

# Internal Audit of the Nigeria Country Office

September 2018

Office of Internal Audit  
and Investigations



Report 2018/07

## Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Nigeria Country Office. The audit sought to assess the office's governance, risk management and internal controls. The audit team visited the office from 4 to 13 December 2017, and further audit work was subsequently conducted at headquarters in New York. The audit covered the period from January 2016 to November 2017.

The 2014-2017 country programme had five main programme components (*Maternal Neonatal Child Health; Water, Sanitation and Hygiene; Nutrition; Quality Basic Education; and Child protection*) and a cross-sectoral component. The original approved budget was US\$ 507.95 million, of which US\$ 304 million was Other Resources (OR). The actual allotment was US\$ 1,111.95 million, of which US\$ 203.95 million was Regular Resources (RR) and US\$ 908 million was OR. RR are core resources that are not earmarked for a specific purpose. OR are contributions that may have been made for a specific purpose or programme, and may not always be used for other purposes 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), up to the approved ceiling.

In September 2017, the Executive Board approved the 2018-2022 country programme, which has four main programme components: *Child Survival and Development; Basic Education; Child Protection; and Social Policy and Gender Equality*. There is also a cross-sectoral component. The total budget for 2018-2022 is US\$1,201.3 million, of which US\$ 237.3 million is RR and US\$ 964 million OR.

The period under audit saw increasing complexity in the armed conflict in Nigeria's north-east. This has caused widespread displacement, violations of international human rights law, acute food insecurity, a shortage of social services and numerous other protection risks. The population in the Chad Basin area have been acutely vulnerable to death and disruption of their livelihoods from mid-April 2015 to date.

UNICEF had in mid-April 2015 designated the situation in Nigeria as a Level Two emergency, meaning the scale is such that a country office needs additional support from other parts of the organization to respond. On 29 August 2016, UNICEF's Executive Director issued a decision memo activating a Level Three emergency for the humanitarian crisis in North-East Nigeria (the states of Adamawa, Borno and Yobe). The Level Three emergency status means the emergency is such that an organization-wide mobilization is called for. It will be in force until at least 31 January 2019.

Nigeria's population was estimated at 190.9 million in 2017,<sup>1</sup> and the country is projected to become the world's third most populous country by 2050. Approximately 45.7 percent of the population is under age 15, and 17.1 percent under age five. This makes Nigeria a significant focus country for UNICEF.

Nigeria is highly decentralized, with each state having autonomy over its own legislation, social policy and state budgeting. The country has 36 states and 774 local government areas (LGAs). UNICEF currently operates in selected LGAs in 30 of the states.

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<sup>1</sup> United Nations Department of Economic and Social Affairs/Population Division *World Population Prospects: The 2017 Revision, Key Findings and Advance Tables*.

The Nigeria Country Office is in Abuja; there are nine zone offices, in Akure, Bauchi, Enugu, Kaduna, Katsina, Lagos, Maiduguri, Port Harcourt and Sokoto. As of November 2017, the country office had 353 approved posts, of which 85 were international professionals, 120 were national officers, and 148 were general service.

The audit identified many areas which were functioning well. The office was acknowledged by the UN Resident Coordinator to have successfully chaired the development of the 2018-2022 United Nations Sustainable Development Partnership Framework. As part of the finalization of the Framework, the office led the exercise of outlining criteria to guide the selection and prioritization of State and local government areas for focus, based on multiple deprivation analyses and other contextually relevant criteria. During 2016-2017, the office ensured meaningful participation of implementing partners in annual planning. The office had also developed a business continuity plan which incorporated a disaster recovery plan for information, communication and technology and tested it in Abuja.

### Actions agreed following the audit

The audit identified a number of areas where further action was needed to better manage risks to UNICEF's activities, particularly in view of the difficult operating environment in parts of the country.

In discussion with the audit team, the country office has agreed to take a number of measures to address these risks and issues. Three are being implemented as a high priority – that is, to address issues requiring immediate management attention. They are as follows:

- Align, as far as possible, the office's own structures and authorities with those of key influencers and decision-makers at national and sub-national level. This should be done through a workforce strategy that covers the use of temporary personnel and includes periodic cost-benefit analyses of all the structures.
- Strengthen contract management by: adequately planning for the use of temporary technical assistance; adequately budgeting for the use of institutional contractors; establishing tangible and measurable outputs and key milestones and monitoring the performance of personnel under institutional contracts against these outputs and milestones; obtaining quotations from individual consultants to obtain best value for money; and linking payments to clearly defined deliverables.
- Strengthen assessments of fraud risks and related mitigating measures to enhance the office's ability to prevent, detect and promptly and accurately report fraud, corruption and other misuse or resources should they occur.

### Conclusion

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

The Nigeria Country Office, the Regional Office for West and Central Africa and OIAI will work together to monitor implementation of the measures that have been agreed.

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## Audit objectives and scope

The objective of the country office audit was to provide assurance as to whether there were adequate and effective controls, risk management and governance processes over a number of key areas in the office. In addition to this assurance service, the audit report has identified, as appropriate, noteworthy practices that merit sharing with other UNICEF offices.

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

### Programme strategies

UNICEF requires the continual generation of new or improved knowledge about children and women, so that programming can be based on their real needs. The country office had prepared a country-specific Situation Analysis (SitAn) during the previous country programme cycle to help design the next country programme. The SitAn included understanding the causes of, and linkages between, deprivations experienced by children. These analyses were validated with various stakeholder groups as part of the process. There had also been a 2016 Common Country Analysis (CCA); this is a collaborative process between the UN agencies, and an independent analysis of the country context, opportunities and challenges, in areas such as development, human rights and the humanitarian perspectives. Together, the CCA and SitAn informed the design of the 2018-2022 country programme for Nigeria.

The audit team sought to establish, based on the SitAn and CCA, what the office would be doing differently during the 2018-2022 cycle.

**Lessons learned:** One programme section did have differences in its strategy from prior implementation periods. In the main, however, the audit found that the office's actual experience in the 2013-2017 country programme was not sufficiently reflected through variations in the strategies and attendant activities planned for the 2018-2022 programme cycle. The strategies in the 2014-2017 programme included targeting and supporting Local Government Areas (LGAs) with the highest levels of deprivation, whilst aiming for more strategic geographic and programmatic convergence. The same strategy and related activities was being adopted in the 2018-2022 country programme cycle without clear evidence of an in-depth risk assessment, informed by the key lesson learned (the failure of some counterparts to honour their commitments) in the two preceding country programmes.

The risks highlighted in the strategy notes were all external and not within the control of the country office. Examples of external risks included: the risk that some counterparts may fail to honour their commitments; potential reductions of funding by some donors; and natural disasters, etc. Yet, there were no succinct analyses of the actions to address these challenges, building on what had been learned in the prior implementation period.

