Internal Audit of Gambia Country Office

April 2016

Office of Internal Audit
and Investigations (OIAI)
Report 2016/03

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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Gambia Country Office. The audit assessed the office's governance, programme management and operations support. The audit was conducted between 20 November 2015 and 8 December 2015, and covered the period from January 2014 to 31 October 2015.

The UNICEF's programme of cooperation for 2012-2016 includes three main programme components: *Young* C*hild Survival and Development*; *Basic Education*; *Child Protection*; and *Social policy, knowledge, and advocacy for children's rights.* There is also a cross-sectoral cost component. The total budget approved by the Executive Board for the 2012-2016 country programme is US$ 20.355 million, of which US$ 5.355 million was expected to be funded by Regular Resources (RR), while the Other Resources (OR) component is US$ 15 million. RR are core resources that are not earmarked for a specific purpose, and can be used by UNICEF wherever they are needed. OR are contributions that 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.

The country office is in Banjul; there are no zone offices. There is a workforce of 28 staff members, including 23 posts funded by RR and five by OR.

Action agreed following the audit

As a result of the audit, and in discussion with the audit team, the country office has agreed to take a number of measures to address the issues raised in this report. Two of them are being implemented as high priority – that is to say, they relate to matters requiring immediate management attention. The high-priority measures are as follows:

- Review and strengthen the management of partnerships with NGOs, including: identification and capacity assessment of potential partners; and defining terms of reference for the Partnerships Review Committee (PCARC).
- Establish a fundraising strategy, including an action plan, assigning responsibilities for resource mobilization, and an oversight mechanism for the development of funding proposals.

Conclusion

Based on the audit work performed, OIAI concluded at the end of the audit that the controls and processes over Gambia country office, as defined above, were generally established and functioning during the period under audit.

The Gambia country office and OIAI will work together to monitor the implementation of the measures that have been agreed.

Office of Internal Audit and Investigations (OIAI) April 2016

Contents

Objectives

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. In addition to this assurance service, the audit report identifies, as appropriate, noteworthy practices that merit sharing with other UNICEF offices.

The audit observations are reported upon under three headings – governance, programme management and operations support. The introductory paragraphs that begin each of these sections explain what was covered in that particular area, and between them define the scope of the audit.

Audit observations

1 Governance

In this area, the audit reviews the supervisory and regulatory processes that support the country programme. The scope of the audit in this area included the following:

- **Supervisory** structures, including advisory teams and statutory committees.
- **Identification** of the country office's priorities and expected results and clear communication thereof to staff and the host country.
- **Staffing structure** and its alignment to the needs of the programme.
- **Performance measurement**, including establishment of standards and indicators to which management and staff are held accountable.
- **Delegation** of authorities and responsibilities to staff, including the provision of necessary guidance, holding staff accountable, and assessing their performance.
- **Risk management**: the office's approach to external and internal risks to achievement of its objectives.
- **Ethics**, including encouragement of ethical behaviour, staff awareness of UNICEF's ethical policies and zero tolerance of fraud, and procedures for reporting and investigating violations of those policies.

All of the above areas were covered in this audit.

The audit found that there were a number of areas over which controls were working well. The office had an adequate staffing structure that was aligned to the needs of the country programme. It had also prepared an office training plan that identified staff training needs and had arranged a training session on ethics for all staff.

However, the audit noted the following.

Defining and monitoring of office priorities

UNICEF offices define their key management and programme priorities in an Annual Management Plan (AMP), together with a set of programme management indicators, baselines and targets. Key management and programme priorities should be regularly monitored by senior staff, the Country Management Team (CMT)[1] and the Representative, and the implementation of risk mitigation measures should be monitored at least once a year during the annual and mid-term reviews. The agreed office priorities should be reflected in the responsibilities and accountabilities included in individual staff members' performance evaluation reports (PERs).

The office reviewed the clarity of the indicators for the priorities and the extent to which progress was monitored against them. It also reviewed the extent to which accountability for these priorities was assigned to relevant staff.

Office priorities and performance management: The AMPs for 2014 and 2015 included office management priorities with expected results and performance indicators. During a "mini-retreat" in July 2015, the office had reviewed the 2015 AMP defining 31 office management priorities. (The AMP would normally be finalized earlier in the year, but had been delayed pending the arrival of a new Representative in July.)

The audit reviewed the report from the retreat and found that, in several cases, the defined priorities were not specific, as for example "Public Finance for Children", "Strengthening Child Protection Systems Approach" or "Technology for Development, Business Continuity Plan, Disaster Recovery Plan". It was also noted that 29 of the 30 indicators set for the monitoring of the priorities lacked adequate baselines, milestones and targets against which they could be assessed. For example, the expected result "National Child Protection Strategy and plan finalized" had the performance indicator "Availability of finalized Child Protection strategy". There were thus no intermediate indicators that could have been used to monitor progress towards this target.

Assignment of staff responsibilities: The office assigned responsibilities for each of the 30 office priorities in the AMP. However, these were identified by staff functional post description or delegated function (such as "emergency focal point", "head of sections", "sector heads", etc.) without specifying the staff member accountable.

The audit reviewed 40 of the responsibilities assigned for office priorities to functions, and then looked at the performance evaluation reports (PERs) of the seven staff members discharging those functions. It found that in 25 out of 40 instances they were not included in their PERs. This was due in part to the assignment of responsibility by function and not by specific staff member. However, the main reason was the fact that section chiefs included in their PERs very many activities related to their normal functions, and did not prioritize the responsibilities related to the key management and programme priorities in the AMP.

