Internal Audit of the Republic of the Union of Myanmar Country Office

July 2020

Office of Internal Audit
and Investigations

oiai

Report 2020/06

Contents

Audit objectives

The objective of the audit was to provide independent and objective assurance regarding the adequacy and effectiveness of the governance, risk management and control processes in the country office. The audit work was performed from 24 February to 13 March 2020.

This report presents the more important risks and issues found by the audit and the measures agreed with the Myanmar country office management to address them.

Summary

The UNICEF country programme

The Republic of the Union of Myanmar is a lower middle-income[1] country in South East Asia. The total population in 2018 was 53.7 million people, of which children accounted for over 18 million. The country programme[2] as approved by the UNICEF Executive Board is for the period 2018 to 2022, with six interrelated outcomes that reflect national priorities and are aligned with UNICEF's 2018-2021Global Strategy.

There are five main programme components. *Health and nutrition* aim to strengthen national systems for procurement, logistics and supply chain management. *Water, sanitation and hygiene* (WASH) supports Government commitment and capacity to scale up WASH and ensure national capacity to deliver WASH services in humanitarian situations. *Education* strengthens institutions at the national and subnational levels; this focuses on provision of alternative education to out-of-school adolescents at primary and lower secondary levels. This includes continuous learning for children and adolescents in conflict-affected areas and during emergencies. The *Child protection* component works to strengthen the capacity of the child protection system; again, this includes doing so in emergencies. Finally, Social *policy and child-rights monitoring* (SPCRM) works to enhance the Government's ability to provide integrated social programmes and social protection, including the right of every child to birth registration. As in other country offices, there is also a cross-sectoral component that supports general areas such as communication for development (C4D), emergency preparedness and response, advocacy and logistics.

In addition to these regular programme components, the office is providing emergency response in Rakhine State. The office's Humanitarian Action for Children (HAC) requirements were US$ 31.8 million for 2018 and US$ 59.1 million for 2019 covering internally displaced populations in Kachin, Kayin, Shan and Rakhine States. The Board-approved budget for the regular 2018-2022 country programme was US$ 207.5 million (US$ 76.7 million in Regular Resources and US$ 130.8 million in Other Resources).

The UNICEF country office is based in Yangon but will be moving to the country's new capital, Naw Pyi Taw (NPT), although some country-office functions will remain in Yangon (this is discussed in the report, in the observation *Office management*). There are also seven field offices and one sub-office. There are 240 approved posts.

Risks identified for audit

Prior to the onsite audit, OIAI conducted a risk assessment so as to focus its activities on the most significant risks. The key risks identified in the Myanmar Country Office related to the

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[1] https://data.worldbank.org/country/myanmar?view=chart
[2] https://www.unicef.org/about/execboard/files/2017-PL10-Myanmar-CPD-ODS-EN.pdf.

organizational change resulting from the review of its country programme management plan. Specifically, the office was planning to adjust its staffing structure, office locations and management processes and move some of its staff to NPT. The audit therefore reviewed risks that might arise from this significant change, such as insufficient staff availability to liaise with donors and monitoring of implementing partners located in Yangon.

The risk assessment also noted access restrictions due to insecurity and bureaucratic challenges, which restricted the humanitarian response. This also meant that programme implementation and results monitoring in some areas were constrained, raising the risk that some planned results may not be achieved. These areas are reflected in this report.

The audit's findings and action agreed

The audit noted several controls that worked well. The office drew up annual workplans together with implementing partners and conducted annual and mid-year reviews. It was managing procurement, supplies and inventory well, and had contracted a third-party monitor to conduct monitoring visits in hard-to-reach areas. The office was perceived as a key player among the United Nations agencies, and its contribution was valued by Union and state-level Government partners, donors and implementing partners.

However, the audit identified a number of areas where risks to achievement of UNICEF's strategic objectives could be better managed. One of these was rated as high priority – that is, there were risks that required immediate management attention. The high-priority recommendation concerned management of cash transfers to implementing partners.

There were also some other areas where risks could have been better managed. For example, results, targets and indicators in the internal results assessment module (RAM) were not aligned with workplans jointly owned with Government partners, creating a risk that some planned results might not be achieved. The office has agreed to review the results, targets and indicators in the 2020 RAM results structure and revise them for alignment with workplans.

