

Internal Audit of the Programme Division

Office of Internal Audit
and Investigations (OIAI)
Report 2012/31



Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of Programme Division (PD). The audit sought to assess the governance, risk-management and control processes over PD's activities. The audit was conducted from January to May 2012. The audit covered the period from January 2011 to June 2012.

PD has defined its role as "providing global leadership to UNICEF's advocacy and sector-wide action, guiding country programmes, influencing global technical and policy dialogue, and leveraging resources to achieve results for children, within human rights and equity frameworks". The Division oversees four of the five technical areas of the Medium-Term Strategic Plan. It provides technical and sector-specific guidance on influencing national policies and programmes, and on scaling-up evidence-based interventions for the most vulnerable children. PD also contributes to the generation and use of context-specific knowledge for evidence-based advocacy.

As of March 2012, PD was composed of seven programme sections: Health, Education, Water, Hygiene, Sanitation, Child Protection and HIV/AIDS. As of June 2012, PD had 205 approved posts, out of which 43 (or 21 percent) were vacant. The 2012-2013 budget was US\$ 99 million.

Action agreed following the audit

As a result of the audit, and in discussion with the audit team, Programme Division has decided to take a number of measures. One of them is being implemented as a high priority: The Division plans to strengthen mechanisms and standards for prioritizing and ensuring timely provision of sound technical guidance and support to country and regional offices.

Conclusion

Based on the audit work performed, OIAI concluded that, except for the high-priority area noted above, the control processes over the Programme Division were generally established and functioning during the period under audit.

The Programme Division and OIAI will work together to monitor implementation of the measures that have been agreed.

Audit objectives and scope

The overall objective of the audit was to assess whether the governance, risk-management and control processes over PD's activities provided reasonable assurance that: resources were acquired economically and used efficiently; assets were safeguarded; activities complied with regulations, rules, policies, procedures, directives, administrative instructions and contracts; financial, managerial, and operating information was accurate, reliable, and timely; and plans and business objectives were achieved.

The audit focused on PD's core functions and key risks, and reviewed the following areas:

- Accountabilities for, and coordination of, global technical leadership and sectoral policy guidance to Regional and Country Offices in the programme area. This includes provision of such guidance in emergencies and humanitarian situations.
- Planning for, and management of, risks.
- Management and dissemination of technical knowledge and experience for programmes.
- Coordination of strategic partnerships.
- Planning and management of resources, including human resources and skills upgrading.
- Monitoring, evaluation and reporting on achievement of PD objectives and key results.

Observations

Satisfactory key controls

The audit found that controls were functioning well over a number of areas, including (but not necessarily limited to) the following:

- The division held twice-yearly meetings with deputy regional directors for discussing priorities and exchanging technical knowledge and information. Oversight mechanisms such as inter-divisional working groups and quarterly technical review meetings helped increase inter-sector collaboration. Governance mechanisms such as the Global Management Team, Regional Management Team and Programme Group Management Team meetings also assisted collaboration and exchange of information.
- A new management structure for the division was approved for the 2012-2013 biennium. All associate directors and section chiefs now directly report to the Director rather than to a deputy director. Further, the Director, the two deputy directors, the associate directors and unit heads form the new division's senior management team.
- In April 2012 the Executive Director announced several changes to the accountabilities of the Programme Division and the Division of Policy and Strategy, which addressed the most serious inter-divisional accountability issues.
- The division implemented all recommendations raised by the external auditors in 2010.

Resource allocation, planning, and use

The audit reviewed the control processes in place for the planning, use and allocation of resources in PD.

Efficient and effective planning (including obtaining resources), and best use of available human and financial resources, demands the use of adequate costing methodologies and the integration of financial and operational performance information. These are needed to give a clear picture of the link between money spent and results achieved, and thus inform decision-making. Within its 2012-2013 OMP, PD indicated that the resource allocation would be guided, amongst other factors, by a realistic appraisal of the costs associated with providing specific types of support to country offices.

PD manages the global non-thematic funds, which are inter-country resources allocated for specific sectoral interventions. PD also chairs the committee responsible for recommending, to the Executive Director, the allocation of discretionary set-aside funds to country offices, based on the proposals compiled by regional offices. This observation is on the global non-thematic funds.