Monitoring of agreed office priorities: The AMP established that progress on priorities would be reviewed during CMT meetings, and in mid-year and annual management reviews (AMRs). The CMT had met five times in 2014 and seven times in 2015 (up to 23 November 2015). In 2014 the AMR was replaced by a mid-term review that was held in November 2014.

A review of the CMT minutes prepared during 2014 and 2015 showed that the office priorities section only included a list of often routine activities without clear links to the priorities defined in the AMP. The minutes did not provide evidence that those priorities were

[1] The 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.

consistently and comprehensively monitored by CMT. For example, there were education priorities set in the AMP as “Out of School study implementation” and “Greater support to Early Childhood Development (ECD) advancement”. The respective corresponding indicators were “Redressing Out-of-School children through the Ministry of Basic and Secondary Education activities” and “Availability of Educational Social Policy”. The minutes only mentioned an ECD policy development support mission from the regional office, and omitted any reference to the Out of School study. It was also noted that information related to priorities such as “emergency and preparedness”, “external communication strengthened to promote the rights of vulnerable children” or “equity” were not included in the minutes.

The audit noted that the mid-term review carried out in November 2014 did not include a structured and systematic analysis of the management priorities set in 2014. Therefore it was unclear whether management priorities were achieved, or resources systematically focused on the expected key results.

The weaknesses discussed above were mainly due to lengthy vacancies among the CMT membership. For example, the Representative post itself was vacant from September 2014 to July 2015, while the Education specialist post was vacant through the first half of 2015. This limited the capacity of the CMT. It also overloaded other CMT members (for instance, the Deputy Representative was officer in charge and chair of all the advisory committees).

The audit did note that the minutes of the CMT meeting of 4 July 2015 included remarks by the Representative on the need for it to critically review priorities and not routine tasks. However, at the time of the audit in November 2015, no improvement could be noted.

Agreed action 1 (medium priority): The office agrees to ensure that office priorities are properly defined and monitored, and to take the following steps:

i. Include in the Annual Management Plan (AMP) specific and measurable office priorities and performance indicators, and reduce the number of priorities in order to allow their effective management.
ii. Clearly define accountabilities for office priorities in the AMP, assigning them to specific individuals, communicating them to the relevant staff and including them in their Performance Evaluation Reports.
iii. Consistently and comprehensively review to assess progress on office priorities during Country Management Team meetings.
iv. Review office priorities annually, including a comprehensive, structured analysis of the achievement of expected results.

Staff responsible for taking action: Representative, Deputy Representative, Operations Manager and all supervisors
Date by which action will be taken: December 2016

Enterprise risk management (ERM)

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.

The office had prepared an RCSA and updated the ERM module of inSight[2] in February 2015, reflecting all the risk areas identified. In all, there were five of these that were rated as high risk (*Fraud and misuse of resources*; *Funding and external shareholder relations*; *Governance and accountability*; and *Natural disasters and epidemics*). One was identified as low (*Results-based management and reporting*). The review of the RCSA showed that for all the identified risk areas, the office established root causes, impacts, risk mitigation measures and an action plan to further manage the risks.

However, the action plans did not identify the staff responsible for the implementation of the agreed actions and did not provide implementation timeframes with deadlines and/or milestones. This did not allow the office to define accountabilities among staff and effectively monitor the implementation of action plans. Also, in the AMP, the office appointed a risk focal point and assigned it responsibility for updating the ERM matrix and monitoring implementation of mitigating actions for the risk areas identified. The responsibilities assigned should have provided a basis for PER assignments of every relevant staff member. However, while the AMP assigned responsibilities to staff functions, they were not always included in the PERs of the relevant staff member.

The AMP stated that the recommendations and action points established for management of the identified risk areas should be reviewed by the CMT at least twice a year. However, neither the CMT minutes nor the mid-term review showed evidence of formal monitoring of the implementation of the risk mitigation action plan.

Agreed action 2 (medium priority): The office agrees to strengthen risk management through the following steps:

i. Ensure systematic review by the Country Management Team of the implementation of the risk mitigation action plan.
ii. In the action plans for management of identified risk areas, include the staff responsible and an implementation timeframe with deadlines and/or milestones.
iii. Clearly define accountabilities for risk management in the Annual Management Plan and communicate them to the relevant staff, including in their Performance Evaluation Reports.

Staff responsible for taking action: Representative, Deputy Representative, Operations Manager and supervisors
Date by which action will be taken: December 2016

Delegation of authorities and segregation of duties

Each office is required to maintain a Table of Authority (ToA), setting out the authorities delegated to each staff member. The Representative should review the ToA periodically (preferably quarterly) to confirm its continued accuracy and appropriateness. The ToA should be reflected in the roles assigned within UNICEF's management system, VISION (from Virtual Integrated System of Information). Resource mobilization, budgeting, programming, spending and reporting are all recorded in VISION, along with much else.

[2] inSight (sic) is the performance component in UNICEF's management system, VISION (Virtual Integrated System of Information). inSight streamlines programme and operations performance management, increases UNICEF staff access to priority performance information, and assists exchanges between field offices and HQ divisions, as everyone sees the same information.

Representatives approve the provisioning of VISION user IDs and their corresponding roles, using the guidelines in UNICEF Financial and Administrative Policy No. 1: *Internal Controls and its supplements*. An understanding of these roles, and the responsibilities assigned to staff, is essential in approving role assignments. A key requirement is to ensure, as far as possible, adequate segregation of duties, so that no single staff member can carry out a whole process (for example ordering, receiving and payment) without checks and balances.