Further, the audit team noted that some assumptions on which success of the programme was premised were contradicted by related key risks to programme implementation. For

example, the assumption that “improved sector governance and budgeting will positively impact service access” was contradicted by the identified risk of “poor funding environment, weak governance and budget management adversely impacting service quality thereby eroding gains”. Some assumptions had no identifiable risks and/or mitigating actions. In terms of mitigation, it was stated that “the programme builds on the widely-acknowledged strengths, trust in UNICEF at federal and state levels and results to date, and will continue strong advocacy at the state and federal levels to ensure realization of government commitments to implement policies and plan”.

The Nigeria Country Office stated that the preparation processes of the country programme, country programme management plan and strategy notes with the risk analyses had been subjected to a quality reviews by the regional office. The audit team acknowledged this as good practice that could meaningfully contribute to further refinement of the 2018-2022 country programme to ensure that it benefits from a more a comprehensive risk analysis and embodies lessons learned from previous programmes.

**Convergence:** This is the provision of different services or interventions so that there are syntheses between them, so that they respond holistically to children’s needs and to their environments. Previous country programmes had emphasized convergence as a major strategy. Thus in 2014 the Nigeria Country Office had drawn up a strategy to provide integrated packages of child-oriented services to the LGAs, and agreed in replying to OIAI’s last audit report on the office (2015/33) to operationalize their “road map” for convergence.

However, limited progress was made on convergence during the 2013-2017 country programme period. Some in-house experience on implementing convergence had been acquired through a European Union-funded multi-sectoral initiative on Primary Health Care (PHC) revitalization. However, it was not yet clear how the PHC experience would contribute to integrated planning and multi-sectoral convergence. In meeting with some implementing partners, the audit team noted disparities in understanding as to how the PHC experience would become an integral part of programming in the future. In addition, there was no analysis of risks entailed in the operationalization of a convergent approach or on the sequencing of planned results.

The office stated that it had taken specific steps to operationalize convergence under the 2018-2022 country programme in preparation for an efficient and effective rollout of the convergence strategy. The steps were stated as: the establishment of criteria for prioritizing LGAs and wards for convergence; providing CMT-approved guiding notes to CFOs to guide their work in the field; and creating a dedicated management for results (“M4R”) Unit to ensure progressive and innovative methods of integrating cross-cutting implementation strategies and concepts.

The office also stated that joint planning of state-level engagements was undertaken, in which steps and timelines for implementing convergence at LGAs and ward levels were articulated and agreed upon, as well as coordination mechanisms. The audit confirmed that the office had established criteria for prioritizing LGAs, wards and mapping. However, at the time of the audit, the office was unable to provide evidence about the other key activities such as the creation of a dedicated M4R Unit, issue of guidance notes, and joint planning of state-level engagements.

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

- i. Ensure that the implementation of the 2018-2022 country programme is underpinned by a comprehensive risk analysis that embodies lessons learned from previous programme cycles and examines emergent assumptions. This analysis will inform the choice and sequencing of activities.
- ii. Define the key processes needed for the effective operationalization of a convergent approach, and to clearly articulate accountabilities for implementation of those processes and for follow-up of their outcomes.

Responsible staff members: Chief M4R and Planning Specialist

Target date for completion: 31 December 2018

## Workforce structures and deployment

If a country office thinks it needs to change its physical presence and structure, it should consider doing a risk assessment to identify the risk and opportunities of each option. The changes chosen should then be made through a PBR<sup>2</sup> process. UNICEF's administrative instruction on *Management of the Organisational Structure* also requires country offices to conduct cost-benefit analyses of any new proposed structure. Normally, this is done through the CPMP.<sup>3</sup>

A PBR had taken place; however, at the time of the audit in December 2017, the office was unable to provide the audit team with the completed CPMP and the approved structure for the 2018-2022 country programme. A review of the existing staffing structure and deployment, and discussions with staff on the changes proposed in the PBR, indicated the need for the office to appropriately align its staffing in terms of number and skills with the levels of deprivation in the respective regions, and with the needs and coverage of the respective zone offices.

**Regular staff structure:** At the time of the audit, Abuja had 45.3 percent of all posts, followed by the zone offices in Bauchi at 8.8 percent and Enugu and Kaduna with 7.4 percent each. In respect of programme staff, Abuja, followed by the Bauchi zone office, were cost heavy. Nearly 43 percent of operations staff were based in Abuja, followed by 9.8 percent in Lagos. The audit acknowledged that the current levels might be due to several factors, such as differences in roles, responsibilities and functions and levels of staff. However, it was concerned that the lack of a verifiable analysis meant that the Nigeria Country Office had not yet taken adequate steps to establish appropriate staffing structures for its 2018-2022 programme.

**Temporary staff structure:** Temporary staff are a flexible and cost-effective way of dealing with peaks in workload like during an emergency response, or applying specific specialist interventions when required. Such resources are more effectively deployed when reviewed as part of a strategic workforce planning exercise to address key skills gaps, and further

<sup>2</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.

<sup>3</sup> 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.

reviewed as often as necessary to ensure that they are still required.

During 2016 and 2017, the office had used contractors 456 times in staff-like roles and consultants 290 times for specialist services. Of the total use of contractors and consultants, 25.5 percent was in Abuja; the next largest percentage was in Bauchi at 14.5 percent. On average, each year, the office issued contracts for the equivalent of 65 percent of its approved staff posts for staff-like functions, and an additional 41 percent of its approved posts for specialist services. During 2016-2017, most of the work in the Maiduguri zone office was performed by temporary staff. Additionally, 241 facilitators were deployed at state and LGA level, in support of social services and to address issues of access in high security-risk areas. Of these facilitators, 45.6 percent were deployed by the Health section.

Uncontrolled use of temporary staff can raise the risk of inefficiencies and reduce retention of institutional knowledge. It can also reduce effectiveness because temporary staff may lack comprehensive knowledge of the organization.

The use of temporary personnel (countrywide) appeared more aligned than permanent staff with the programme goals and levels of deprivation in the regions. However, the programme sector spread was uneven. Communications for Development (C4D)/Polio personnel were more evenly spread; however, there was a dearth of Social Policy and Child Protection personnel in the north and, more specifically, in the north-west (in the latter, there were no child protection staff deployed at all). For Social Policy, despite the decentralization of government, all personnel (other than two in Abuja) were in the southern regions.

**Actions taken by the Nigeria Country Office:** During the audit in December 2018, the office stated that the PBR process was at that time incomplete. It said that, given the large size of the country, it was unable to conclude all the issues related to human resources in the PBR and some issues were pending: 1) having required skills, 2) more balanced distribution of work, 3) ensuring emergency response was taken care of throughout the transition period, and 4) better balance between national and sub-national level. The PBR had decided to partially approve the submission and postpone the question of balancing staff between Abuja and the field and the establishment of the most appropriate management structure at sub-national level to 2018.

