

# Internal Audit of the Sri Lanka Country Office

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Office of Internal Audit  
and Investigations (OIAI)  
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## Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Sri Lanka Country Office. The audit sought to assess the office's governance, internal risk management and internal control. The audit was conducted on-site from 29 June to 6 July 2016, and covered the period from January 2015 to June 2016.

The original 2013-2017 country programme had three main components: *Disparity reduction and equitable, high-quality social services*; *Young people's protection, empowerment and participation*; and *Policies and advocacy for a caring society and equitable development*. There was also a cross-sectoral component. Following a programme review in 2014, the first of these components was replaced by four new ones: *Nutrition*; *Health*; *WASH* (water, sanitation and hygiene); and *Education*. The second component, *Young people's protection, empowerment and participation*, was replaced by two new components, *Child protection* and *Social policy*. These revisions to the programme reflected the changing country environment.

The total budget for the 2013-2017 country programme, as approved by the Executive Board in 2012, amounted to US\$ 60 million, of which US\$ 3.75 million was to have been regular resources (RR) and US\$ 56.25 million Other Resources (OR). The budget was subsequently reduced to US\$ 56 million (US\$ 3.75 million as RR and US\$ 52.3 million as OR) in December 2014, again due to the changing country environment, and also to the donor context. Regular Resources are core resources that are not earmarked for a specific purpose, and can be used by UNICEF wherever they are needed. Other Resources are contributions that may have been made for a specific purpose such as a particular programme, strategic priority or emergency response, 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 Other Resources), up to the approved ceiling.

As of June 2016, the office had 70 established posts, comprised of eight international professional (IP), 27 national professional (NO), 33 general service staff (GS) and two UN volunteers. The office is in Colombo and has two zone offices, in Kilinochchi and Batticaloa. Since 2010 Sri Lanka has been a middle-income country.

### Action agreed following the audit

In the course of the review, the audit noted a number of controls were functioning well. The office had adequate procedures in place to manage risks that could threaten the achievement of its objectives. There were satisfactory controls over results-based planning, partnership management, programme implementation and evaluation. The audit team visited four implementing partners, who said they were satisfied with UNICEF's contribution and cooperation.

The advocacy strategy was evidence-based, with objectives and key performance indicators that enabled proper monitoring and reporting. There were adequate processes in place to oversee, coordinate and support zone offices. Cash transfers to implementing partners were adequately supported.

As a result of the audit, however, and in discussion with the audit team, the country office has agreed to take a number of measures to address risks and issues identified by the audit. One is being implemented by the country office as high priority – that is, to address issues that

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require immediate management attention. It is as follows: Focused actions are required to address major funding gaps. The office has agreed to prioritize implementation of a resource mobilization strategy, taking into account evolving changes in the donor environment by sector.

## Conclusion

Based on the audit work performed, OIAI concluded that 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.

Since the conclusion of the audit, the Sri Lanka Country Office has taken action to implement several of the above measures. The country office, the regional office and OIAI will work together to monitor implementation of all the measures that have been agreed, according to the action plan supplied by the office.

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## Objectives and scope

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

## Audit observations

### Funding gaps

An adequate resource mobilization<sup>1</sup> strategy is important for implementation of a country programme. The office had identified fundraising as a major challenge in its Risk and Control Self-Assessment,<sup>2</sup> and as an office priority. The changes in the country context in Sri Lanka, classified as a middle-income country since 2010, have encouraged the majority of traditional donors and development partners to withdraw or reduce their contributions for children in Sri Lanka.

For the 2013-2017 country programme, UNICEF Sri Lanka had so far raised about US\$ 31.9 million, or 63 percent, of the US\$ 52.3 million Other Resources (OR) required. As of June 2016, the overall funding gap for the remainder of the country programme cycle was US\$ 19.3 million, without taking into account the funding gap to cover salaries for November and December 2017 (see also observation *Human resources*, p12 below). The audit noted that the OR component for the outcome *Child Protection* was underfunded by US\$ 1 million (32 percent), while the outcome *Social Policy* was underfunded by US\$ 278,335 (74 percent) and the outcome *Nutrition* by US\$ 1.4 million (43 percent). These shortfalls had constrained implementation of programme activities. For instance, as of June 2016, the implementation rate was 38 percent for Child Protection, and 21 percent for Social Policy.