The audit reviewed the ToA, delegation of financial signing authority, and VISION role mapping. It noted the following.

ToA and assignment of roles in VISION: The Representative had delegated authorities to staff. In addition, the office had assigned roles to staff members and mapped these roles in VISION. However, the audit noted inconsistencies in the roles in the latest ToA (signed on 6 July 2015) and the roles delegated in VISION. In 71 instances it was noted that roles that were assigned in VISION to six staff members were not delegated in the ToA. For instance, in VISION, the Authorizing Officer, Common Functions, Common Processing, Grants L1, HR ESS, Programme L1, Reports Contributions, Report Common, Reports Supply and Organization roles for Gambia were assigned to a Nutrition Officer but these roles were not delegated to the staff member in the manual ToA. On the other hand, 21 roles delegated in the ToA to three staff members, the Child Protection Officer, Education Specialist and Communication for Development Officer, were not entered in VISION. It was also noted that in 20 instances, despite not managing a warehouse, the office delegated roles related to warehouse management.

The incorrect or unauthorized assignment of roles in VISION increase the risk of inappropriate or erroneous transactions.

Segregation of duties: UNICEF uses software called APPROVA to detect segregation-of-duties conflicts. According to information retrieved from it on 17 September 2015, 10 user violations for the Gambia user group were detected. There were six user violations (two high-risk and four medium) identified for the same user; they included (for example) Approving (AP) Officer and Paying Officer, which carried the risk of accepting and paying for goods or services that were not in accordance specification or that had not actually been received.

Agreed action 3 (medium priority): The country office agrees to strengthen the monitoring and control of delegation of authorities and segregation of duties by reviewing, on a regular basis, the registration of the Table of Authorities and the functional roles in VISION, ensuring alignment between the delegated authorities and assigned roles.

Staff responsible for taking action: Operations Manager
Date by which action will be taken: March 2016

Governance area: Conclusion

Based on the audit work performed, OIAI concluded that at the end of the audit the control processes over governance were generally established and functioning during the period under audit.

2 Programme management

In this area, the audit reviews the management of the country programme – that is, the activities and interventions on behalf of children and women. The programme is owned primarily by the host Government. The scope of the audit in this area includes the following:

- **Resource mobilization and management**. This refers to all efforts to obtain resources for the implementation of the country programme, including fundraising and management of contributions.
- **Planning**. The use of adequate data in programme design, and clear definition of results to be achieved, which should be specific, measurable, achievable, realistic and time-bound (SMART); planning resource needs; and forming and managing partnerships with Government, NGOs and other partners.
- **Support to implementation**. This covers provision of technical, material or financial inputs, whether to governments, implementing partners, communities or families. It includes activities such as supply and cash transfers to partners.
- **Monitoring of implementation**. This should include the extent to which inputs are provided, work schedules are kept to, and planned outputs achieved, so that any deficiencies can be detected and dealt with promptly.
- **Reporting.** Offices should report achievements and the use of resources against objectives or expected results. This covers annual and donor reporting, plus any specific reporting obligations an office might have.
- **Evaluation**. The office should assess the ultimate outcome and impact of programme interventions and identify lessons learned.

All the above areas were covered in this audit.

The audit found areas where controls were functioning well. The office had established control mechanisms to ensure the timely reporting on use of resources and achievement of results in donor reports.

The following was noted during the audit process:

Developing workplans

UNICEF offices agree workplans with their implementing partners. The workplans are expected to describe in detail planned outputs, indicators, targets, baselines, the activities to be carried out, the responsible implementing institutions, timelines, and planned inputs from the partners and UNICEF. Workplans serve as the basis for programme implementation in terms of disbursements to partners, and supply assistance.

According to UNICEF's Programme Policy and Procedure Manual (PPPM), workplans can be developed on an annual or multi-year basis, or as rolling workplans. In the latter case, the workplan is subject to interim review – for instance, it may be for 18 months, but UNICEF and the partners will agree to periodic technical review of its outputs, say every six months, with an adjustment based on the review of the remaining 12 months. At the same time, an additional six months will be added on to the rolling workplan to make up a new 18-month cycle.

The office developed annual workplans (AWPs) in cooperation with partners for 2014, and rolling workplans (RWPs) for the period 2015-2016 in the following sectors: Child Protection; Child Survival and Development; Education; Media Development; and Social Protection.

The audit found that the programme outcome, outputs and planned activities[3] were not clearly defined in the RWPs, as for some activities it could not be established how they would contribute to the achievement of the stated output. In several cases the planned activities were not specific and measurable, as they used the words “support”, “strengthen” or “promote” without clearly defining the way these were to be measured, or the nature and extent of support to be provided.

An example was the Child Protection RWP for the achievement of the output “Strengthen the FGM/C[4] steering committee to lead and coordinate the implementation of FGM/C activities”. This included a sub-activity defined as “Support high-level advocacy on FGM/C”. Also, the Education RWP included a sub-activity defined as “Support to the establishment and function of National Education in Emergency (EiE) working groups”. These were not specific and measurable. Further, none of the RWPs included indicators, baseline or targets that could enhance effective and efficient monitoring of programme implementation.