Subsequently, in February 2018, the office told the audit team that issues related to staffing skill, spread by sector, cost-benefit analyses and development of a workforce plan had already been addressed through the CPMP, and that both the country office and the regional office were working towards ensuring an optimal office structure. As such, from 2018 onwards, posts in Maiduguri are predominately fixed-term rather than temporary assistance.

**Agreed action 2 (high priority):** The country office agrees to:

- i. Review the staffing skill spread by sector and level, to better align UNICEF's structures and authorities with influencers and decision-makers at national and sub-national level. This review will also reflect state-level programme strategies and workloads.
- ii. Periodically subject all the country office structures to cost-benefit analyses so as to ensure their continued efficiency, and make adjustments where needed.
- iii. For the 2018-2022 country programme, develop a comprehensive workforce plan that covers the peaks and flows of the workload and potential specialist skill gaps, enabling the most appropriate and cost-efficient use of temporary staff and skills.



Responsible staff members: Representative, Deputy Representative and Chief of Operations  
Target date for completion: 30 June 2019

### Accountability framework

Clarity of accountabilities is even more important than usual in a decentralized setting. Effective performance management of individuals, programmes, sections and offices is only possible if roles and accountability for achievement of results are clearly delineated.

At the end of 2015, the CMT<sup>4</sup> had approved an accountability framework for the 2014-2017 country programme. This framework identified key roles and staff responsibilities. However, it had not been updated to reflect subsequent changes in structure, roles and reporting lines, and had therefore not been operational for some time. No updated framework had been presented to the CMT at the time of the audit.

The 2017 AMP<sup>5</sup> outlined the responsibilities and priorities of zone offices; this included state-level work planning, monitoring and HACT<sup>6</sup> implementation. The AMP also stated that support would be provided by Abuja section chiefs' travel to zone offices, and minimum requirements to achieve this had been established. However, this is not systematically monitored, though in one CMT meeting in 2017 section chiefs were urged to visit the zone offices.

**Agreed action 3 (medium priority):** The office agrees to review and update its accountability framework, to ensure clarity of accountabilities in the results chain; and ensure that the Country Management Team approves the updated framework.

Responsible staff members: Deputy Representative and Chief of Operations  
Target date for completion: 30 September 2018

### Management of facilitators, consultants and contractors

The previous audit of the Nigeria Country Office had noted instances where the policy regarding the use of individual consultants was not complied with. To address this, the office signed two Long-Term Arrangements (LTAs) in 2016 and 2017 with two accounting firms. The LTAs covered the administration of State and LGA-level consultants ("facilitators") providing technical assistance and capacity building, and the management of funds for volunteer social mobilizers. According to the two firms, the office had used 733 facilitators over the two years. A total of US\$ 22.8 million was disbursed against the LTAs.

The LTA signed in 2017 had a budget of US\$ 30 million for a period of one year, which was more than the US\$ 26.7 million incurred by the country office to hire consultants and individual consultants between 2014 and 2017. However, the Contract Review Committee (CRC) documentation for this contract did not indicate the basis for this significant increase.

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<sup>4</sup> 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.

<sup>5</sup> An office's Annual Management Plan (AMP) ensures that that office's human, financial and other resources remain focused on the country programme and its hoped-for outcomes for children and women. To this end, it establishes key priorities, and assigns staff responsibilities for them. Progress on these priorities should normally be monitored by an office's CMT,

<sup>6</sup> See observation *Fraud risk*, below.

The audit also noted that the office had obtained the Standard Operating Procedures (SOPs) for one of the firms, but had not done so for the other. The firm that did not provide SOPs was responsible for identifying, managing and supervising facilitators. Some Government implementing partners spoken to by the audit stated that, at times, the terms of reference for facilitators deployed by the firm were not appropriate – so they assigned the facilitator in the way they thought most suitable. They also noted that they had not been formally requested to provide input on the performance of the facilitators.

The office had outsourced several functions at both state and LGA levels to individual consultants, mainly for security reasons. However, despite the high number of consultants, the office had not developed a clear strategy for capacity-building assistance. The extensive use of consultants and facilitators carries the risk of, amongst other things, reduced value for money, capacity and institutional knowledge management.

**Consultants and contractors:** UNICEF uses three categories of temporary external service providers – individual consultants, individual contractors and institutional consultants. The Division of Human Resources sets policy for individual consultants and contractors, whilst the Supply Division covers the processes for establishing institutional contracts. During 2016 and 2017, 682 individual and consultant contracts were signed, amounting to US\$ 12.3 million.

The audit found that the requirements for temporary staffing of the zone offices were not adequately planned for. Consultants and individual contractors were deployed based mainly on needs expressed by programme chiefs based in Abuja. There was insufficient evidence of an assessment, or of collaboration with the respective zone offices to establish the need for the services.

The Nigeria Country Office said that it regarded the planning and the budgeting process of the temporary assistance for the country programme as an integrated part of the CPMP, which is a strategic multi-year planning document that describes the main management structures and mechanisms for the country programme. However, as stated in a previous observation, the office was unable to provide the audit team with the CPMP. The office also stated that it had conducted a review in 2013 in consultation with the UNICEF Legal Office in New York which set out the reason for the use of consultants and contractors. However, the office did not provide the audit team with this 2013 review either – and besides, this is now outdated so could not be considered as adequate for the purposes of the 2018-2022 programme.

The audit reviewed a sample of 17 individual contracts (12 consultants and five contractors) and found that:

- In 12 instances, the terms of reference described generic functions, rather than specifying specific, measurable, attainable, reliable and time-bound (SMART) deliverables that could be used as the basis for evaluating the consultant's or contractor's performance.
- For nine contracts, the payment terms were not directly linked to specific deliverables. This increased the risks of paying for services that had not been fully received or otherwise not getting good value for money spent.

Clearly defined activities, and payments linked to deliverables with specific deadlines, would help an office monitor progress and get the best value for money.

**Agreed action 4 (high priority):** The office agrees to strengthen contract management,

including the following:

- i. Plan for temporary technical assistance staffing in light of clearly identified capacity building needs and the relevant zone-offices' capacity to manage additional resources, and a clear strategy for more sustainable capacity and systems building.
- ii. Set budgets for institutional contracts for personnel according to technical assistance needs, and monitor use of such contracts to ensure that it is reasonable. Systematically assess performance of personnel under these contracts in cooperation with the government institutions to which they are assigned.
- iii. Ensure that personnel under institutional contracts have tangible and measurable outputs and key milestones.
- iv. Require individual consultants and contractors to regularly provide quotations for their services to obtain best value for money, and link payments to clearly defined deliverables.