The audit noted some positive practices in the office's donor relations. There was an effective mechanism to monitor timeliness and quality of donor reports. The audit reviewed a sample of result statements in the reports and found they were well supported. There were also effective controls over funds allocation and utilization in line with donor agreements. However, although the office had drawn up a resource mobilization action plan in 2014, it had had no process for regularly monitoring its implementation. At the time of the audit (June 2016), a new strategy was being prepared but was still pending implementation. It included fundraising targets to be achieved, an action plan, an accountability framework and a quarterly monitoring mechanism, but lacked a timeline by programme and year.

**Agreed action 1 (high priority):** The office agrees to prioritize implementation of the new resource mobilization strategy, taking into account evolving changes in the donor

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<sup>1</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.

<sup>2</sup> Under UNICEF's Enterprise Risk Management (ERM) policy, offices should perform a Risk and Control Self-Assessment (RCSA). The RCSA is a structured and systematic process for the assessment of risk to an office's objectives and planned results, and the incorporation of action to manage those risks into workplans and work processes. The risks and their mitigation measures are recorded in a risk and control library.

environment by sector; and regularly update fundraising priorities and monitor implementation.

Responsible staff members: Programme Funding Officer

Date by which action will be taken: May 2017

## Cash transfers

In 2015 and 2016 (as of June 2016) the office spent US\$ 7.7 million in direct cash transfers, of which US\$ 4 million was to 102 Government partners and US\$ 3.7 million to 35 international and local NGOs.

Offices are required to implement the Harmonized Approach to Cash Transfers (HACT). With HACT, the office relies on implementing partners to manage and report on use of funds provided for agreed activities. This reduces the amount of supporting documentation UNICEF demands from the partner, thus cutting bureaucracy and transaction costs. HACT makes this possible by requiring offices to assess the level of risk of a given partner before making cash transfers to it, and to adjust their method of funding and assurance practices accordingly. HACT therefore includes micro-assessments.

At country level, HACT involves a macro-assessment of the country's financial management system. This assesses that system's level of risk, and also establishes whether the country's supreme audit institution can be used to audit government partners. In the case of Sri Lanka, a macro-assessment of the public financial management system was completed by an external audit firm on 28 July 2015. It concluded that the audit legislation in Sri Lanka could not provide the required independence to the Supreme Audit Office, which could therefore not be used to audit government partners. The office contracted external audit firms instead.

As a further safeguard, the HACT framework requires offices to carry out assurance activities regarding the proper use of cash transfers. Assurance activities should include spot checks, programme monitoring, scheduled audits and special audits. There should also be audits of implementing partners expected to receive more than US\$ 500,000 during the programme cycle.

In the Sri Lanka Country Office, the HACT Quality Assurance Officer was responsible for oversight of assurance activities over cash transfers to implementing partners, in coordination with Programme sections. The CMT<sup>3</sup> discussed HACT-related issues, including progress of the HACT assurance plan, quarterly. The CPAP,<sup>4</sup> and programme cooperation agreements signed with implementing partners, included appropriate standard HACT provisions. However, the audit also noted the following.

**Micro-assessment and method of cash transfers:** Partners can be micro-assessed if they are expected to receive US\$ 100,000 or more per year from UNICEF. For those receiving less than this figure, offices should consider whether a micro-assessment is necessary; if they think it is

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<sup>3</sup> The 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>4</sup> The country programme action plan (CPAP) is a formal agreement between a UNICEF office and the host Government on the programme of cooperation, setting out the expected results, programme structure, distribution of resources and respective commitments during the period of the current country programme.

not, they can apply a simplified financial management checklist set out in the HACT procedure.