The audit also noted that social cohesion and community engagement strategy was not fully integrated across all programme sectors. Also, the office had not implemented its integrated programme strategies on Early Childhood Development (ECD) and Adolescent Development and Participation. This creates a risk that the results planned in these areas might not be achieved. The office has agreed to more fully implement these strategies, and to integrate cross-cutting approaches across communities to address negative behaviours.

There was a risk of limited local-level approach, and this restricted effectiveness at subnational level. The office will implement an inter-sectoral local approach, working with local governments and with the state-level branches of national Ministries.

The country office has also agreed to take measures to address other risks identified.

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.

Audit observations

Programme results

UNICEF practices results-based management; this requires that the results planned should be evidence-based, measurable, implementable, and reportable. The audit noted the following.

Evidence of results reported: The audit reviewed 16 results reported in the RAM and five results in the country office annual report for 2019. Three out of 16 programme results in RAM were not adequately supported by relevant documentation. In two out of five instances, the numbers reported in the office's annual report were not accurate due to inadequate verification of reported data, mathematical errors and/or rounding. Monitoring reports prepared by third parties were used to support result statements; however, in some cases, the third parties relied on the results of insufficient samples as support for major results. This resulted mainly because the partners and office staff lacked adequate skills in results reporting. There was thus the risk that the office may not know whether objectives and results were actually achieved or not.

Differences in results between workplans and RAM: The audit reviewed the 2018-19 multi-year workplans (MYWPs) for the three largest of the five programme sections. It noted differences between the expected results in the 2018-19 workplans and the 2019 results assessment module (RAM).[3] For example, there were expected results in the RAM that were not in the workplans that were funded and jointly owned with Government. This may mean that, contrary to UNICEF programming requirements, the Government had no ownership of some results delivered by the office's programme interventions.

Agreed action 1 (medium priority): The office agrees to review the results, targets and indicators in the 2020 RAM results structure and revise them for alignment with workplans. The office also agrees to develop the capacity of relevant staff and partners to ensure that the results reported are supported with adequate documentation.

Responsible staff members: Deputy Representative Programmes and Chief, Planning, Monitoring and Evaluation (PM&E)
Date by which action will be taken: July 2021

Integrated programming

During 2019, the office drew up strategies for more integrated approaches to Early Childhood Development (ECD) and Adolescent Development & Participation. However, it had not yet implemented these strategies. The audit noted the following.

ECD: There was a risk that the results planned for ECD programmes might not be achieved due to insufficient integration with other sectors. The office's ECD interventions were expected to include components for health, nutrition, early learning, safety and security. For example, ECD implementation should be integrated with sectors such as water, sanitation and health (WASH). However, this was not always the case. The audit noted during a visit to ECD classes in IDP camps that no WASH facilities existed.

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[3] The RAM is an online portal in which UNICEF offices report their results against their targets; these can then be viewed across the organization.

The audit also found a need to create space and opportunities for more integrated ECD-related work by linking it with the office's existing support through Mother and Child Cash Transfer (MCCT), health system strengthening and nutrition, and pre-primary education.

Adolescents: The office had developed the Adolescents strategy to increase focus on adolescent development and participation; however, this had not been fully implemented as of March 2020. During the audit's focus group discussions in an IDP camp, it was noted that over 1,000 children in the age group of 13-17 were out of school. While the field office was responsible for supporting the non-formal education for this age group in the camp, it did not target bringing the adolescents back to school. The audit also noted that a formative evaluation of the adolescence programme had been removed from the costed evaluation plan as the related programme interventions were delayed. There was thus the risk that the results planned for adolescents programmes may not be achieved.

Agreed action 2 (medium priority): The office agrees to, as planned, implement integrated strategies for ECD and adolescents. To best do this, it agrees to work with the relevant Ministries to ensure that this integration is structured in a way that enables effective collaboration with Government partners.

*Responsible staff members***:** Deputy Representative Programmes and Chiefs of programme sections
*Date by which action will be taken***:** December 2020

Decentralization and local convergence

The Myanmar office's 2019 review of its country programme management plan (CPMP)[4] identified decentralization and empowerment of field offices as a strategic priority (see also observation *Office management*, below).

In 2019, the office's mid-year review identified the need for convergence programming in the Kayin region, including convergence of Health and Nutrition services. However, this was not always the case.

Regarding decentralization, the audit noted that field offices' operational plans had only included the country office's planned aggregate, national-level outputs for various programme interventions and did not include specific contributions including output targets, baselines and indicators of the field offices to the national-level outputs. Also, the field offices' activities and budgets were not included in the country office's 2018-2019 multi-year workplans.