Responsible staff members: Deputy Representative and Chief of Operations

Target date for completion: 31 December 2018

## Work planning

Annual workplans are the first step in operationalizing a country programme. They define annual targets, and outline activities to be carried out over the implementation period.

**Results definition:** The audit reviewed the 2016-2017 workplans and noted that planned results were not always sufficiently specific, measurable, attainable, reliable and time-bound (SMART). For example, in the prior country programme, there was an output "Increased equitable access to early learning and basic education in development and humanitarian situations". However, it was unclear how the office would measure "increased equitable access". The audit also noted the lack of SMART indicators to assess achievement of some planned outputs related to "sustained access" and "quality". Some national-level output targets in the workplans were also used as state-level targets without contextualization. In addition, some baselines varied between the 2015-2016 and 2016-2017 workplans.

The office said that the rolling workplans for the 2018-2022 country programme had specific and achievable timelines and targets, and that baselines differed from one period to the other were due to contextual dynamics. The office also stated that in preparing the workplans, it was guided by the results-based management (RBM) principles on SMARTness. However, these rolling workplans for 2018-2022 were not made available to the audit team for its review during the audit in December 2017.

**Evaluative input:** The planning for the country programme would have benefitted from additional evaluative activities, particularly of a thematic nature.

The office's evaluation strategy had commenced in 2016, with a plan for 10 evaluative activities. At the time of the audit, three of these evaluations had been completed and three were assessed by management as "on track". Two of the 10 were thematic evaluations of UNICEF-supported capacity-development activities and community development. The rest of the planned evaluations were on specific projects (e.g. in birth registration and basic education). In the office's 2018-2022 costed evaluation plan, only one out of eight planned evaluations had an integrated cross-sectoral focus.

Response to the humanitarian crisis was another area that lacked sufficient evaluative input. An independent assessment of UNICEF's humanitarian response in four crisis-affected countries (including Nigeria) noted that while the humanitarian response had met some of its initial targets, the need for implementing life-saving activities diverted focus from the strategic response; and that UNICEF spread itself too thinly to the detriment of quality on the ground. Observations such as these demonstrate the critical need for objective assessments, and provide valuable input into required changes.

The office said that it was already ensuring the sufficiency of evaluative input to inform programme planning, and would continue to do so in 2018-2022; and that the country evaluation plan would be updated during the mid and end year reviews in consultation with government partners to ensure a convergent evaluation strategy.

**Agreed action 5 (medium priority):** The office agrees to ensure that:

- i. Key elements of the workplan outputs, such as quality and sustainability, are set out in a specific, measurable and time-based manner.
- ii. Baselines and indicators are clear and consistent, and are appropriately contextualized and adjusted, as appropriate, at federal, state and Local Government Area level.
- iii. There is sufficient evaluative input to determine the effectiveness of key programmes/strategies and inform programme planning on a timely basis.

Responsible staff members: Section Chief and Planning Specialist

Target date for completion: 31 December 2018

## Resource mobilization

The audit reviewed the country office's resource mobilization<sup>7</sup> approach and noted the following.

**Resource mobilization strategy:** The resource mobilization strategy in support of the new 2018-2022 country programme was finalized in February 2018 after the audit. Due to the lack of coordination in the past, there were overlaps and avoidable competition in resource mobilization, as each sector of the country office was approaching the same donors separately. Such sectoral approaches also increase the risk that particular "donor-orphan" sectors/outcomes will continue to be underfunded. To address this, the office told the audit team that it intended to implement centralized donor coordination mechanisms and improve internal communications on resource mobilization.

The office also stated that fundraising activities would be monitored in section chiefs' meetings; however, the proposed mechanism did not clearly delineate respective accountabilities. In addition, many of the activities were tied to earmarked medium-term funds. For the 2013-2017 country programme, most of these earmarked funds came from the top three donors that accounted for 59 percent of the contributions. The office, with the

<sup>7</sup> While the terms "resource mobilization" and "fundraising" are often used interchangeably, the former is slightly broader; although fundraising is its largest single component, it also includes mobilizing resources in the form of people (volunteers, consultants and seconded personnel), partnerships, or equipment and other in-kind donations.

support of the Private Fundraising Partnerships (PFP) Division, had begun to develop private partnership strategies that would mitigate this dependence, but work in this area was nascent.

The audit also noted that the traditional donors were attaching more conditions to the contribution agreements that potentially limited the office's support to essential programmes. For instance, there was a proposed clause related to specific criteria for targeting that would limit outreach. Another stated that specific implementing partners could not receive direct cash transfers. In both instances, it would be necessary for UNICEF to develop additional procedures to ensure adherence to these conditions. This could lead to delays in implementation and add costs to the implementation activities.

In the audit's view, diversification of funding sources could allow the office to allocate resources more equitably, including to chronically underfunded sectors and regions. As of December 2017, the office's Other Resources (OR) budget had US\$ 1.05 billion in funds, representing 88 percent of the total ceiling. However, a detailed review of individual programme components showed larger funding gaps in programmes such as Adolescence Development (57 percent underfunded), Emergency and Disaster Risk Reduction (54 percent), WASH (30 percent), and Education (26 percent). To mitigate the risk of funding gaps, there was a need for diversification of funding sources to allow the office sufficient flexibility in allocating resources. The office's fundraising activities needed to focus on overcoming known challenges such as donors' sectoral and geographic preferences, high proportions of earmarked contributions, or delays in receiving Government counterpart funding.

***Humanitarian Appeal for Children (HAC):*** According to the December 2017 Situation Report, the funding gap for the emergency was approximately US\$ 37.5 million against the 2017 HAC appeal,<sup>8</sup> which sought US\$ 146.9 million. Of the funds received, US\$ 31.5 million were actually carry-over funds from 2016. The main sectors that were underfunded were Child Protection and Health, both by 59 percent. At the time of the audit, it was unclear what measures the office had taken to prioritize particular protection activities to best use the available funds. The office stated that the funding gaps did not necessarily mean that the planned activities were not carried out, as day-to-day management actions were sufficient to ensure funds prioritization.

***Advocacy:*** In the Global Communication and Public Advocacy strategy, UNICEF recognizes that achieving results for children is not solely through the implementation of activities but is also about how UNICEF builds a coordinated public advocacy operation that supports shifts in public policy, fuels social engagement and increases private and public resources for children. An integrated resource mobilization, advocacy and communications strategy would reflect this. However, although the office had identified advocacy priorities in the 2017 AMP, they were not part of a coherent resource mobilization and advocacy strategy.

The Chief, Field Services provided the zone offices with back-up on advocacy, but to be more effective, communication and public advocacy should be defined by the individual states' context and must also be integrated with programming at a local level.