It was noted that four implementing partners that expected to receive US\$ 100,000 or more during 2015 were not micro-assessed, and the office mistakenly rated them as low or medium risk rather than high risk (the policy is that partners should be rated high risk if they have not been micro-assessed). Further, when partners were micro-assessed, the results were not always used to choose the most appropriate type of cash transfers or assurance activities. It was noted that all implementing partners were provided with direct cash transfers, despite the risk rating assigned by the office. (An office can use reimbursement, or direct payment of costs, instead if it regards the risk as too high.)

**Assurance plan:** The office drew up HACT assurance plans in 2015 and 2016. In 2015, 30 out of 37 planned spot checks and 47 out of 54 planned programmatic visits<sup>5</sup> were completed, showing a completion rate of 87 and 81 percent respectively. Where the planned checks/visits did not take place, this was mainly due to delays in the release of funds by the Ministry of Finance to Government implementing partners; these had received funds as late as 22 December 2015.

However, the frequency of spot checks and programmatic visits was not clearly linked to risk profiles of partners, the total paid annually in cash transfers, or the funds to be disbursed during the programme cycle or to planned scheduled audits. The audit team compared two partners, both rated high risk and each expected to receive US\$ 125,000 in 2015. It noted that while two audits and two spot checks were planned for one of the partners, the other only expected to have one of each. Further, a review of the assurance plan for 2015 showed that it omitted 13 planned programmatic visits and nine spot checks that should have been done, according to the HACT criteria. Also, the office had planned six spot checks for partners that were planned to receive less than US\$ 50,000 in 2015. The HACT guidelines do not require spot checks for partners below this level, but the office considered them necessary.

The office also omitted scheduled audits for three out of four implementing partners that had received more than US\$ 500,000 during the programme cycle.

**Follow-up of assurance activities:** The office did not always follow up the implementation of key recommendations meant to improve the financial management capacity of partners and ensure appropriate use of funds and achievement of results. The office did have an in-house report format for follow-up actions programmatic visits and spot checks. However, the audit found that the recommendations issued had been followed up for only 22 out of 77 assurance activity reports during 2015.

Further, the follow-up action reports were unclear as to whether the recommendations had been implemented by partners and how the office had monitored their implementation. For instance, in June 2016, the audit visited an implementing partner that had been spot-checked by an external audit firm in February 2016. The partner informed the audit that it had not received a copy of the spot-check report and was therefore not aware of the

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<sup>5</sup> According to the latest UNICEF-specific HACT procedure issued in 2014 (page 2), programmatic visits are defined as “a review of progress towards achievement of planned results, challenges and constraints in implementation and ways to address them performed with the partner at the programme site. Depending on the nature of the partnership, programmatic visits may be undertaken at a field location (field monitoring), the partner’s office and/or in the form of a meeting involving key stakeholders. Programmatic visits focus on programmatic issues, including attention to matters of financial management.”

recommendations that needed to be implemented.

**Agreed action 2 (medium priority):** The country office agrees to increase oversight of assurance activities, and to:

- i. Determine the most appropriate type of cash transfer and frequency of assurance activities for each implementing partner, depending on risk level.
- ii. Ensure that the HACT assurance plan is risk-informed and that assurance activities are planned accordingly, in order to provide a sufficient level of assurance on the use of funds and achievement of results for children.
- iii. Assign accountabilities and establish follow-up mechanisms for recommendations stemming from spot checks and programmatic visits.

Responsible staff members: Quality Assurance Officer and Deputy Representative

Date by which action will be taken: April 2017

### Programme monitoring

Programme monitoring is meant to provide assurance that results reported by the partner are accurate. It should obtain evidence on the status of the implementation of the programme, as well as review progress towards achievement of planned results, challenges and constraints in implementation, and ways to address them. Programme staff should conduct regular monitoring.

The audit noted the following.