It was also noted that although the workplans identified the budget allocation per planned activity, the amounts allocated to the activities did not distinguish between cash and supply assistance. In some instances the budget for each planned activity was not established; in the Child Protection RWP, for example, for four out of 14 planned activities, no allocated budget was included.

Agreed action 4 (medium priority): The office agrees to include the following in workplans signed with implementing partners:

i. Specific and measurable programme baselines, targets, outcomes, outputs and planned activities that enable and effective monitoring of achievement towards results.
ii. Planned activities aligned to the stated outputs, with indication of the budget allocated to them.

Staff responsible for taking action: Deputy Representative
Date by which action will be taken: April 2016

Supply plans

Supply planning is an essential part of all planning exercises, and should be done in collaboration with relevant stakeholders; the latter include programme and supply sections, Government counterparts and NGO partners. Appropriate procurement and logistics strategies that reflect programme requirements will assist availability, cost-effectiveness and quality of supplies, as will early forecasting of the commodities needed.

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

The programme supply assistance provided by the office during the period 2014-2015 amounted to US$ 1.8 million, or 20 percent of total programme expenditure. The office prepared consolidated supply plans for 2014 and 2015, including all the major components of the programme.

There were differences between the supplies that were planned for and the actual expenditures of supplies procured. According to VISION, the total amounts of programme supplies procured by the office in 2014 and 2015 (as of November 2015) were US$ 991,032 and US$ 839,772 respectively. The planned procurement of supplies excluding fuel and freight were US$ 667,036 in 2014 and US$1.04 million in 2015, as per supply plans. These differences represented 33 percent over the projected procurement in 2014, and 20 percent less than the projected procurement in 2015. The 2014 supply plan included the purchase of two vehicles for the programme support section amounting to US$ 84,000. However, the VISION information showed that in 2014, four purchase orders were placed for the procurement of four vehicles amounting to US$ 132,000.

A review of the purchase orders placed by the office during 2014 and 2015 showed that that supply plans were affected by the procurement of supplies for which purchase orders were placed in the month previous to the expiry of the grants with which they were purchased. This included a purchase order amounting to US$ 17,090 for the purchase of a vehicle placed in November 2014 that could not be traced to the supply plan, and there was no evidence that this acquisition had been planned.

Also, significant differences were noted between the planned and actual amounts of supplies. For example, in 2015 the office posted in VISION, under construction costs, two charges amounting to US$ 32,514 that were not included in the supply plan; also 2,550 boxes of therapeutic spread amounting to US$ 60,314 and 250 boxes of F-100 therapeutic spread amounting to US$ 7,430 that were not included in the 2015 supply plan.

The audit ascribed these differences detected between planned and actual procurement to two factors. One was the purchase of supplies funded by grants closed to their expiry date in order to fully utilize the funds. The other was a lack of a regular monitoring of the supply plan that could address changes, delays or unforeseen events in order to adjust quantities and values on a timely manner. Weaknesses in supply planning could lead to poor identification of supply needs and the waste of resources.

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

i. Are prepared by each programme section based on quantities and values in workplans agreed with implementing partners.
ii. Are monitored in a timely manner so that differences between actual and planned procurement are identified and adjusted for.

Staff responsible for taking action: Deputy Representative, Operations Manager, Supply Assistant
Date by which action will be taken: June 2016

Partnerships

At the time of the audit (November 2015), the office had three active Partnership Cooperation

Agreements (PCAs) signed with implementing partners. A review of all the PCAs signed by the office showed that the office entered into partnerships with four implementing partners during the period under audit (in two cases the original PCA was extended and new agreements signed, so there were six agreements in all). These PCAs accounted for US$ 1.4 million in funding for activities to be fully implemented during the period 2014-2016. The Partnership Strategy included in the 2012-2016 CPAP[5] included the establishment of several strategic partnerships in close coordination with other UN agencies, multilateral and bilateral donors with national and regional presences, and NGOs.

The audit noted the following.

Partnership Cooperation Agreements (PCA): The office provided copies of three programme cooperation agreements (PCAs) and one proposal submitted by one implementing partners for an agreement that started on 1 January 2015. The office did not have a process for a systematic capacity assessment of potential partners. A review of the three programme cooperation agreements (PCAs) signed with implementing partners found that they did include workplans with timelines of major activities, with baselines, budget lines and indicators that could allow the monitoring of progress. However, one of the three agreements was activity-based and did not indicate the results to which the activities would contribute. It was also noted that two of the three PCAs reviewed were not signed by partners or UNICEF – which reduced the office’s ability to hold the partner accountable for results.

PCA Review Committee (PCARC): The office had a Partnership Cooperation Agreement Review Committee (PCARC) to provide reviews of PCA proposals. The office provided copies of minutes for three PCARC meetings held during 2013-2014. It was noted that three other PCAs were signed during 2014-2015 but the audit was not supplied with the PCARC minutes for these.

The audit also did not find terms of reference (ToRs) for the PCARC. There should have been ToRs included the elements to be considered during the review of agreements, such as whether the proposed partner had been adequately assessed; whether it was the right partner for this particular collaboration; the assessed level of risk; the programmatic justification for, and design of, the PCA; its cost/cost-effectiveness implications; the mutual accountability provisions; the budget proposal; or the proposed PCA document and supporting documents themselves.

The review of the three PCARC minutes showed that none of the aforementioned elements had been addressed. The office based selection on prior collaboration, without assessing the capacity of the partners. There was no record of discussions that demonstrated that the partners were the most suitable for the activities for which they were selected. In fact all the selections were based on previous agreements, although the quality of results from those was not evaluated.