Agreed action 3 (medium priority): The office agrees to implement integrated programming at local level. It agrees also to review the field-office result structure for relevance at the field-office level.

Responsible staff members: Chief, Field Services and Deputy Representative Programmes
Date by which action will be taken: June 2021

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[4] When preparing a new country programme, country offices prepare a country programme management plan (CPMP) to describe, and help budget for, the human and financial resources that they expect will be needed.

Communication for Development (C4D)

Communication for Development (C4D) is a key mechanism for promotion of behavioural and social change. The office had a C4D strategy that envisaged working with community groups and obtaining feedback from them to help the office assess behavioural change achieved.

The audit noted that in most cases across the office, C4D interventions consisted of few activities aimed at increasing knowledge and awareness. Where C4D messaging was done, no formal feedback was sought about whether it brought about the desired change in behaviour. There was limited feedback being obtained from community groups with whom the office had worked – including 60 Child Protection groups in Rakhine State, 135 volunteer teachers in non-formal education sector, and about 300 teachers who were being trained on continuing professional education.

Although there was a C4D specialist, the Health and Nutrition sections' two C4D staff members did not have any functional reporting line to her and there was no clear indication of a wholistic, structured approach to C4D activities. There was thus the risk the office was limited in its ability to identify and execute appropriate activities to achieve the behavioural and social change needed for effective programme interventions across sectors.

Agreed action 4 (medium priority): The office agrees to integrate cross-cutting C4D approaches across communities and programme interventions, to collect feedback as well as promoting behavioural and social change. It agrees also to review the reporting lines of C4D staff in the programme sections.

Responsible staff members: Deputy Representative Programmes, C4D Manager and Chiefs of programme sections
Date by which action will be taken: December 2020

Accountability to Affected Populations (AAP)

Country offices should make explicit efforts to include the views and perceptions of affected population in all assessments, surveys and other evidence generation efforts, the results of which should inform programme planning and other management decisions. This is part of the commitment known as Accountability to Affected Populations (AAP) the UN system made in 2011.

During an AAP workshop organized by the office in July 2019, it was noted that participating implementing partners did not collect information from some members of the community – including those with disabilities, child-headed households, children not in school, and elderly people. The implementing partners were tracking the same indicators; however, the office did not know what methods they were using to collect the data, raising the risk of inconsistency in reporting on and drawing conclusions from it. This was because the office had not adequately supported implementing partners with regard to harmonizing the collection methods and dealing with complaints and comments from beneficiaries.

The lack of coverage and data-collection methods resulted in the absence of the reliable evidence needed to inform programming, and made it harder for the office to provide appropriate and necessary services to affected populations.

Agreed action 5 (medium priority): The office agrees to implement consistent data collection from camp and host population, harmonizing collection methods with partners; and to improve beneficiary feedback to inform programme design.

*Responsible staff members***:** Deputy Representative Programmes, C4D Manager, Emergency Specialist, Chief PM&E and Chief of Field Operations
*Date by which action will be taken***:** September 2021

Monitoring and Reporting Mechanism (MRM)

The UN Secretary General's guidelines for the Monitoring and Reporting Mechanism on Grave Violations Against Children in Situations of Armed Conflict[5] require ensuring security and confidentiality of sensitive data. This calls for the establishment of protocols to secure information on children in situations of armed conflict.

MRM partner networks were established in three states and, in others there were implementing partners present to provide sensitive information on grave child-rights violations. The audit noted that, in some cases, these networks and implementing partners required additional safeguards to avoid the risk of unauthorized access while sharing information.

Agreed action 6 (medium priority): The office agrees to implement additional measures to safeguard children's information.

*Responsible staff members***:** ICT manager and Chief, Child Protection
*Date by which action will be taken***:** December 2020

Partnership management

In 2019, the office entered into three small-scale funding agreements for a total of US$ 70,859 and 32 partnership cooperation agreements (PCAs) for a total amount of US$ 11.4 million. Of the PCAs, 14 were for the regular UNICEF programme and 18 for the humanitarian response. The audit noted the following.

Reporting by partners on supplies received: Country offices are expected to have monitoring mechanisms in place to obtain assurance over the storage and use of the distributed supplies.

However, the office had incomplete information regarding the storage and use of the distributed supplies, since it did not obtain any usage data from its implementing partners. The office's programme monitoring reports mainly included information on the number of beneficiaries reached and did not include any information on the storage and use of supplies provided to partners for distribution to beneficiaries. This also indicated that it was not consistently assessing the condition and use of supplies during monitoring visits.