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<sup>8</sup> HAC stands for Humanitarian Action for Children. An HAC is an appeal that UNICEF launches for assistance for a particular crisis or emergency response, and will state how much UNICEF thinks it needs to raise for a given situation. The appeals page is at <https://www.unicef.org/appeals/>; the page for Nigeria can be found at <https://www.unicef.org/appeals/nigeria.html>.

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

- I. Develop an integrated resource mobilization and advocacy strategy for the country programme. This will underpin programmatic convergence, and include mechanisms of coordination and a clear delegation to the relevant staff of responsibilities for resource mobilization. It will also include analysis of donor environment and a focus on increasing funding diversity.
- II. Regularly monitor resource mobilization targets to enable prioritization, or adjustment of outputs if funds are inadequate.

Responsible staff members: Chief M4R and Resource Mobilization Specialist

Target date for completion: 31 December 2018

## Fraud risk management

The office's own risk assessment noted a number of key risks – for example the possible impact of the polio campaign on Routine Immunization, and poor supply-chain management leading to breaks in supply (particularly for vaccines). However, there were inadequate actions to mitigate these risks. For example, for vaccine management, the response is simply stated as “capacity build”. Moreover, each zone office operates in a unique environment, yet there were no separate contextualized risk assessments for the zone offices.

The audit particularly noted this with regard to fraud risk. PEFA assessments<sup>9</sup> performed at Federal and State levels show that the fiduciary risk levels differ considerably from state to state. Context-specific risk and fraud assessments would capture this and hence aid effective decisions about the way the office funds and works with implementing partners.

Because of the emergency, the budget for the 2018-2022 country programme shows an increase of over 247 percent when compared to the budget in the 2013-2017 country programme document. The higher expected volumes of transactions and amounts to be spent in hard-to-reach areas pose a significantly higher risk of fraud. The lack of access and ‘eyes on the ground’ in such areas further heightens the risk of diversion, misappropriation and theft. The last macro-assessment,<sup>10</sup> and recent audits performed by two donors, also point to the heightened fiduciary risk.

The office's risk assessment had identified the risk of fraud and outlined the main mitigating action as implementation of the Harmonized Approach to Cash Transfers (HACT). HACT is a set of procedures used by several UN agencies, including UNICEF, to ensure that cash transfers to partners are used as intended. Its principle is to do a risk assessment of the specific partner, and set the level of assurance activities accordingly. This is meant to cut down on bureaucracy without reducing vigilance in cases where fraud seems more likely. However, the audit team found weaknesses in the way in which the assurance activities under the HACT procedure had been applied. (These are discussed below in a separate observation, *Programme assurance*.)

<sup>9</sup> The Public Expenditure and Financial Accountability (PEFA) framework, established in 2001, is a tool for assessing the status of a country's public financial management (PFM) system. The PEFA framework provides the foundation for evidence-based measurement of PFM performance at a specific point in time.

<sup>10</sup> A macro-assessment of a country's public financial management is part of the HACT process referred to in this observation. The macro-assessment will be carried out by a competent body or organization, sometimes a donor.

Further, on a more general level, the office had not performed a fraud risk vulnerability assessment of the various specific types of fraud and abuse that the UNICEF programme faces, such as asset misappropriation, fraudulent statements, corruption, bribery and conflicts of interest. This would have helped identify which activities were most vulnerable to fraud, as well as how HACT procedures should best be applied, what additional measures for prevention, detection and reporting were needed, and what resources were worth devoting to those measures. The office had begun to increase the number of direct payments and utilize mobile money for the payment of Volunteer Community Mobilizers. However, the lack of a fraud risk vulnerability assessment meant that it could not know how effective these measures were in reducing the overall risk, and there were no targeted and specific fraud-related training activities or counter-fraud champions, despite the extremely high risk levels.

This limitation means that the office could not reliably confirm the reliability and integrity of its operational and financial reporting. For example, the office's low level of cash-transfer refunds, reprogramming and write-offs was in sharp contrast to the losses and ineligible expenses reported by other organizations performing similar development work. There were also very few other write-offs – for example in inventory, despite concerns related in the supply chain (see observation *Supply and warehouse management*, below).

There had been past instances of reported irregularities in stipends paid to volunteers and Government officials. Recently, a programme section in a zone office had noted falsification in numbers for such a stipend. At the time of the audit, the zone office was working to reduce the numbers of personnel to be paid. The programme section had noted that the numbers provided by partners did not always tally with the situation on the ground, on the occasions when checks had been performed. However, it is unclear to what extent lessons learned from these incidents were being considered across the whole programme and by other programme sectors that were paying stipends in hard-to-reach areas.

In high-fraud-risk environments, organizations develop specific procedures to assist identification of anomalies and abnormal trends in programme performance or other activities. This can be done through (for example) exception reporting, using information collated from all programme monitoring tools. However, the Nigeria Country Office had yet to do this.

The audit noted that such mechanisms would also have been especially helpful for the emergency response, where there was a lack of coordinated feedback mechanisms and end-user monitoring. These are channels through which falsification of numbers, diversion of resources and other forms of corruption can be identified. The Humanitarian Coordinator told the audit team that there were plans to develop an inter-agency system. Benchmarking with other organizations on their anti-fraud activities and monitoring are means by which the Nigeria Country Office can either gain assurance that its programme design and management practices are minimizing the risk of fraud, or else respond more effectively to those threats.

The office stated that it had elected to await the policy and procedures that were being developed by UNICEF headquarters, and intended to comply fully with the guidance when it was available. It attributed its failure to perform a fraud risk assessment to the absence of a tool or guidance within UNICEF, and stated that guidance and tools for fraud-risk vulnerability assessment were part of the strategy that was being developed by DFAM.

While acknowledging the ongoing roll-out of the corporate anti-fraud strategy, the audit is of

the view that the ultimate responsibility for the prevention, detection and reporting of fraud remained with the office. Moreover, when the strategy is available, the office will still need to implement it in accordance with its own context, and possibly take additional measures that the corporate strategy and tools do not cover.

**Agreed action 7 (high priority):** The office agrees to revisit and strengthen its approach to the risk of fraud and corruption in its programmes and other activities, including the following:

- i. Perform a fraud-risk vulnerability assessment that considers the specific programmatic and operational contexts of UNICEF's programmes in Nigeria.
- ii. Based on the assessment, identify relevant job functions within the office and ensure they receive appropriate and targeted fraud-risk training, and support from senior country management to discharge their responsibilities.
- iii. Using the results of the assessment, institute targeted mechanisms and tools to increase information sharing on fraud, increase anti-fraud activities, and strengthen the office's fraud-risk response mechanisms and perform periodic reviews of the efficacy of these mechanisms.
- iv. Identify the appropriate sub-national levels at which risk assessments in general, and mitigating measures, should be placed in context so as to better inform decentralized programming.