In one out of three PCA review processes, the basis of the approval did not include a programmatic justification with clear links to planned results. The supporting documentation showed selection to have been based on the view that the office should help the partner to expand their services, and assist capacity building and infrastructure, rather than being based

[5] The 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.

on the partner's capacity to achieve results. The proposal submitted by the partner was deemed to be: "…a very good project which directly impacts on the lives of children especially the other vulnerable children (OVC) because without this project most of the OVC will not have the opportunity to develop their full potential". It was not stated why.

The audit also noted the following:

- In two out of three PCA review processes, the same staff member chaired the PCARC and gave final approval as Officer in Charge. This is an inadequate segregation of duties.
- No capacity assessment was carried out in any of the three PCA reviews.
- In two out of three cases, PCAs were recommended despite the fact that weaknesses related to partners' capacity were detected.

Agreed action 6 (high priority): The office agrees to:

i. Ensure that all PCA review processes include partners' capacity assessments, and use the results as the basis for strategic partnerships.
ii. Ensure that all programme cooperation agreements (PCAs) are results-based, and include relevant details (timeframe, detailed activity description, budgets) to assist monitoring of progress toward the achievement of planned results.
iii. Establish Terms of Reference for the Partnership Review Committee (PRC),[6] as well as a detailed workflow for the PCA review process, and assign accountabilities ensuring a proper segregation of duties.

Staff responsible for taking action: Deputy Representative
Date by which action will be taken: May 2016

Harmonized Approach to Cash Transfers (HACT)

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 systematically assess the level of risk before making cash transfers to a given partner, and to adjust their method of funding and assurance practices accordingly. HACT therefore includes micro-assessments of implementing partners 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 not, they can apply a simplified financial management checklist set out in the HACT procedure. At country level, HACT involves a macro-assessment of the country's financial management system.

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 audit and special audits. There should also be audits of implementing partners expected to receive more than US$ 500,000 during the programme

[6] Under new guidelines for cooperation with NGOs, with effect from April 2015 the PCARC in UNICEF offices has been renamed the Partnership Review Committee (PRC).

cycle. HACT is also required for UNDP and UNFPA and the agencies are meant to work together to implement it.

A revised HACT framework, endorsed by UNDP, UNFPA and UNICEF, was adopted in February 2014. In addition, with effect from 1 July 2015, UNICEF issued new UNICEF-specific HACT guidelines.

The office had implemented the Harmonized Approach to Cash Transfers (HACT) for the management of cash transfers to implementing partners. The United Nations agencies in the country had established a HACT working group that UNICEF currently led. A macro-assessment had been finalized in September 2015; it had concluded that the overall risk rating for the use of the public financial management system for cash transfers was significant.

The audit noted the following.

Micro-assessments: The office provided copies of 12 reports from micro-assessments that had been carried out between December 2011 and February 2015. It was noted that none of the reports were signed by the company in charge of the assessment, and indeed nine of these reports were drafts reports. This could reduce the capacity of the office to hold the assessor accountable for the conclusion expressed in the reports.

Information retrieved from VISION showed that five implementing partners had received over US$ 100,000 during the current country programme. A review of the micro-assessment reports issued for these implementing partners showed that two were carried out in 2011, during the previous programme cycle. The assurance plan issued for 2015 did not include micro-assessments for the eligible implementing partners.

Assurance plan: The office did not prepare a plan for HACT assurance activities for 2014. The 2015 assurance plan included 23 spot checks and 31 programmatic visits. At the time of the audit (November 2015), the office had carried out six spot checks and 11 programmatic visits;[7] this represented implementation rates of 26 and 35 percent respectively.

The information included in the 2015 assurance plan showed that the planning was not risk-based, as the frequency of spot-checks or programmatic visits were not clearly linked to the partners' risk profiles, to the amounts expected to be transferred, or to previous assurance activities. According to UNICEF instructions, there is no need for spot-checks for partners receiving less than US$50,000 in a year. However, the office planned two spot-checks each for two different partners that were expected to receive between US$ 15,000 and US$ 45,000. Also, in two instances the office planned one spot check each for two partners that were not expected to receive funds in 2015.

Scheduled audits: HACT policy requires scheduled audits for partners receiving US$ 500,000 or more during the country programme cycle. According to VISION, as of November 2015 there were five partners that had received more than US$ 500,000 during the current

[7] 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."

programme cycle. The office reported in its 2015 assurance plan that no scheduled audits were planned in 2015. As of November 2015, none had been carried out since the beginning of the current country programme.

Agreed action 7 (medium priority): The office agrees to strengthen oversight of the Harmonized Approach to Cash Transfers (HACT) through the following steps:

i. Prepare HACT assurance plans on a risk-informed basis and implement them accordingly.
ii. Include in HACT assurance plans micro-assessments of partners expected to receive US$ 100,000 or more per year and scheduled audits of partners planned to receive more than US$ 500,000.
iii. Ensure that all micro-assessment reports are finalized and signed by the issuer.

Staff responsible for taking action: Deputy Representative, Operations Manager
Date by which action will be taken: April 2016

Programme monitoring

The CMT regularly monitored progress of programme implementation against planned outputs and targets. Also regular programmatic field visits were planned that included assurance activity for HACT purposes (see previous observation). In 2014 the office carried out what it called an In-Depth Review – which it stated was a mid-term review – in order to review the progress made against the set results in the country programme from 2012 to 2014.