PD's overall budget in 2010-2011 was US\$ 45.3 million and US\$ 102.7 million respectively. In the 2012-2013 OMP, total budget was US\$99 million.

Table 1: Budget allocation (*in thousands of US\$*) – not audited

| | 2010 | | | 2011 | | | 2012 – 2013 |
|----------------|---------------|---------------|------------|----------------|---------------|------------|---------------|
| | Budget | Expenditure | % | Budget | Expenditure | % | Budget |
| Programme (RR) | 2,249 | 2,249 | 100% | 1,953 | 1,828 | 94% | 5,605 |
| Programme (OR) | 41,924 | 41,435 | 99% | 67,665 | 41,922 | 62% | 92,366 |
| Support budget | 1,134 | 1,036 | 91% | 1,028 | 913 | 89% | 992 |
| Total | 45,307 | 44,721 | 99% | 102,677 | 42,835 | 42% | 98,963 |

Sources of data: 2010 & 2011: PD Dashboard as of 15 December 2011 (FLS data as of 15 December 2011); 2012 & 2013: Vision Performance Management System.

Regular Resources funds allocation: Regular resources (RR) constitute the most predictable source of funding for the Division. However, PD had experienced a 58 percent decline in its allotted RR since 2007. Approximately 85 percent of PD staff are funded from OR and ORE¹ funds. A report generated by DFAM in 2012 on funds allocations to HQ divisions showed that in 2007, total RR allotted to PD was US\$ 6.7 million. This decreased to US\$ 4.9 million in 2008, US\$ 4.6 million in 2009 and was almost half in 2010. The audit was told that, for its human-resource requirements, PD was expected to raise funds from the global non-thematic funds mentioned above.

The effect of the decrease in RR allotments was most pronounced on PD's personnel—specifically, on the contract duration of PD staff; it led to insufficient staffing and short-duration contracts, varying from six months to a year. In 2011, constraints on funding posts meant that PD had an overall vacancy rate of 21 percent, as reported in its management dashboard for January-December 2011. In Child Protection, contract periods ranged between three and 12 months (for professional staff funded from OR). Funding constraints in the Child Protection section resulted in two bailouts in the past two years in order for the section to continue functioning; this impacted staff morale. However, though the vacancy rate in PD as a whole decreased from 21 percent to 8 per cent in 2012, only 56 percent of posts were fully funded up to 2013, and 35 percent were partially funded (meaning contract durations ranged from three to nine months). Overall funding status for PD OR-funded staff is 65 percent. These constraints continue to have a negative impact on staff morale, and also entail an administrative burden related to constant adjustment of these short-term contracts.

Allocations of both RR and support budget (SB) are based on the Divisions' support to the achievement of Medium Term Strategic Plan organizational targets and the justifications within their office management plans (OMP) and budgets.² However, there were no clear and transparent criteria to guide the allocation of funding either to PD overall, or within PD. The criteria for allocation to HQ Divisions had not been adjusted since 2004, even though there have been major programmatic shifts. In addition, PD did not have adequate controls

¹ ORE funds are Other Resources—Emergency; these are funds provided by donors for specific humanitarian and post-crisis recovery activities.

² The OMPs are then reviewed by the technical review team (TRT) and programme budget review committees (PBR), which make recommendations to the Executive Director for presentation to the Executive Board for approval.

to ensure that its OMP budget was essentially results-based.

Fundraising: All sections in PD spent considerable time on fundraising activities for inter-country or global initiatives. These funds are negotiated through PARMO and PFP.³ The amount of other resources shows that most donors have opted for project or earmarked funding, which affects the even spread of funds within the Division. All sections in PD were required to develop section-specific fundraising strategies. The audit noted that PD lacked a comprehensive long-term funding strategy to overcome the disruption to the provision of technical expertise that was created by staff vacancies.

Utilization of Other Resources (OR):⁴ In 2011, the Division's overall expenditure was approximately the same as for 2010, at US\$ 42.8 million – despite the fact that the budget for 2011 was much higher. This represented a utilization rate of 62 percent in 2011 (see table 2); the increase in the OR budget in 2011 had not been rigorously based on expenditure data and/or valid cost estimates. Mechanisms for holding staff members accountable for meeting targets and utilizing human and financial resources required strengthening.