Lack of information on the usage and storage of supplies distributed by the office creates a risk that supplies may not actually be reaching beneficiaries, who would thus not be receiving the assistance needed. This also creates risk of inefficiencies in procurement of supplies, and loss of resources from theft, fraud, diversion or other means. Additionally, unused stock could mean that the programmes have not been fully implemented.

Agreed action 7 (medium priority): The office agrees to implement appropriate procedures to obtain assurance that:

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[5] See https://childrenandarmedconflict.un.org/wp-content/uploads/2016/04/MRM_Guidelines_-_5_June_20141.pdf.

i.   Partners understand their responsibility for the storage, safeguarding, distribution and recording the movement of supplies.
ii. Supplies have been stored, safeguarded, and used/distributed as agreed.

Responsible staff members: Chiefs of programme sections and Supply and Logistics Manager
Date by which action will be taken: December 2020

Management of cash transfers

UNICEF country offices must ensure cash transfers to partners are used for the intended purposes. To do this, UNICEF offices, and those of some other UN agencies, use the Harmonized Approach to Cash Transfers (HACT). This is risk-based. Its principle is to do a risk assessment (a 'micro-assessment') of the specific partner to determine its 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.

The country office had spent approximately a total of US$ 32.8 million on cash transfers to implementing partners in 2018 and 2019. During both years, the office worked with 79 partners, of which 50 were NGOs. The latter accounted for US$ 21.5 million (or 66 percent) of the cash transfers. The audit assessed the office's implementation of the HACT framework and noted improvements were required in its application of HACT if it was to best manage risks of fraud and misuse of funds. Specifically, the audit noted the following.

Programmatic monitoring: From the list of programmatic visits provided by country office, the audit team reviewed a sample of six including one each for a sample of six implementing partners in 2019.   The audit noted that two of the six were in fact non-HACT related visit reports that should not be included in the list of visits provided by office. This is an indication that the office was incorrectly reporting other types of visits to partners such as site visits, capacity building events as programmatic visits. Such reporting could result in reduced number and quality of the required programmatic visits. Further, the audit team's review of the four HACT-related programmatic visit reports noted that two had no clear linkage to workplans or targets, and there was no comparison of actual and planned results for completing the remainder of the planned monitoring visits. Such linkages and comparisons are required to be reflected in a proper programmatic visit report under HACT, to ensure that the office has obtained adequate assurance about the progress on funded activities; otherwise there is a risk it may not have done so.

In addition, there was inadequate follow-up on previous field-visit action points or recommendations from previous assurance activities.

Assurance activities follow-up: Historically the office had monitored recommendations from its assurance activities on an Excel spreadsheet. In 2019 it adopted eTools[6] and started using it as a tracking tool for its recommendations. However, the audit's review of the resolved recommendations found that that the office was not systematically following up on those arising from earlier assurance activities. For 34 of the 60 high-risk recommendations that had been closed, the audit found insufficient evidence to determine how the issues had been resolved. The office had closed these recommendations without adequate supporting documentation (i.e. sending letters to the implementing partners either to get their

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[6] A suite of tools designed by UNICEF to help offices keep track of various functions. The different components are currently being introduced across UNICEF.

commitment that they had taken the necessary action, or stating that the issue would be followed up during the next spot check). This created a risk that the shortcomings identified had not been properly addressed.

Agreed action 8 (high priority): The office agrees to strengthen management of cash transfers by ensuring that programmatic monitoring visits are planned and implemented in accordance with HACT procedures, and that adequate supporting documentation is received before closing recommendations arising from assurance activities.

Responsible staff members: Chief, PM&E with the support of HACT Officer
Date by which action will be taken: December 2020

Office management

In July 2019 the office revised its country programme management plan (CPMP) with a view to restructuring to strengthen its field presence. The office also prepared its 2020 annual management plan, which was intended to address decentralization and put in place a plan of action.

Some steps had been taken to this end. As part of its restructuring, the office will move some positions including programme management to Naw Pyi Taw (NPT),[7] Myanmar's administrative capital, for better advocacy with the line ministries. The office had drawn up a human resources mitigation plan to help staff manage the transition to the country's capital effectively. A small number of staff had already relocated to NPT. A larger process involving about 100 positions was planned for July 2020. However, the audit noted that as of March 2020, no office facilities had been acquired in NPT; the office was still considering how best to do this, on its own or with other UN organizations. The 2019 CPMP revision also called for funds transfer and delegation of authority to chiefs of field offices (CFOs) for functions such as travel authorizations. However, this had not been completed as of March 2020.