However, the 2015 AMP did not clearly identify the field-monitoring trips as a process of the office, and did not assign accountabilities among relevant staff. Also, the office lacked procedures for field-monitoring trips that defined frequency and how the information gathered should be processed, compiled and monitored.

The office provided the audit with an integrated travel plan that included detail of the trips, recommendations for merging of travel plans, monitoring and evaluation recommendations, and data as to which trips had been satisfactorily completed. However, it was not clear how the office ensured that all field-monitoring trips were reported upon, recommendations were reviewed, and their implementation followed up. Neither was it clear how the office classified the trips according to purpose, programme section, programme outcome or output. This kind of analysis would have helped the office assess the cost effectiveness of field-monitoring visits, as well as constraints and areas for improvement. Neither were the major findings and recommendations from these field-monitoring trips systematically discussed in CMT team meetings.

The audit reviewed a sample eight field-monitoring reports from trips that took place between April 2014 and December 2014. It noted the following:

- The objectives of the trips, as given in the field-trip monitoring reports, did not clearly refer to specific workplans or PCA outputs.
- Cases were found where the recommendations were numerous, and/or were not specific, or lacked responsible staff and timelines.
- There was no evidence that recommendations were shared with implementing

partners.
- The recommendations did not include the root causes, which would give them a more solid basis.
- There was no evidence of review of timeliness and quality of supply procurement and deliveries to end-users. In general, the quality of the inputs provided by UNICEF was not reviewed.
- Recommendations were not always underpinned by a preliminary assessment of the situation.
- The trip reports were not always signed by the supervisors.
- No follow-up report was issued for the recommendations included in the trip reports.

Agreed action 8 (medium priority): The office agrees strengthen its oversight mechanisms over programme monitoring and to:

i. Establish procedures related to field-monitoring trips, including frequency, and guidelines on the how the information gathered should be processed, compiled and monitored.
ii. Establish effective mechanisms for follow-up of recommendations included in trip reports.
iii. Improve the data in the integrated travel plan so as to enable analysis of the cost effectiveness of field-monitoring visits, as well as to inform discussion of constraints and areas for improvement.
iv. Discuss the significant findings and recommendations from field-monitoring trips in programme meetings and Country Management Team meetings.

Staff responsible for taking action: Deputy Representative
Date by which action will be taken: April 2016

Resource mobilization[8]

Country offices fund most of their programmes from money they raise themselves. They therefore need a clear and comprehensive fundraising strategy for securing approved Other Resources (OR) in support of the country programme.

The total budget approved by the Executive Board for the Gambia 2012-2016 country programme was US$ 20.355 million, of which US$ 15 million, or 74 percent, was expected to be funded by Other Resources (OR). At the time of the audit (November 2015) and with only one year left of the country programme cycle, 53 percent of the OR ceiling had been raised, amounting to US$ 7.9 million. The four main programme components were all underfunded; *Young child survival and development* by US$ 1.5 million (32 percent), *Basic education* by US$ 836,583 (30 percent), *Child protection* by US$ 2.2 million (47 percent) and *Social policy, knowledge and advocacy for children's rights* by US$ 1 million (75 percent).

The design and implementation of a new fundraising strategy had been included as a management priority in the 2015 AMP, and a fundraising taskforce had been established to develop and implement the resource mobilization strategy and provide strategic advice to the

[8] 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.

Representative on programme priorities for resource mobilization. The taskforce had a defined membership with designated responsibilities.

However, at the time of the audit (November 2015), the strategy was still in draft. The audit also noted that the taskforce had not met during 2015 to establish annual targets and performance indicators; these would have allowed effective monitoring of fundraising. Neither had it drawn up an action plan for the implementation of fundraising activities. Moreover a review of the responsible staff members' Performance Evaluation Reports (PERs) showed that these responsibilities were reflected only partially, or not at all, as activities to be performed by the staff member.

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

i. Implement the fundraising strategy, with targets and key performance indicators.
ii. Draw up an action plan for implementation of the resource mobilization strategy.
iii. Assign responsibilities for resource mobilization to the relevant staff, ensuring that they are included in the responsible staff members' Performance Evaluation Reports (PERs).

Staff responsible for taking action: Representative, Deputy Representative, and Communications Specialist
Date by which action will be taken: April 2016

Evaluation

Country offices should, if possible, evaluate each major programme component during a country programme cycle, and should also evaluate any initiative that is going to be replicated or taken to scale. Offices should also organize or participate in studies, surveys, research and assessments that keep them up to date on the situation of children and women in the country, both to help them understand the extent to which the current country programme is appropriate, and to inform the design of the one that follows.

These activities are set out at the beginning of the programme cycle in a five-year integrated monitoring and evaluation plan (IMEP) that includes assigned responsibilities, estimated budget and timelines. Besides this five-year plan, an office should also have a rolling IMEP that covers only a year or two at a time, and reflects progress so far and any changing circumstances.

The office had prepared a five-year IMEP for 2012-2016 and there was a rolling IMEP for the period 2015-2016. It was noted that three evaluation activities planned for 2014 and 2015 in the five-year IMEP were not implemented as planned, being replaced by other two different activities. Also the 2015-2016 rolling IMEP did not include the three evaluations scheduled for 2016 in the five-year IMEP; it contained two others instead.