Table 2: Utilization of Other Resources within PD, 2011 (in thousands of US\$) – not audited

| Programme Section | Planned | Spent | % |
|---|---------|--------|------|
| Child Protection | 11,805 | 5,817 | 49% |
| Education | 6,407 | 6,241 | 97% |
| Health | 21,172 | 11,225 | 53% |
| HIV/AIDS | 9,569 | 6,766 | 71% |
| Nutrition | 6,004 | 3,594 | 60% |
| Water, Sanitation and Hygiene (WASH) | 8,150 | 3,698 | 45% |
| Civil Society Partnerships (CSP) | 346 | 346 | 100% |
| Programme Division Director's Office (PDDO) | 4,212 | 4,212 | 100% |
| Total | 67,665 | 41,899 | 62% |

Source: Section annual work plans for 2011

From the assessment of expenditure figures by programme section (see table 2), there were significant variations in absorption rates amongst sections in PD. The Health section, which had the highest allotted amounts of OR, and the lowest vacancy rates, had the third lowest fund utilization rate (53 percent). Child Protection section, with the second highest allocation of OR, had one of the lowest expenditure rates—about half its budget; it also had

³ PARMO is UNICEF's Public Alliances and Resources Mobilization Office. PFP is the Division of Private Fundraising and Partnerships.

⁴ An office or Division has two basic types of funds at its disposal: Regular Resources and Other Resources. Regular Resources are core resources that are not earmarked for a specific purpose, and can be used by UNICEF wherever they are needed. They include income from voluntary annual contributions from governments, un-earmarked funds contributed by National Committees and the public, and net income from greeting-card sales. Other Resources are contributions that have been made for a specific purpose such as a particular programme, strategic priority or emergency response, and may not be used for other purposes without the donor's agreement.

the highest vacancy rates. Nutrition, and WASH, which each had 7-8 percent of PD's overall budget allocation, had low implementation rates as well.

PD would need to improve results-based budgeting and clearly assign accountability in order to ensure planned resources are effectively estimated and spent to achieve established objectives.

Agreed action 1 (medium priority): Programme Division has agreed to strengthen quality-assurance mechanisms to ensure that results-based budgeting is implemented effectively, linking expected achievements to resource requirements.

Responsible officer: Deputy Director, PD

Expected date of completion: December 2013

Agreed action 2 (medium priority): Programme Division has agreed, in collaboration with the Private Sector Alliance and Resource Mobilization Division (PARMO), to establish a division-wide and strategic fundraising strategy, ideally over the medium term, based on a comprehensive risk assessment and trend analysis of income flows.

Responsible officer: Director, PD

Expected date of completion: June, 2014

Funding for PD's emergency-related activities

The audit reviewed whether there was an effective mechanism to ensure inter-divisional coordination for joint planning and fundraising between PD and other relevant HQ Divisions.

In December 2011, the responsibility for global cluster coordination⁵ was transferred from PD to UNICEF's Office of Emergency Programmes (EMOPS), which had already responsibility for fundraising. Most PD staff expressed a lack of clarity regarding these changes and their implications for PD's ability to fund specific technical-support functions related to emergencies.

The transfer of responsibilities to EMOPS posed the risk of split funding. PD and EMOPS identified predictability of funding as a high risk, due to insufficient internal coordination of fundraising, unclear internal criteria for funds allocation, the global economic crisis and the nature of international donor structures. Both divisions planned some actions to mitigate the risk, including improving oversight of the use of existing funds, formalizing technical-level dialogue with donors, devising a long-term fundraising strategy, and redefining allocation for thematic funding. However, at the time of the audit, few of these actions had been implemented, since the Risk and Control Self-Assessments that identified the risk had been completed only in late 2011.

At a senior level, the functions related to emergencies and development programming were split between two Deputy Executive Directors. Given that the changes noted above were introduced in late 2011, the coordination arrangements related to fundraising for emergency-related activities that were still undertaken by PD had yet to be established, although some developments were underway at the time of the audit.

⁵ Clusters bring together key agencies in a given sector so that they can cooperate quickly in an emergency. A lead agency (often a UN agency) will have global cluster coordination responsibilities. UNICEF is the lead agency for three clusters and has a key role in several more.