Delays in implementing the CPMP decision on relocation to NPT is one of the key reasons for insufficient coordination between the office and the line ministries, which could have a negative effect on the implementation of workplans jointly owned with line ministries. The audit also noted that it was planned to effectively split the country office; it was to go to NPT, but some posts and functions (for example, the Deputy Representative Operations) were going to remain in Yangon – again, there was a potential coordination issue.

Reporting lines and communication: The office's CPMP review had concluded that the current organizational structure was not cost-efficient or effective, and had decided on more decentralization to, and empowerment of, the field offices. However, the audit noted various staff structures that needed clearer reporting lines for optimal functioning. The chiefs of programme sections' performance evaluations did not include provision of technical direction and performance feedback to the CFOs – or to programme staff in field offices, although the latter positions are paid for by the programme sections.

The programme staff reported administratively to the Chief of Field Offices in the country office, but were doing programme implementation for the programme sections; there was therefore a functional reporting line to the chiefs of the sections. One programme section had two staff members in NPT and only one in the field offices, on the assumption that the CFOs' job descriptions would cover the programme's local service/result delivery – but there was no

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[7] NPT, sometimes spelled Naypyidaw, is Myanmar's purpose-built capital city. It replaced Yangon as the capital in 2006.

specific provision for this in CFOs' job descriptions. This meant that field-office staff had very little decision-making authority internally, something that the CPMP review had noted.

The CFOs had not been part of the programme management team meetings, and there did not appear to be communication mechanisms between the programme sections and the CFOs to ensure cohesion in programme implementation and monitoring. The need for close coordination between the CFOs and programme sections had not been identified as a priority in the annual management plans, and was not reflected through key performance indicators in the PERs of the programme section Chiefs. Inadequate coordination and lack of clarity on reporting lines could lead to insufficient coordination between the CFOs and the programme sections, with inefficiencies in programme implementation (i.e. missed opportunities, duplication of effort).

Vacancies: There were 38 vacant positions as of March 2020. Of these, 16 were to be abolished anyway in 2020 as part of the CPMP revision. Of the remaining 22 vacant positions, three were posts newly established in 2020 with ongoing recruitment at various stages, and one was a Junior Professional Officer (JPO) post (for the latter, no donors had confirmed interest). In two cases, candidates had been identified and were to take up their responsibilities in 2020. The recruitment for nine of the vacant positions had been severely delayed (for over a year), due to lack of funding and unavailability of suitable candidates. This may pose a risk of insufficient staff availability for programme delivery.

Staff performance management: Fundraising was a priority in the annual management plan in both 2018 and 2019. The office also identified it as a high risk in its 2019 annual risk assessment. Resource mobilization was the responsibility of the Representative and the Deputy Representative and was included in their performance evaluation reports (PERs). This responsibility was also assigned to chiefs of programme sections in the office.

The audit reviewed the 2019 PERs of the chiefs of sections and found in three out of five instances, the key performance indicators used to assess their performance against the activities were not specific, measurable, attainable, relevant and time-bound (SMART). The lack of SMART indicators could make it difficult to measure the staff performance and result in lack of accountability.

Agreed action 9 (medium priority): The office agrees to:

  i.   Implement measures for coordination with line ministries until the planned move to Naw Pyi Taw takes place, and fill vacancies to ensure adequate staff availability for programme implementation.
  ii.   Establish reporting lines and coordination between programme sections and field offices, in alignment with the CPMP decisions on decentralization.
  iii. Ensure that the performance evaluation reports of staff with fundraising responsibilities include SMART indicators.

Responsible staff members: Deputy Representative Programmes; Deputy Representative Operations; HR Manager and Chief of Field Services
Date by which action will be taken: December 2020

Enterprise Risk Management (ERM)
UNICEF's ERM framework requires that country offices complete a risk and control self-assessment related to the programme/office's objectives on an annual basis.

The audit noted that field offices were not substantively engaged in annual risk assessments. There was thus no field-office level (bottom-up) risk assessment. As Myanmar's context is complex and varies between the regions/states, this could constrain operations as there could be field-level risks that were not properly mitigated.

Agreed action 10 (medium priority): The office agrees to ensure that the annual risk assessment includes all relevant offices, and to conduct risk assessment at the field-office level.