According to the five-year IMEP there were eight evaluations scheduled for the period 2012-2016. Four out of eight evaluations were for *Basic education*, of which two were scheduled to take place in 2012 and two in 2014; two evaluations were scheduled, in 2014 and 2016, for the evaluation of the UNDAF[9] in Gambia; and two evaluations were scheduled for *Social policy*, in 2014 and 2016. No evaluations were scheduled in the five-year IMEP for the *Child protection* or *Young child survival and development* programmes.

The audit noted that the office completed only two, not four, evaluations from 2012 to 2015 for *Basic education* (one each in 2012 and 2013). The office had also scheduled two evaluations for 2016: one for *Child survival and development* and another for a project managed by *Child protection*. According to this information, there were no evaluations scheduled for the *Social policy* programme during the current country programme and therefore the assessment of related results by the office would be limited. Thus eight evaluations had been scheduled for the five-year country programme; with a year to go, two had taken place and two were scheduled for the final year, and one programme component had not been evaluated (and no evaluation of it was scheduled for the last year of the country programme).

The feedback provided by the Evaluation Office in NYHQ on the two evaluation reports submitted by the office found that the management responded to the evaluation recommendations in a timely manner, and action plans to address them were followed up.

The office said that progress on the IMEP was reviewed quarterly, but the audit did not find evidence of a review that could identify constraints as well as lessons learned and propose action accordingly. Further, none of the modifications to the original five-year evaluations schedule had been incorporated into a revised five-year IMEP and there was no documented explanation in it for the cancellations or new activities. This was mainly due to weaknesses in oversight over preparation, implementation and follow up of the IMEP. Budget constraints and overambitious planning had contributed to the lack of implementation of activities as planned.

Agreed action 10 (medium priority): The office agrees to strengthen its oversight of the integrated monitoring and evaluation plan (IMEP), and to:

i. Ensure that the IMEP includes programme evaluations of all key programme components within the programme cycle.
ii. Assess the viability of the planned evaluation activities in the context of funding and of other scheduled activities before including them in the IMEP.
iii. Regularly monitor planning, implementation and follow-up of IMEP activities.

Staff responsible for taking action: Deputy Representative, M&E
Date by which action will be taken: July 2016

Programme management: Conclusion

Based on the audit work performed, OIAI concluded at the end of the audit that the controls and processes over programme management, as defined above, needed improvement to be adequately established and functioning.

[9] The United Nations Development Assistance Framework (UNDAF) is a broad agreement between the UN as a whole and a national Government, setting out the latter's chosen development path, and how the UN will assist.

3 Operations support

In this area the audit reviews the country office's support processes and whether they are in accordance with UNICEF Rules and Regulations and with policies and procedures. The scope of the audit in this area includes the following*:*

- **Financial management**. This covers budgeting, accounting, bank reconciliations and financial reporting.
- **Procurement and contracting.** This includes the full procurement and supply cycle, including bidding and selection processes, contracting, transport and delivery, warehousing, consultants, contractors and payment.
- **Asset management**. This area covers maintenance, recording and use of property, plant and equipment (PPE). This includes large items such as premises and cars, but also smaller but desirable items such as laptops; and covers identification, security,
- **Information and communication technology (ICT)**. This includes provision of facilities and support, appropriate access and use, security of data and physical equipment, continued availability of systems, and cost-effective delivery of services.

All the areas above were covered in this audit.

The audit found that there were a number of areas in which controls were working well. The office had established work process for procurement of supplies and institutional services, travel authorizations and payroll. It had also taken measures to ensure that computer installations, information and communication technology (ICT) equipment was safeguarded against unauthorized access, physical hazards, accidental damage and the impact of power loss. Measures had been taken to enhance the office premises' Minimum Operating Security Standards (MOSS) compliance.

However, the audit noted the following.

Bank optimization

Balances in local bank accounts should not exceed the equivalent of one or two weeks of disbursements. Excessive balances held locally are inefficient, as they reduce UNICEF NYHQ's ability to maximize income from the organization's reserves.

The office stated that it did a monthly cash forecast. The finance section was in charge of preparing these, consolidating the information provided by the programme sections. However, an analysis of disbursements against the amounts held in the office's bank accounts between November 2014 and September 2015 showed that, in eight out of 12 periods, the balance of funds exceeded two weeks' disbursement (by a factor of six in one period).

Agreed action 11 (medium priority): The office agrees to strengthen monitoring and follow-up of bank optimization so as to ensure that it does not hold unnecessarily large balances in local accounts.

Staff responsible for taking action: Operations Manager
Date by which action will be taken: May 2016

Direct cash transfers

As of November 2015, direct cash transfers (DCTs) during 2014 and 2015 as recorded in VISION had been US$ 5.1 million, of which government partners accounted for US$ 4.3 million. The audit reviewed cash transfers to 10 implementing partners, eight of them Government and two NGOs. It noted the following.

***Release of cash transfers**:* Cash transfers to partners were not processed and released on time. In eight out of 10 sampled releases, there were delays between the partner's request and the disbursement of funds. The time taken in processing the requests should, in the view of the audit, not have been more than 10 days – given the size of the office, it could in fact have been less. In practice it ranged from 13 to 63 days. This carried the risk of delaying the implementation of programme activities. While the office had established work processes for the submission and release of cash transfers, it had not identified the bottlenecks and established standard lead and processing times.

Correspondence with workplans: in three out of 10 sampled transactions, the completed FACE form[10] did not provide enough details to trace activities to the corresponding workplans, creating a risk that activities implemented might be other than those agreed and approved. In one of the 10 sampled transactions, the office disbursed funds in the fourth quarter of 2015 for an activity that had been planned to be implemented during the second quarter of that year. The request was not received from partners until October 2015 and the activity was planned to be implemented throughout the period April-June 2015.