Agreed action 3 (medium priority): The Deputy Executive Director (programmes), in collaboration with Deputy Executive Director (external affairs), has agreed to establish a mechanism constituted of Directors from Programme Division, Public Alliance and Resource Mobilisation Office (PARMO), and Office of Emergency Programmes (EMOPS) to improve inter-divisional coordination. This mechanism will be responsible for the joint planning and agreeing on appropriate fundraising actions between the Divisions.

Responsible officer: Deputy Executive Director, Programmes

Expected date of completion: September, 2013

Knowledge management

The audit reviewed whether the Division had in place effective systems and processes for identifying, collecting, applying, disseminating, storing and updating relevant programme information, knowledge and lessons from country-office experiences. Knowledge management (KM) is a crucial organization-wide function that cuts across sectoral and geographical lines and requires an integrated approach. PD's ability to contribute knowledge is dependent in part on how well that function works across UNICEF as a whole. The audit therefore not only examined PD's KM function, but also considered it within the context of UNICEF's organization-wide KM.

The knowledge management function within UNICEF: Each sector and unit, and almost every regional and country office, has a knowledge-management responsibility and a KM focal point to respond, at least partially, to their specific needs in terms of information sharing. However, at the time of audit in March 2012, there was no organization-wide policy on knowledge management. An attempt to develop an integrated approach to KM was made in 2008, but no such approach was implemented.

In April 2012, the Executive Director announced changes to the Division of Policy and Strategy (DPS), which included the transfer of some of the functions previously performed by the Information and Knowledge Management Unit in DPS to the Office of Research, the main office of which is the UNICEF Innocenti Research Centre (IRC). The IRC research agenda leads UNICEF in the generation, analysis and dissemination of new knowledge in support of its programmes and policies. As part of this move, UNICEF has created a new Research and Knowledge Management function within the Office of Research to strengthen research practices and processes across the organization. Also, a Standing Committee on Policy and Research has been established under the overall guidance of the Deputy Executive Director (programmes). This committee is intended to coordinate and strengthen the policy and research function across the organisation, and to bring about a significant improvement in coordination and knowledge sharing, primarily (though not only) at HQ level. Its membership is drawn from HQ divisions that are significant stakeholders in the development and use of knowledge for children.

Although the KM functions had been transferred to the Office of Research, no real agreement had been reached on its precise role and accountability in this matter, or on what would be the responsibilities of other HQ units and of country and regional offices. In addition, the functions related to KM have been, and still are, generally under-resourced. The transfer of KM functions included two positions, but no financial resources had been reallocated to accompany this extended mandate. In general, the dismantlement of the dedicated Information and Knowledge Management Unit in HQ and its partial transfer to the

IRC left some of the global activities unfunded and expectations unmet.

At the time of audit, the Office of Research was developing an in-house note aimed at clarifying roles and mandates in relation to KM. The note also made recommendations to help the Office of Research make research practices and processes more effective for UNICEF and its partners—and set out the resource implications of implementing those recommendations.

Knowledge management in PD: PD's 2010-2011 Office Management Plan included the following three strategic results within the functional area of analysis of programme performance and knowledge exchange:

- A system is instituted to capture and analyze programme performance and knowledge, and assist exchange of experiences and lessons across the organization.
- Support is provided for the establishment of communities of practice around key priorities and emerging issues in order to create synergies of action, including with external partners, at global, regional and country levels.
- Regular technical network meetings are convened to review progress and refine development policies, strategies and guidance.

PD rated KM as a high risk and outlined actions to be undertaken to mitigate the risk, including development of a KM strategy. At the time of the audit, there was no systematic process for managing PD's knowledge assets across the different sections within the Division. Sections in PD generally stated that filing and sharing of knowledge within the Division were insufficient.

A review of existing systems for dissemination of knowledge noted the following issues, as follows:

Intranet: A review of PD sections' intranet webpages found that they were generally not up-to-date. For example, YCSD's 'resource site' had no reports or publications on Health, Nutrition and WASH of a newer date than 2007; no data had been uploaded to the programming site related to 'Education in Emergencies and Post-Crisis Transitions' since 2007; and other sites, such as child labour, child marriage and children associated with armed forces or armed groups, had not been updated since 2008. The need for improvement was noted not only by PD's programme sections but also by regional offices, which found that the intranet currently was not functioning properly as a KM tool.