Responsible staff members: Deputy Representative Programmes, Deputy Representative Operations and Chief of Field Services
Date by which action will be taken: March 2021

Business continuity

The country office in Myanmar had a business continuity plan (BCP) dated 25 September 2019 which included all of its eight field offices. This was meant to mitigate risks to the disruption of operational activities including threats of armed or ethnic conflicts, crimes, social unrest and natural hazards (including cyclones, earthquakes, floods, landslides, tsunamis, and volcanoes). Testing and emergency drills help to identify any weakness in BCP and serve as a good basis for making adjustments to the BCP.

The audit noted that the last simulation test of the of the office's BCP was conducted on 15 May 2019, and recommendations were made to improve the plan. However, the field offices were not included in the simulation exercise (the office said it planned they would be in 2020). The audit also noted that the office had had a high staff turnover and most of the staff on the critical staff list, as well has those with various responsibilities in case of an incident, had already transferred to other duty stations and had been replaced with new staff. There was a need to keep the BCP up-to-date in terms of staff.

These issues are all the more important given the COVID-19 pandemic, which requires the office to have staff work from home yet ensure that critical staff can perform their responsibilities.

Agreed action 11 (medium priority): The office agrees to ensure that all its field offices are included in simulation exercises, and agrees to update the BCP's list of critical staff and staff responsibilities.

*Responsible staff members***:** Deputy Representative Operations and Chief of Field Services
*Date by which action will be taken***:** March 2021

Innovations and information security

Fostering innovation is a key change strategy of the UNICEF Strategic Plan. Innovation can occur in everything that UNICEF programmes do, but there is particular scope in new IT technologies. Developing such technology and managing information and data require appropriate governance mechanism consisting of the programme and ICT sections and a framework for designing, securing, investing in, scaling-up and sustaining innovations and oversight.

Myanmar Country Office had piloted, scaled-up, handed over to Government, and/or

discontinued at least 27 different Technology for Development (T4D) innovations in 2018-19. This included the office's support for the development and implementation of an integrated management information system for the Department of Social Welfare in Myanmar. This is intended to cover 1.5 million beneficiaries in the MCCT programme.

However, there was inconsistent or inadequate oversight over selection, funding and scaling-up of projects. The office was aware of the need for a Technology for Development (T4D) governance mechanism to decide how projects were chosen, funded and developed at the time of the audit. However, it had not set up such a mechanism at the time of the audit. There was thus the risk that T4D innovations might not result in meaningful efficiencies and effectiveness in programme delivery, or might incur cost overruns; or that there might be inadequate controls to safeguard potentially sensitive information and data generated and maintained.

Agreed action 12 (medium priority): The office agrees to set up a governance mechanism, with participation from programme sections and ICT, over innovation projects – including the security of sensitive information handled therein.

*Responsible staff members***:** Deputy Representative Programmes, Deputy Representative Operations and ICT Manager
*Date by which action will be taken***:** March 2021

Safety and security

The UN's security policy manual requires that all UN offices check compliance with security Risk Management (SRM) measures or Facility Safety and Security Surveys. In addition, the implementation of approved residential security measures (RSM) is mandatory for internationally recruited and internationally deployed UN personnel and their family members.

The UNICEF East Asia and Pacific Regional Office security advisers had undertaken two recent missions to Myanmar, in February and July 2019. They had made 12 recommendations to the office, and 11 recommendations addressed to both the office and the UN Department of Safety and Security (UNDSS). However, while the UNICEF Myanmar office was tracking the status of the recommendations from the February 2019 report, it was not monitoring those from July. This was due to the fact that the previous security officer had left in August 2019 and the new one had arrived in October. Five out of 12 recommendations had an expected completion date while the remaining seven did not. Four recommendations were completed, and implementation on the remaining recommendations was ongoing.

UNDSS had an SRM process for various areas in Myanmar. However, no SRM document was available for one field office. Similarly, the audit team noted that only 19 RSM self-assessments were completed (given the number of international staff, there should have been 39). There was also no mechanism in the office to monitor implementation of the UNDSS recommendations.

Agreed action 13 (medium priority): The office agrees to monitor and implement all security-related recommendations, and to ensure that all UNICEF offices in Myanmar have security compliance check visits conducted annually.

*Responsible staff members***:** Security Officer
*Date by which action will be taken***:** December 2020

Annex A: Methodology, and definitions of priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, 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 auditees 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 auditees (for example, a regional office or HQ 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

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 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.