**Planning:** Programme monitoring was not consistent among programme sections and zone offices. Not all programme sections had programme monitoring plans, and only one had a plan that could provide clear information on the number of planned and actual programme visits. This plan was also unclear which of the planned visits constituted a programmatic visit or field visit.<sup>6</sup> It was also noted that although the office had a trip-report template, it was not always used by all programme sections.

Where there were programme monitoring plans, they were not systematically shared among the country and zone offices and with programme sections. There was no coordination mechanism. Also, no responsibilities were assigned for the efficiency and effectiveness of programme monitoring plans of programme sections and zone offices. The office did not analyse field and programmatic visits to assess effectiveness of programme monitoring and identification of problems, lessons learned and good practices.

**Field-trip reports:** The audit reviewed a sample of eight field-monitoring trip reports dated between January and May 2016 and noted that the objectives of the trips, as given in the field-trip monitoring reports, did not clearly refer to specific workplans or outputs. None adequately described achievement of results against planned outputs as defined in the relevant programme cooperation agreements and/or annual workplans. Challenges and constraints to programme implementation were not always identified.

Two of the eight sampled reports did not include any action points. In none of the cases reviewed were the recommendations specific; they also lacked responsible staff and

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<sup>6</sup> A field visit is not necessarily a programmatic visit. See footnote on p7 above.



timelines. The recommendations did not include the root causes, which would have strengthened their sustainability. There was no evidence that key recommendations had been followed up or shared with partners when their intervention was required.

In general, there was no systematic process to ensure all field-monitoring trips were reported upon, recommendations were reviewed, and their implementation followed up, and no system that classified the trips according to purpose, programme section, programme outcome or output. This would have helped the office assess the adequacy of coverage and the cost effectiveness of field-monitoring visits, as well as constraints and areas for improvement.

The above weaknesses reduced the office's capacity to obtain assurance on the accuracy of results reported by partners and on progress in implementing planned activities. They were mainly due to unclear accountabilities and coordination; insufficient training of staff and partners; and incomplete guidance to staff.

**Agreed action 3 (medium priority):** The country office agrees to:

- i. Define accountabilities and coordination mechanisms to ensure that programme monitoring plans are adequately prepared and shared among programme sections and zone offices.
- ii. Introduce procedures for, and guidance on, planning of field monitoring, and follow-up and reporting on visits.
- iii. Provide regular training for staff and partners on results-based management, with a focus on monitoring of achievement of results for children.

Responsible staff members: Deputy Representative and Monitoring and Evaluation Specialist  
Date by which action will be taken: March 2017

### Programme supplies and contracts for services

The audit reviewed the management of programme supplies and contracts for services. The procurement of supplies amounted to US\$ 979,732 in 2015 and US\$ 431,000 in 2016 (as of June), the second largest programme input. The office had issued 12 consultants' contracts and 41 contracts for services with a total value of US\$ 746,173 in 2015 and 2016 (as of June).

The office had adequate long-term agreements (LTAs) with vendors, selected through a competitive process for procurement of supplies. Sampled payments made to suppliers were well-supported and approved. However, the audit noted the following.

**Programme supplies:** There were significant variances between actual and planned procurement of supplies. The actual procurement of supplies in 2015 was about US\$ 980,000, which was 51 percent under the planned procurement (US\$ 1.9 million). The audit's review of planned amounts per programme component showed that differences were especially significant in the areas of Education and WASH,<sup>7</sup> where the total actual procurement was 7 and 1 percent respectively of the planned amounts. This was mainly due to weak coordination between supply and programme sections, and to insufficient monitoring of implementation of the supply plan.

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<sup>7</sup> Water, Sanitation and Hygiene.

The low implementation rate of the procurement plan increased the risk not only of delayed implementation of programme activities, but also of last-minute procurement at year-end and just before expiry of grants. For instance, a purchase order of US\$ 72,000 was issued the same day as the expiry of the grants. During the period January 2015 to June 2016, 12 purchase orders amounting to US\$ 100,575, or 8 percent of the actual procurement, were issued within 30 days of expiry of grants. These purchases could not be traced to the supply plan.