Tech query: In 2009 PD introduced a Tech Query System that was envisioned as "UNICEF's on-line collaborative tool to support Country Offices in finding solutions to programmatic questions." The tool was barely used. PD had only received 33 queries in total, of which 27 related to 'uploading of data into equity tracker'. Only six queries related to the five programmatic focus areas outlined in the MTSP.

Six out of the eight programme sections and cross-cutting functions in PD sections stated that insufficient resources hampered their ability to strengthen knowledge management. Although PD had developed a comprehensive guide outlining personnel and their functions in the Division, the guide was not kept fully up-to-date, and it also lacked key information on areas of expertise.

There is a need to develop an organizational knowledge management framework and policy

across UNICEF. This will strengthen the division's capacity to link its knowledge management priorities, objectives, systems and practices with those of UNICEF globally; and to systematically disseminate knowledge to other HQ divisions, regional and country offices.

The absence of an organization-wide policy on KM was partly due to lack of clarity of accountabilities in this regard; as noted earlier, there had been no real agreement on the precise roles and the accountabilities of the Office of Research, other HQ units and of country and regional offices. The Deputy Executive Director (Programmes) has assigned responsibility for the development of an organizational policy on knowledge management, and the establishment of mechanisms to improve the accessibility, sharing and monitoring of knowledge and lessons learnt within UNICEF.

Agreed action 4 (medium priority): Programme Division has agreed to strengthen mechanisms for the identification, collection, use, storage and updating of knowledge and information; and to develop tools to monitor the efficient and effective use of knowledge and information—after a guidance note on knowledge management by the Office of Research has been put in place.

Responsible officer: Deputy Director, PD

Expected date of completion: December 2013

Technical programme guidance to country and regional offices

The audit reviewed whether PD has effective control processes in place to ensure technical programme guidance to country and regional offices is timely and of good quality.

In providing global programme leadership, PD is expected to ensure that UNICEF is strategically positioned, and that UNICEF's responsibilities for global representation and leadership on technical issues are strongly reflected in all programme areas – both within UNICEF, but also oriented to the external environment. In this context, providing programme technical guidance to country and regional offices is a core accountability for PD. Such guidance should provide country offices with critical synthesized knowledge, information and operational experience in different sectors, and assist in making adjustments to programme strategies. Guidance should also be up-to-date, relevant and of good quality, and supported by evaluations, studies and surveys.

In its current (2012-2013) Office Management Plans (OMP), PD stated that its aims included “engagement in value-adding partnerships; promoting management modalities that enhance cross-sectoral and inter-divisional synergies; maintaining global leadership in core programme areas, translating technical knowledge and lessons from operational experience into equity-focused programming excellence at country level; promoting gender equality and a human rights-based approach, with emphasis on issues related to disability; and ensuring that socio-cultural determinants of inequities are at the forefront of the Division's work in 2012-2013.”

As stated earlier in this report, PD-led technical support has borne fruit for UNICEF and its partners, notably with regard to the equity agenda. However, the audit made some observations in this area.

Technical programme guidance documents: The 2010-2011 and 2012-2013 OMPs outlined PD's accountability for provision of technical guidance and support, while the 2010-2011

annual workplans of the individual sections in PD outlined specific technical guidance documents that would be issued, including timeframes. The annual workplans also included specific activities related to strengthening support to regional and country offices.

Prior to 2008, PD had used Programme Instructions as the formal mechanism to disseminate information and related technical guidance – primarily on Board-approved strategies, as well as other appropriate guidance. These were issued by the Director of Programme Division. Programme Instructions also served as a feedback mechanism – the basis upon which Regional Directors or Country Representatives would respond on the progress and/or follow up on the implementation of such guidance. However, PD had not issued any Programme Instructions since 2008 (including guidance to interpret Board-approved strategies). Instead, it had issued a large number of technical guidance documents. For example, during the period 2010-2011, four of PD's seven sections had planned to issue a total of 110 guidance documents (according to their annual workplans).

However, there were no written criteria to guide the development and issuance of such guidance. Also, a review of sampled guidance documents found that they were not risk-informed, were very generic, and did not clearly differentiate between what is mandatory and what is optional in order to provide as much flexibility as possible for decision-making.