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

i. Review the process for cash-transfer request and disbursement, identifying bottlenecks; and introduce improvements accordingly, including establishment of standard lead and processing times.
ii. Establish a mechanism for monitoring timeliness of processing and release of cash transfers.

Staff responsible for taking action: Operations Manager
Date by which action will be taken: April 2016

Contracts management

According to UNICEF Administrative Instruction CF/AI/2013-001, the selection process for the engagement of all consultants should be based on a competitive selection, and a minimum of three qualified candidates should be considered for each assignment. Single-source selection is acceptable under certain limited circumstances, but the justification should be properly documented in a Note for the Record (NFR), duly approved by the Representative or Head of Office.

A formal output evaluation should be conducted at the time of completion of assignment. This measures the achievement of goals, quality of work and timeliness against the terms of

[10] The Funding Authorization Certificate of Expenditure (FACE) form is used by the partner to request and liquidate cash transfers. It is also used by UNICEF to process the requests for and liquidation of cash transfers. The FACE forms should reflect the workplans, which set out the activities for which funds are being requested, or on which they have been spent. The FACE form was designed for use with the HACT framework, but can also be used outside it.

reference. In term of final payments/instalments, the Instruction states that the final instalment may not be less than 10 percent of the total value of the contract, and will only be payable upon satisfactory completion of the services and the manager's certification thereof. The payment instalments should be directly linked with satisfactory deliverables, at specific time intervals, and as certified by the manager.

Contracts management in VISION: According to VISION, during the period from January 2014 to September 2015 the office had issued a total of 25 contracts (13 to consultants, two to individual contractors and 10 to local corporate contractors), amounting to US$ 669,158.61. The audit noted the following:

- Three contracts signed during the period under analysis, amounting to US$ 45,197, were single-sourced. No NFR had been written justifying single-source selection for these, and the audit could not see what the grounds would have been in these cases.
- In 10 out of 12 finalized contracts, no evaluation report had been prepared.
- Three out of 12 contracts were signed after the assignment had started.
- 38 contracts amounting to US$ 138,990.86 were still open in VISION after expiry of their validity date, preventing any unused balances from being reallocated.
- Two contracts were released for the same vendor for the same period of time, and at the time of the audit both contracts were still open. The office explained that they had needed to modify the first contract but had been unable to do so in VISION, so had opened a second one. This created a risk of double payment.

The audit reviewed a sample 21 contracts (11 consultants, two individual contractors and eight local corporate contracts). It found that in three out of 21 instances the staff member submitting a contract to the Contract Review Committee (CRC) was the same one who reviewed the completeness of the documentation submitted, carrying the risk that the documentation was not verified for completeness. Also, in nine of the 21 of contracts, the terms of reference described generic functions to be performed by the consultants, rather than specifying specific, measurable, attainable, reliable and time-bound (SMART) deliverables that could be used as the basis for evaluation.

Agreed action 13 (medium priority): The office agrees to:

i. Regularly monitor and update contracts information in VISION.
ii. Award contracts based on competitive processes.
iii. Maintain segregation of duties for all submissions to the Contract Review Committee.
iv. Include, in all contracts, deliverables to be provided by the contractor, in the form of tangible and measurable outputs, objectives and targets and specific activities.
v. Include, in all contracts, specific delivery dates and details as to how the work must be delivered, subdivided into "milestones" where appropriate.

Staff responsible for taking action: Operations Manager
Date by which action will be taken: May 2016

Operations support: Conclusion

Based on the audit work performed, OIAI concluded that the controls and processes over operations support were generally established and functioning during the period under audit.

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, and questionnaires. The audit compared the documented controls, governance and risk management practices provided by 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. The Representative and their staff then work with the audit team on action plans to address the observations. These action 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 audit recommendations

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 at the end of each audit area fall into four categories:

[Unqualified (satisfactory) conclusion]
Based on the audit work performed, OIAI concluded that the controls and processes over the

country office *[or audit area]* were generally established and functioning during the period under audit.

[Qualified conclusion, moderate]
Based on the audit work performed, OIAI concluded that, subject to implementation of the audit recommendations described, the controls and processes over [audit area], as defined above, were generally established and functioning during the period under audit.

[Qualified conclusion, strong]
Based on the audit work performed, OIAI concluded at the end of the audit that the controls and processes over [audit area], as defined above, needed improvement to be adequately established and functioning.

[Adverse conclusion]
Based on the audit work performed, OIAI concluded at the end of the audit that the controls and processes over [audit area], as defined above, 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".]

The audit team would normally issue an ***unqualified*** conclusion for an office/audit area only where none of the agreed actions have been accorded high priority. The auditor may, in exceptional circumstances, issue an unqualified conclusion despite a high-priority action. This might occur if, for example, a control was weakened during a natural disaster or other emergency, and where the office was aware the issue and was addressing it. Normally, however, where one or more high-priority actions had been agreed, a ***qualified*** conclusion will be issued for the audit area.

An ***adverse*** conclusion would be issued where high priority had been accorded to a significant number of the audit recommendations. What constitutes "significant" is for the auditor to judge. It may be that there are a large number of high priorities, but that they are concentrated in a particular type of activity, and that controls over other activities in the audit area were generally satisfactory. In that case, the auditor may feel that an adverse conclusion is not justified.