental organizations available for partnerships and implement a partnerships strategy that requires identification of potential risks involved each partnership, and identification of mitigation measures. The strategy should also be based on a keen understanding of the local regulatory framework. The strategy should reflect the office's focus on advocacy.

Responsible staff: Deputy Representative; Operations Manager  
Target date for completion: 31 March 2020

## Results measurement framework

UNICEF's results-based management requires an office to have a structured framework against which results can be assessed, and a programme monitoring plan for the measurement of results achieved.

An effective monitoring plan requires appropriate indicators, baselines data, means of verification, and risk-informed assurance activities.

The office had undertaken an assessment in 2016/7 that identified a need for more meaningful indicators. The office said this had been done. However, the audit noted that indicators and their means of verification, which are essential to measurement of progress, were either lacking or inadequately defined.

The audit also noted that, during the period from 2016 to 2019, the office had spent approximately US\$ 2.2 million on evidence-generation activities in support of the output “strengthened availability of high-quality disaggregated data to inform and plan better-focused national policies and programmes”. The office had planned to implement a total of 16 activities in 2019/2020: 12 studies, three evaluations, and three research activities, representing an increase of four activities compared to 2017/2018. However, only eight activities were started in 2019 and four were scheduled to start in 2020. Overall, nine out of 12 activities were not completed in 2018. This was mainly due to the lack of proper planning; the office highlighted bottlenecks in producing so many outputs in two years.

**Agreed action 6 (medium priority):** The country office agrees to:

- i. Put in place means to measurement progress towards the delivery of the current country programme’s planned outputs.
- ii. Establish, and monitor its performance against, key milestones for its planned activities.

Responsible staff: Deputy Representative and Chief, Planning, Monitoring and Evaluation

Target date for completion: 31 March 2020

### Rolling work planning

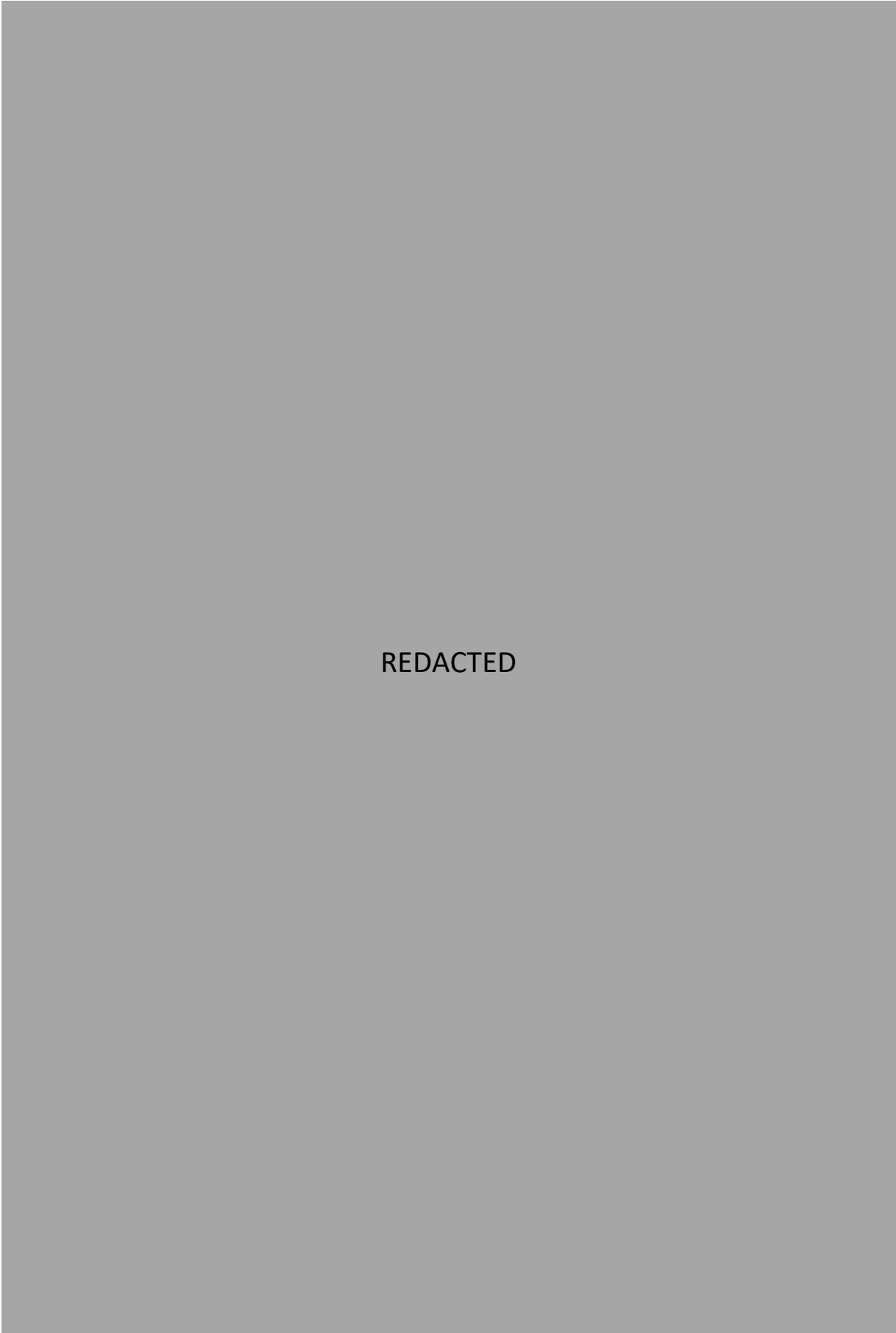
Annual workplans were endorsed in July, which was late. For some ministries, the delay hinders faster implementation of planned activities. During discussions with the audit team, Government implementing partners stated that, to minimize delays, there was a need for UNICEF to adequately discuss the plans with all concerned ministries prior to submitting the last version for endorsement. One ministry highlighted the need for UNICEF to submit a version of the workplan that was as good as the final and to prioritize and/or consolidate activities to ensure better monitoring of implementation.