Quality assurance of technical guidance documents: PD did not have standards for technical guidance documents; neither did it have a systematic process for ensuring their quality (or their timeliness; this is discussed below). Some programme sections used a combination of peer review by specialists in other organizations and internal UNICEF reference groups consisting of specialists from country offices and regional offices. Others relied solely on external specialists. In the absence of quality-assurance mechanisms, the quality of guidance is at risk, particularly in the context of large number of planned guidance and technical notes (110). The absence of quality review of guidance could also hamper the quality of programming in country offices.

The audit noted a similar lack of standards and systems regarding provision of *ad-hoc* guidance given in response to specific technical requests from country offices. There was no mechanism for monitoring the timeliness and quality of *ad-hoc* guidance provided to country offices. The preparation of this guidance was generally left to the discretion of the staff members who had been assigned the task. However, for large-scale “guidance projects” included in annual workplans, the implementation of the guidance activity was monitored during mid-year and end-year reviews.

Moreover, some regional offices noted the absence of a clearance system amongst HQ Divisions to ensure that country offices and ROs were not over-burdened with guidance documents; and that these documents did not contradict each other. For instance, four out of seven regional offices confirmed a lack of clarity on UNICEF's position on some global issues, such as UNICEF's position on child marriages.⁶ Also, insufficient prioritization of guidance/technical notes resulted in information overload to country offices and constrained their capacity to absorb and implement new guidance materials (see below, *Priorities in provision of technical support*).

⁶ There is a general issue within UNICEF on coherence regarding the issue of policy and guidance. This has recently been reviewed in greater detail in a separate OIAI document, *Report on an Audit of the Framework for managing policies, procedures and guidance* (2012/15, June 2012). Recommendations for ensuring coherence are included in that audit report.

Priorities in provision of technical support: In its 2012-2013 OMP, PD highlighted its intention to prioritize guidance and support to a group of priority countries/regions. However, PD had decided against a standardized approach to selecting priority countries, given that different criteria are required for each sector. Each section had therefore applied its own criteria and methodology.

Some of the non-priority regions had severe inequities in policies and provision of services for children. For some regional offices (ROs), capacity in PD to provide specific technical support to non-priority regions was perceived as being constrained by the absence of requisite expertise in these areas. (Some ROs have the technical expertise to handle specific issues of global concern, but have not been delegated with the authority to do so.) On the other hand, some sections in PD, like Health, were adequately staffed and able to provide technical support even to non-priority countries/regions. Unevenness in the provision of technical support, especially to non-priority regions, limited PD's capacity to lead UNICEF's global agenda effectively.

Timeliness of guidance: Sampling of activities in annual workplans found several cases where significant delays occurred in the development and dissemination of planned guidance. Examples include guidance on strategic results areas (SRAs) and Levels of Monitoring (1-3); these concepts were introduced to regional and country offices in mid-2011, but formal written guidance had yet to be provided; neither had capacity been strengthened at regional-office level to enable provision of the relevant guidance to country offices. Another example was guidance on School Readiness/Transitions, and a WASH in Schools module that was still due for dissemination, a year after the planned date. Untimely issue of guidance could contribute to confusion amongst country offices and, in some cases, delay implementation.

Use of evaluation to inform programmatic guidance: UNICEF has in recent years strengthened its evaluation function. An evaluation policy was issued in 2008, and evaluations are reviewed and rated by the evaluation office and uploaded to an evaluation database.

During the period 2011-2013, PD had planned 10 evaluative activities—a mix of sectoral and thematic evaluations. The audit could not establish the amount of resources that had been spent on evaluations overall; however, the Division's management informed the audit that planning and resource allocation for this important function was currently insufficient. The audit further noted that there was no mechanism to ensure that, when major funding was accepted, funds were set aside for evaluation from the outset so that the activities were effectively evaluated. Moreover, evaluations that had been undertaken by regional and country offices and uploaded to the evaluation database were not always systematically used by PD to inform the development of programme guidance.

Primarily, there was still a lack of clarity regarding responsibilities related to guidance on the programme process (mainly the responsibility of DPS) and programmatic substance (PD's responsibility). While, in essence, the distinction may be clear, in practice there is significant inter-relatedness that blurs accountabilities in this regard, especially when some of this guidance is prepared by PD. However, besides the need to define the responsibilities of PD vis-à-vis DPS, there was a need for a better accountability framework within PD itself. Insufficient revision of guidance, poor priority-setting and coordination, and not using evaluations to inform technical programme guidance, were attributed to the absence of such an internal framework – which also needs to include monitoring and follow-through to

ensure that agreed-upon actions and/or decisions are implemented, and to periodically assess their impact.