Responsible staff members: Chief of Operations and Chief of Field Operations

Target date for completion: 31 March 2019

## Programme assurance

Assurance activities allow an office to receive reasonable assurance that activities agreed with partners have been performed as planned and that the funds are properly spent. Under HACT, such activities include spot checks on partners' financial management and scheduled audits (special audits can also take place if circumstances demand it).

The audit team reviewed the information on assurance activities provided by the office. It noted that, in several instances, recommendations arising from spot checks that required action in one to three months remained open beyond the deadline and there was no written explanation as to why. Also, relevant information, such as the date on which the spot-check report was sent to the implementing partner, was not included. The audit noted cases where it took approximately 70 days to send the spot-check report to the implementing partner and in some extreme cases more than 200 days.

HACT activity trackers were maintained separately by each zone office but were not collated into a summary overview at country level. In addition, although the office had a process to follow up on the implementation of issues identified during scheduled audits, it did not include information such as implementation timelines, responsible personnel and current status. The audit also found that the office continued to disburse funds to partners regardless of issues detected within monitoring activities. The reasons for such exceptions were not recorded.

The above weaknesses made it harder for the office to monitor the efficacy of these assurance activities and take any corrective action on those activities found necessary.



The audit also reviewed the processes for ensuring that cash transfers to partners and vendors were disbursed promptly and accurately. According to the office's Standard Operating Procedure, the process for validating the payee accounts details included the completion of the Vendor Master Data Request Form. The audit tests showed that in some cases Government partners had provided the office with an official communication alongside the data request form; however, in other cases there was no official acknowledgment of the details of the account or its signatories. The lack of a proper means of validation of partner/vendor information, such as bank account details and background checks, increased the likelihood of funds being misused or misappropriated.

**Agreed action 8 (medium priority):** The office agrees to review and strengthen its assurance activities, including to:

- i. Ensure that high-risk recommendations, including those detected through special audits, are resolved promptly, and that timelines and responsible personnel are identified for their resolution.
- ii. Identify and resolve the causes of delays in communicating findings and recommendations to partners.
- iii. Ensure that the HACT activity trackers include all relevant information on assurance activities and their findings, and that this information is also available at country level.
- iv. Ensure that vendors' information is properly validated (through background checks and bank accounts), and that the relevant supporting documents are maintained alongside vendor data forms.

Responsible staff members: Deputy Representative, Chief of Operations and Chiefs of Field Offices

Target date for completion: 31 December 2018

## Emergency response

On 29 August 2016, UNICEF's Executive Director declared a Level Three Corporate Emergency for the humanitarian crisis in North-East Nigeria (the states of Adamawa, Borno and Yobe). This will be active at least until 31 January 2019. This followed high and increasing complexity in the armed conflict, previously designated a Level Two emergency.

The armed conflict in Nigeria's north-east has evolved over the years, causing widespread displacement, violations of international human rights law, acute food insecurity, a shortage of social services and numerous protection risks. As it is essentially a protection emergency, all humanitarian actors are required to identify the most serious protection risks for affected communities, explore their causes and effects, and jointly decide how to prevent and respond to them.

The crisis is defined as a protracted crisis, as significant portions of the population in the Chad Basin area have been acutely vulnerable to death and disruption of livelihoods from mid-April 2015 to date, with no immediate solution in sight. Most of the disruption and violations occurred when the insurgents began to systematically attack education and infrastructure. However, acute deprivation was already present in Borno and Yobe states, and social services were already weak. This is important because there is a need to differentiate between life-saving humanitarian activities (which require timeliness, coordination and access) and the often very different responses that may be needed in protracted crises (which require

systems strengthening to support recovery and build resilience).

The audit reviewed the Nigeria Country Office's response mechanism. It noted the following.

**Programmatic frameworks:** The framework for the emergency response is the inter-agency Humanitarian Response Plan (HRP) and reporting is performed under that. Development activities are set out in the UNICEF country programme's own state plans (including the North-Eastern states, which are also covered by the emergency response), but there was no clear linkage between the two frameworks. In addition, how performance would be measured for some programmes in the country programme document was unclear, as the validity of baselines and means of verification (MoVs) were weak. For example, in Education, where one of the MoV was Government data, the State Ministry of Education in Borno maintained an Education Management Information System (EMIS) that provided information from a once-a-year census to the National Bureau of Statistics/Federal Government. This was separate and did not reconcile with the data maintained by the State Universal Basic Education Board (SUBEB), with which UNICEF worked and from which it drew information.

A SUBEB official also informed the audit team that they were aware that some of their sources of information were weak. For instance, the number of teachers in the system was based on membership in the teachers' union, which in turn was based on a payroll whose accuracy could not be guaranteed. Without clearer development programme indicators, MoV and unique record coding for development activities, it was unclear how accurately the performance of these activities could be assessed. Lack of clarity increases the risk that results reported for uniquely country programme activities might not synchronise with, and/or might duplicate, those reported for the emergency response.

**Relief to recovery:** For the emergency, the main coordinating partners have been the state governments. During the onset, in response to the weak social service systems on the ground, humanitarian actors provided support to local service providers to enable the provision of assistance to the affected population. Inadequacies in the funding of state agencies and LGA structures have meant that humanitarian actors have had to fund capacities to respond. To balance this, there had been a recent push to use more international and national NGOs. However, because of limited access to affected areas, most of the international NGOs also subcontract, thus increasing the cost of implementation.

The Nigeria Country Office trains the national NGOs and funds their operations, making them better service providers. Also, in education, the State agency noted that there was a proliferation of national NGOs outside the relevant Working Group<sup>11</sup> that had been attracted by the humanitarian funds and were working with other development agencies such as international financial Institutions. The coordination of actions and/or advocacy with other humanitarian/development actors is key to achievement of results.

Moreover, in the long term, without a deliberate shift to systems strengthening, support to local institutions may undermine rather than strengthen them. An example of this is polio.

Nigeria has been re-designated as a polio-endemic country, only a year after almost being

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<sup>11</sup> The working groups, known as clusters, are groups of humanitarian organizations, both UN and non-UN, in each of the main sectors of humanitarian action, e.g. water, health and logistics. They are designated by the Inter-Agency Standing Committee (IASC) and have clear responsibilities for coordination.

declared free of poliovirus. The main problem has been poor surveillance and immunization coverage in the hard-to-reach areas of Borno and Yobe states. There has been heavy focus on improving the immunization coverage and surveillance in these conflict areas. However, the audit noted that the polio programme volunteer community mobilizers, volunteer environmental surveyors, doctors and vaccinators were paid a stipend for working in difficult areas, and incentives were given to communities to encourage them to bring their children for vaccination. The risk is that, in working to change behaviour, UNICEF may create dependency – and at the time of the audit, there was no agreement with the Government that it would maintain the system. If it does not, the withdrawal of stipends and incentives may adversely affect the gains made.