**Contracts for services:** In five cases reviewed, the terms of reference for consultants described generic functions but did not include SMART<sup>8</sup> deliverables. This reduced the office's capacity to evaluate outputs such as timeliness, identification of milestones, achievement of the goals set, or quality. This was mainly due to insufficient oversight of the contracting of consultants.

**Agreed action 4 (medium priority):** The office agrees to increase oversight over the management of programme supplies and contracts for services, and ensure that:

- i. The plan for procurement of supplies and services is realistic, properly coordinated, and monitored for effective implementation throughout the year.
- ii. Consultant contracts include tangible and measurable outputs, and objectives and targets for work assignments; specific activities are defined; and there are specific delivery dates and details as to how the work must be delivered, subdivided into "milestones" where appropriate.

Responsible staff members: Supply Officer and Human Resources Officer

Date by which action will be taken: June 2017

## Vendor master data

The total amount of funds disbursed by the office in 2015 was US\$ 8.7 million, and in 2016 up to June it was US\$ 5.3 million. In order to process disbursements of funds in VISION,<sup>9</sup> a vendor record is required. UNICEF's Global Shared Service Centre (GSSC) in Budapest has established a process for the creation and maintenance of vendor records in VISION for country offices. The office should ensure the completeness of the vendor's details in the vendor master records before submitting any request for creation of a vendor record, or asking that it be blocked or flagged for deletion. In particular, for new vendor records, the office should verify for duplication and existing bank details. It should also establish that a vendor is no longer active before making requests for blocking the vendor record, or for flagging it for deletion.

In February 2016, in consultation with the GSSC, the office did a data clean-up, to identify duplicate vendor master records and mark them for deletion and/or block them from posting, as appropriate.<sup>10</sup> However, the clean-up failed to detect a significant number of duplicated vendor records. The audit's review found that at least 90 (6 percent) out of 1,404 vendor records created by the office were duplicates as of June 2016. These 90 duplicated vendor records had been created for 43 vendors. In several instances, more than one duplicated record had been created for the same vendor.

<sup>8</sup> Specific, measurable, achievable, relevant and time-bound.

<sup>9</sup> VISION (from Virtual Integrated System of Information) is UNICEF's management system. It is used for a wide range of functions including resource mobilization, budgeting, programming, spending and reporting.

<sup>10</sup> If a vendor master record is duplicated or incorrect or for other reasons should not be there, an office will mark it for deletion. The deletion is done centrally, but in the meantime the office itself can block transactions from being posted to the account.

The audit found that 44 of these duplicated records had been identified and blocked, preventing further transactions being posted to them in VISION. The remaining 46, however, were not blocked or flagged and were still active. These duplicated master records had been created either during the migration of data into the then-new VISION in November 2011, or through creation of new master records without checking for existing ones for that vendor.

In two instances, the office disbursed funds to the same partner through two different vendor accounts. This could allow a partner to receive direct cash transfers while having a previous such transfer outstanding for more than six months, which is against UNICEF guidelines. The existence of duplicate vendor master records for the same partner/supplier could also increase the risk of overpayments or double payments (none were found during the audit).

Further, as part of verification of a new vendor's existence and legitimacy, a bank letter with bank details is required before inclusion of the vendor information in VISION. The audit found that seven out of 10 sampled active vendor records did not have bank details in VISION. These records had been created during the migration of data in November 2011. It was noted that no activity had been recorded for these records since then. However, the office had not identified passive vendor records in order to block them and avoid their use.

**Agreed action 5 (medium priority):** The office agrees to increase oversight over vendor master records; to validate the legitimacy of vendors and the validity of bank details used to process payments; and to identify records to block, and mark for deletion, any master records considered invalid or duplicated in VISION.