**Agreed action 7 (medium priority):** The country office agrees to take appropriate actions to adequately discuss all versions of workplans with the ministries concerned, and ensure they are promptly submitted for the Government’s formal endorsement.

Responsible staff: Representative and Deputy Representative

Target date for completion: 28 February 2020

REDACTED



REDACTED

REDACTED

### Financial management

The audit assessed the country office's controls over donations received through cheques, bank clearances and transfers. The audit also reviewed reconciliation of financial data in DonorPerfect Online and VISION. It noted the following.

**Physical cheque management and bank clearance:** The office received a total of US\$ 2 million through physical cheques, bank transfers, walk-ins or through post office mail. Based on a review of a sample from DonorPerfect Online, the audit concluded that the office's controls related to the segregation of duties in the recording, safeguarding and checking of physical cheques and the bank clearance process were generally adequate.

**Income recording and bank reconciliations:** The audit tested the office's controls related to updating weekly income reconciliations between VISION<sup>7</sup> records and bank balances. The errors encountered were immaterial, as the total monthly cash amounts were accurate and consistent with the bank statements. However, the reconciliations were performed manually and were very time-consuming. This poses the risk of errors in the reconciliation process and potential financial loss. The office told the audit team that it was considering action to reduce the time taken and to improve the reconciliation process.

**Reconciliations between DonorPerfect Online and VISION records:** The office prepares monthly consolidated income reports, which are reviewed by the PSFR Team and the Chief of Operations. The audit tested the information in the 2018/2019 PSFR Donation/Income Consolidated Report and examined the anonymous account which is used to make temporary adjustments in DonorPerfect Online and VISION. They were found to be reliable and accurate.

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<sup>7</sup> UNICEF's management system (from Virtual Integrated System of Information).

However, the audit team identified four inaccurate reconciling amounts and records in DonorPerfect Online. These errors show that the current input controls exercised by the Donation Team could have been strengthened.

**Agreed action 9 (medium priority):** The office agrees to strengthen quality assurance processes for financial information DonorPerfect and VISION.

Responsible staff: Operations Manager

Target date for completion: 31 January 2020

**Agreed action 10 (medium priority):** The office agrees to take action as necessary to speed up and generally improve bank reconciliation process.

Responsible staff: Operations Manager

Target date for completion: 30 November 2019

## Child safeguarding

UNICEF policy on child safeguarding reaffirms the organization's commitment to the promotion of protection and safeguarding of all children. Safeguarding entails the prevention of physical, sexual and emotional abuse and maltreatment of children – by employees, or by other persons/entities such as implementing partners, consultants, and contractors with which the organization works closely to deliver results for children. The audit reviewed the Malaysia Country Office's activities with respect to child safeguarding and noted the following.

The office has supported evidence generation and advocacy in the areas of child marriage, violence against children, migrant children, and out-of-school activities. It has also cooperated with the Government in developing an act on sexual offences against children. The office told the audit that its support had helped introduce a Malaysian regulation on the protection of children from abuse, along with other national regulations such as requirements for banks to ensure parental approval for donations from children. The office also told the audit team that it was making sure that its PSFR personnel did not accept donations from people under 21 years of age.

However, the office did not consider it necessary to undertake other UNICEF-required activities, such as disseminating child safeguarding and protection policies to all Government ministries. As of the time of audit, the required action plan for child safeguarding had not been put in place. The audit team also noted that although the office had outsourced some of PSFR activities, it had taken no steps to make sure the contractors complied with UNICEF requirements for child safeguarding.

The audit team's discussion with relevant headquarters divisions showed that guidance on safeguarding for PSFR countries was still in its early stages.

**Agreed action 11 (medium priority):** Whilst the organization continues to develop guidance on child safeguarding for PSFR countries, the regional office, in collaboration with the country office, should identify appropriate steps to build awareness amongst contractors of child safeguarding requirements.

Responsible staff: Representative and Deputy Representative

Target date for completion: December 2020

## Annex A: Methodology, and definition of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews and testing samples of transactions. It also 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 own (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 auditing 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 International Organization of Supreme Audit Institutions.

### Priorities attached to agreed actions

|                |   |
|----------------|---|
| <b>High:</b>   | 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.   |
| <b>Medium:</b> | Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.   |
| <b>Low:</b>    | 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 the final report. |

### Conclusions

The conclusions presented in the Summary fall into one of four categories:

***[Unqualified (satisfactory) conclusion]***

Based on the audit work performed, OIAI concluded at the end of the audit that the control processes

over the office 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 controls and processes over the office were generally established and functioning during the period under audit.

***[Qualified conclusion, strong]***

Based on the audit work performed, OIAI concluded that the controls and processes over the office needed improvement to be adequately established and functioning.

***[Adverse conclusion]***

Based on the audit work performed, OIAI concluded that the controls and processes over the office needed **significant** improvement to be adequately established and functioning.