Similarly, the response mechanisms for Education and Health are primarily focused on incentivizing volunteers in the absence of Government workers to provide services in hard-to-reach and conflict areas. Again, in the long term this runs the risk of impeding systems-building, and creating dependency.

In general, the audit found that few activities were systematically planned and performed together; there was a need for a more convergent approach.

The audit also noted that there are known weaknesses in the Management Information Systems (MIS), compounded by reliance on the outdated 2006 Population and Housing Census. This has an impact on some of the interventions; for example, the approximation of the denominators for Routine Immunization, as inaccuracies increase the risks of wastage and or shortage.

**Protection issues:** The office had taken steps to strength its Child Protection response in 2017, as weaknesses were noted in the Gender-Based Violence programming. These actions include training for implementing partners and the military on PSEA<sup>12</sup> and GBV<sup>13</sup> (documentation was shared in June 2018). However, there are internal and external challenges to progress. The PSEA programming had begun to be more systematically implemented over the previous year; however, the office lacked a consistent requirement on PSEA for partners. In addition, there were no mechanisms in place for promulgation of such requirements and no means of monitoring to which partners it had been applied. The Child Protection Management Information System was weak, with some significant backlogs, as there were some inefficiencies in the processes for information gathering and sharing.

Finally, despite it being a protection emergency, at the time of the audit UNICEF had not put in place a complaints mechanism and beneficiary feedback mechanisms to enhance their accountability to affected populations. The UN Humanitarian Coordinator informed the audit team that inter-organizational systems were currently being set up.

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

- i. Expedite the Sexual Exploitation and Abuse and Gender-Based Violence training for all implementing partners in an emergency, then roll out to development programmes.
- ii. Enhance the emergency response including through the following steps:
  - a. Strengthen the country programme activities performance metrics, and

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<sup>12</sup> Protection against Sexual Exploitation and Abuse.

<sup>13</sup> Gender-Based Violence.

ensure specific, measurable and timebound targets, baselines and means of verification in states that are covered by the Humanitarian Response Plan, to enable appropriate integration between results obtained from ongoing country programme activities and those of the emergency response.

b. Put in place a clear transition plan for the shift from relief to recovery by including more systems strengthening aspects in the emergency response, taking into consideration the local context.

Responsible staff members: Deputy Representative and Emergency Manager

Target date for completion: 31 December 2018

## Supply and warehouse management

The actual expenditures (goods and services delivered and paid for) related to the programme supply assistance provided by the office during 2016-2017 amounted to US\$ 146 million. This was 31 percent of total programme expenditure. The review of the 2016 supply plans shared by the supply section showed that eight out of 12 sections prepared a supply plan for 2016, and only four out of 12 sections prepared a contract plan. Separate supply plans were prepared for specific emergency activities. The audit noted the following.

**Supply plans:** From the eight supply plans prepared for 2016, two did not provide information sufficient for procurement planning, such as quantities required. It was also noted that the description of the material to be procured was sometimes too generic to assist planning. In 2017, the supply plans were not consolidated and therefore could not provide an effective overview of the volume of procurement to be handled by the supply chain throughout the year. This is essential when considering capacities of the supply chain.

The audit also noted that, in 2016 and 2017, the office did not monitor implementation of the supply plans. Instead, the sections based procurement actions on funds available, and most of these actions were not planned. This resulted in 84 *ad hoc* requests for supplies amounting to US\$ 2.49 million being placed in the month the related grants were to expire. As previously noted, inefficiencies in the management of grants led to purchases of supplies at the last minute. This could lead to unnecessary purchases and wastage.

**Government warehouses:** From 2005, the office had hired consultants that were deployed at state and local Governments, as part of the strategy to build capacity in cold-chain management.

During a visit to a state Government central vaccine store, the audit noted that there was one staff member in charge of the warehouse management and there was no effective control over the stock of vaccines managed and stored at the warehouse. There was no inventory system in place, as bin cards were not in use and vaccine movement was recorded manually. A check of the warehouse ledger showed that the last entry was dated 21 November. The warehouse manager also stated that they had experienced stock-outs of BCG and oral polio vaccines in March-April 2017, due to planning issues in Abuja.

Another important supply question was the sustainability of the activities implemented by UNICEF. For example, the 24-hour functioning of the cold-chain equipment was supported by UNICEF's funding of the fuel for the generators. However, as acknowledged by the warehouse manager, if the agreement with UNICEF were to be terminated, the state could be forced to

limit the use of cold chain equipment to only eight hours a day due to budget constraints. The audit noted the need for an exit strategy for supply-related activities that UNICEF is currently supporting, but which will ultimately need to be handed over to national partners.

**Agreed action 10 (medium priority):** The office agrees to enhance support to the supply chain through the following steps:

- i. Ensure that plans for procurement of supplies and services are properly coordinated and monitored against the capacities of the supply chain.
- ii. Perform an assessment of the support provided to the government, and use it to identify bottlenecks, consider lessons learned and inform capacity-building strategies.
- iii. Draw up an exit strategy, with defined indicators and milestones, for effective and sustainable handover of supply-related matters to national partners.

Responsible staff members: Chief of Health and Supply & Logistics Manager

Target date for completion: 31 December 2018

## Programme monitoring

The office had a monitoring framework that split monitoring into two categories: the regular monitoring activities to be carried out by the programme sections in Abuja and zone offices, to gather information on the progress of outputs, and any constraints; and complementary monitoring activities to be performed by the Monitoring and Evaluation (M&E) Section. The audit noted the following.

**Regular monitoring:** The programme sections in Abuja and zone offices oversee the regular monitoring of programme implementation.

The audit noted, during a field visit, that the zone office had prepared operational plans but had neither share them with the head office in Abuja nor obtained its endorsement. Moreover, the plans did not clearly define specific timeframes, methodology of data collection or location to be visited, or identify output of the zone and the related HACT assurance activity. There was therefore insufficient assurance that monitoring activities were accurately identifying progress towards the implementation of programmes and gaps/constraints that require remedial actions.

**Complementary monitoring:** The M&E section in Abuja had coordinated with the zone office to plan conduct complementary monitoring plans. The office stated that the complementary monitoring was designed to provide assurance on the economical, efficient and effective delivery of programmes activities. The audit noted that some sections had benefitted from this complementary monitoring mechanism; it also noted implementation of some recommendations arising from it.

**Monitoring in emergencies:** During a visit to the zone office in Maiduguri, it was noted that the office had, in July 2017, hired a temporary staff member to cover complementary monitoring activities related to humanitarian performance monitoring. The results of the complementary monitoring activities were supposed to supplement the regular monitoring of the programme sections. However, the sections only performed HACT-related field visits, and actual programme monitoring was limited.