Responsible staff members: Programme Assistant and Finance Assistant

Date by which action will be taken: The office reports this action as having been completed in August 2016

## Human resources

As of June 2016, the office had 70 established posts, comprised of eight international professional, 27 national professional, 33 general service staff and two UN volunteers. The office completed 29 recruitments between January 2015 and April 2016.

The office had adequate controls to monitor the completion of performance appraisals for staff members based in the country office and zone offices. The office also had adequate mechanisms to promote and address ethical behaviour and ensure that staff kept abreast of UNICEF ethical policies. However, the audit noted the following.

**Vacancies:** At the time of the audit, 12 posts (that is, 17 percent of total established posts) were vacant, three for over a year. Various factors had led to this, including difficulties in getting suitable candidates. There was also a lack of secured funding for some posts (an office is not permitted to fill a post unless it is funded). For instance, 30 percent of staff salaries relied only on OR contributed by one major donor in one large grant (over US\$ 12 million). The grant was expected to be fully utilized at the expiry date of April 2017. The donor had agreed to extend the grant till October 2017, but this would still leave a funding gap to cover salaries for November and December 2017. Further, the gap in funding had increased also due to currency fluctuations. To mitigate the risk of not securing sufficient funds, the office had decided to stop recruitment for four vacant posts and to hire staff on a temporary basis.

The audit noted that the programme and budget had been adjusted in December 2014, reflecting the changing country context. The strategy had shifted from downstream activities based on humanitarian assistance in terms of supply assistance to an upstream strategy based on advocacy. However, the staffing structure had not been fully adjusted to reflect the new programme requirements. Even where posts are still required, if they cannot be filled – for funding or other reasons – offices should adjust their staffing structure. (See also observation *Funding gaps*, p5 above.)

**Training:** The office had a Human Resource Development Team (HRDT) with appropriate terms of reference and appropriate membership. However, the training plans for 2015 and 2016 included a list of training activities that in many cases did not indicate the expected participants or a budget allocation for each planned training activity. It could not be established how the priorities and needs for individual training were identified and to which specific programmatic output they were linked. The office also had no mechanisms to keep track of either implementation of activities or actual costs incurred for training.

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

- i. Prioritize filling of the vacant posts in line with funds availability and changing country context.
- ii. Assess the need for posts that have remained vacant for long periods and for which no funding is available, and take appropriate action through the Programme Budget Review (PBR).<sup>11</sup>
- iii. In light of major funding gaps, review the appropriateness of the current structure in consultation with the Regional Office for South Asia, to ensure sustainability and relevance to meet country programme priorities and risks, and changing country context.
- iv. Establish mechanisms to ensure effective planning, monitoring and reporting of training and learning activities.

Responsible staff members: Representative, Deputy Representative, Country Management Team members and Human Resources Development Team members

Date by which action will be taken: June 2017

### Business continuity plan (BCP)

The office had last tested its BCP on 14 May 2015. However, the contingency plan covered only the main office in Colombo, not the two zone offices. The office did have focal points in each of the two zone offices, and they were members of the country office's Crisis Management Team. However, the BCP did not define emergency procedures for zone offices. It could also not be established how results and lessons learnt from the last testing had been used to improve the BCP. The contingency plan did not cover IT back-up procedures or assessment of the off-site location, both of which would be key to continuous delivery of critical activities in the event of any emergency or disaster that might make the normal office facilities unavailable.

**Agreed action 7 (medium priority):** The country office agrees to review and update its

<sup>11</sup> The 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.

Business Continuity Plan to include:

- i. Improvements resulting from the results of simulation exercises.
- ii. Mitigation measures for zone offices outside Colombo.
- iii. Back-up procedure and an assessment of the off-site location.

Responsible staff members: Operations Manager and ICT Officer

Date by which action will be taken: April 2017

## 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 auditee's (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 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 report summary fall into 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.

***[Note: the wording for a strongly qualified conclusion is the same as for an adverse conclusion but omits the word "significant".]***