It was also noted that the office had no performance monitoring system that would enable the efficient monitoring of humanitarian actions or to measure progress on Core Commitments for Children<sup>14</sup> implementation. At the time of the audit, the results of the humanitarian performance monitoring that could provide assurance on the humanitarian action performance were not available.

**Monitoring guidance:** The office had prepared a guidance note on Field Performance Monitoring Visits. At the time of the audit, this was still a draft and was still under discussion by senior management. In addition, in July 2017, a guidance note related to trip reports and tracking tool of recommendations had been transmitted to section and zone-office chiefs. However, the audit noted during a field visit that staff members were not clear on the difference between HACT programme monitoring visits, which are activity-based, and longer-term results-based monitoring activities.

Further, in August 2017, the office had established a template and a monitoring tool for actions arising from monitoring visits. However, not all zone offices had adopted the template and the reports did not have a standardized format. This possibly caused the differences noted in monitoring practices between sections and zones offices.

**End-user monitoring:** End-user monitoring of programme supplies was insufficient due to limited staff resources. Trip reports issued by the zone offices did not provide details on the quality of programme supplies delivered to end-users, such as their fitness for purpose or suitability, or whether they were distributed as planned. This increased the risk of not detecting untimely response to beneficiary needs.

**Coordination of monitoring activities:** The audit also noted that there was no clarity on responsibilities for the planning and coordination of monitoring activities between the country and zone offices.

The office stated that the monitoring was carried out by zone offices and quarterly reports issued in four zone offices were submitted to the M&E section in Abuja. However, the office did not have a consolidated database or tool for recording, prioritizing, and following up on recommendations from monitoring activities. This would have assisted the coordination of all monitoring activities, ensuring clear linkages between the activities and providing a clear overview of progress, and coherent information on trends and anomalies. The M&E section had a digital platform and monitoring tools, but these had not been fully adopted by the team that did complementary monitoring.

**Agreed action 11 (medium priority):** The office agrees to strengthen the management, oversight and key controls related to monitoring of programme implementation, including the following steps:

- i. Ensure clear linkages between the risk-based monitoring plans and use them to coordinate overall monitoring between programme sections and zone offices. In addition, the actual versus planned programme monitoring should be regularly analysed.
- ii. Provide guidance and support on the uses of various programme monitoring tools, as

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<sup>14</sup> The Core Commitments for Children in Humanitarian Action constitute UNICEF's central policy on how to uphold the rights of children affected by humanitarian crises. The text can be downloaded from [http://www.unicef.org/publications/index\\_21835.html](http://www.unicef.org/publications/index_21835.html).

- well as roles and accountabilities in the overall monitoring-for-results framework.
- iii. Institute a quality assurance system for the monitoring-for-results framework to ensure it operates properly in practice, including systematic monitoring of the results of field visits, and follow-up on significant recommendations.
  - iv. Establish a process for end-user monitoring for programme sections and provide feedback to the Supply section on the use and quality of supplies.

Responsible staff members: Chief M4R and Supply & Logistics Manager

Target date for completion: 31 October 2018

## Data and reporting of results

Effective, operational mechanisms are needed for the systematic management, analysis, and use of child-related data. The Nigeria Country Office used various methods/approaches for this. They included surveys, sentinel surveillance,<sup>15</sup> documentation, observation and administrative data collection systems.

The audit reviewed the quality assurance mechanisms the office used to confirm that annually reported results were accurate and premised on valid means of verification (MoVs). The audit did this by undertaking a review of the State operational plans for six states supported by the Bauchi field office. The audit also held discussions with Government, donor partners and programme staff.

The audit noted that there were ongoing efforts to strengthen availability, analysis, and use of data and information at the state level, and various platforms were in existence; they were also supplemented by several SMS-based systems. During the period 2016-2017, a total of US\$ 20.8 million was provided by UNICEF-supported programmes for the strengthening of administrative data collection systems during 2016-2017.

The office's own documentation showed that in 2017, 72 percent of the office's spending in this area was on surveys – for example, the multiple indicator cluster survey (MICS) and SMART nutrition surveys. The office was supporting these systems in all programmes. However, the audit team's review, and its discussions with Government, donor partners and programme staff, indicated the need for strengthened systems for data collection, as the analysis of disaggregated data and data-quality assurance mechanisms were unevenly established in supported states.

The following specific areas were noted.

**Indicator-based monitoring:** Accuracy and availability of data are important for effective monitoring of results. In its review of workplans, the audit noted consistency in the data tools used for monitoring. However, the audit noted some instances of inflated percentages of achievement of results – for example 150, 800 and 1,100 percent, which were attributed to variances in denominators or data-entry inaccuracies for a static indicator. The audit did note that there were mechanisms to assess progress, such as through quarterly meetings, where necessary adjustments were made. However, in some cases, the quantitative indicators defined could not fully inform the defined outputs.

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<sup>15</sup> Active monitoring of the rate of occurrence of specific diseases or conditions. See [http://www.who.int/immunization/monitoring\\_surveillance/burden/vpd/surveillance\\_type/sentinel/en/](http://www.who.int/immunization/monitoring_surveillance/burden/vpd/surveillance_type/sentinel/en/)

**Adjustments to planned results/targets:** Required adjustments to targets affected by changed circumstances, such as when funds did not materialize as planned, were not undertaken. Most of the states noted the late release of counterpart funding as a major constraint to timely implementation, but there was no adjustment evident in the timelines or targets because of these constraints.

**Reports:** In order to assess the mechanism used by the office for the collection and validation of data disclosed in donor reports and the Country Office Annual Reports (COARs), the audit tested a sample of results statements from three donor reports and the 2016 COAR. The audit noted that the main sources of information were government databases and implementing partners' reports. The checklist used to ensure quality review did not take into consideration data validation mechanisms, and the accountability for the accuracy of the results statements was not clear.

The audit review was unable to be completely sure of the validity and reliability of reported results at federal level, especially where it was reported that the outputs were on track even though some states had reported below 50 percent progress. The country office's establishment of a monitoring-for-results (M4R) section is expected to improve UNICEF's performance in this regard. Given the inadequacies noted in the office's current programme monitoring framework (see previous observation, *Programme monitoring*), the office needs to generate a much higher level of assurance over the results being reported.

**Agreed action 12 (medium priority):** The country office agrees to:

- i. Ensure a more integrated approach to data generation and management information systems, and set it out in the Annual Management Plan or multi-year workplans as appropriate.
- ii. Strengthen its quality assurance mechanisms for assessing and consolidating data and reporting on planned results.

Responsible staff members: Chief, M4R

Target date for completion: 31 October 2018



## 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.