The cessation of the formal mechanisms to provide technical programme guidance (i.e. PROs) in 2008 was partly to reduce its proliferation. However, as noted above, the lack of a substantive replacement mechanism had resulted in much greater proliferation, not less.

Agreed action 5 (high priority): Programme Division has agreed to:

- establish a formal mechanism for the issue of technical programme guidance, and standardize quality-assurance mechanisms; ensure that technical guidance is developed on the basis of importance and urgency; and implement systematic mechanisms for communication with Regional Offices, and to the extent possible, ensure adherence by all sections in PD;
- establish standards for the timely provision and updating of technical guidance and clearly communicate these standards to PD staff and to regional and country offices;
- ensure that performance against these standards is assessed, monitored and reported upon and regularly reviewed by the PD management team;
- take action to systematically obtain regional and country offices input to areas where PD guidance is required; and,
- institute arrangements for setting priorities for provision of technical support, also ensuring that alternative arrangements are in place for those regions where such support is not readily available.

Responsible officer: Core team, PD

Expected date of completion: December 2013

Agreed action 6 (medium priority): Programme Division, in collaboration with the Evaluation Office, has agreed to strengthen mechanisms to ensure evaluations conducted at all levels of the organization (HQ, RO and country offices) are used to inform the development of new guidance and the revision of existing guidance.

Responsible officer: Deputy Director, PD

Expected date of completion: September 2013

Arrangements for collaboration with regional and country offices

The audit reviewed the control processes in place in PD to ensure effective collaboration with regional and country offices.

As of 2012, a significant function of one of the Deputy Directors in PD was to ensure coordination and strengthening of PD's support to country and regional offices. This would include coordinating work planning of PD's technical support to country offices; monitoring quality including relevance and timeliness; overseeing work-planning; and undertaking periodic progress and strategic reviews.

The audit showed that the institutional mechanisms for effective support to country offices, though emerging, were still constrained. For example, there was no formal process for provision of substantive support and review to country offices in the areas of situation analyses and technical programme design. Although PD provided inputs/comments on draft

country programme action plans, this was provided at an advanced stage, and was not always taken into consideration. An example given was country offices' cancellation of WASH components without data to support such decisions. PD had not become aware of this until the last minute, reducing its ability to influence the decision. Moreover, not all sections within PD gave priority to this form of support, mostly because – as mentioned above – the formal arrangements for such support had yet to be established.

The audit notes, however, that, in its 2012-2013 OMP, PD gave priority to strengthening and managing “extended technical clusters” or “extended teams”; these work across HQ, regional and country offices to enhance joint-work planning, monitoring, and the coordination of support. Also, in 2011, PD had initiated twice-yearly meetings with Deputy Regional Directors; these meetings have been acknowledged as very useful for discussing global and region-specific priorities and enabling technical programmatic exchanges amongst regional offices.

Nevertheless, five regional offices informed the audit that some PD sections tend to deal directly with country offices without them being aware of it. They also stated that clarity in communication on technical issues tended to vary between PD sections.

Input and feedback from end-users: PD had no systematic method of obtaining input from country offices when deciding on areas that required development of guidance. Nor had systems been established for obtaining feedback from end-users on satisfaction with, and relevance of, guidance/technical notes

Inter-divisional (NYHQ) collaboration: PD collaborated with other HQ divisions, regional and country offices. Existing inter-divisional coordination arrangements included the Programme Group Management Team (PGMT), headed by the Deputy Executive Director (Programmes), and included PD, DPS, Supply Division, and EMOPS. The PGMT met monthly. The Deputy Executive Director (Programmes) also met with each Director every other week, and ensured that initiatives that required coordination with PD and other Divisions were dealt with. The Global Management Team (GMT) and Regional Management Team (RMT) meetings were additional fora during which inter-divisional issues were discussed.

These inter-divisional mechanisms had scope to improve coordination, especially regarding programme content and process-related guidance, and partnerships. The audit found these mechanisms, although recent, to be generally sufficient.

PD and DPS: During the period 2010-2011, overlaps in accountabilities existed between PD and the Division of Policy and Strategy (DPS). Specific examples of such overlaps included the management and technical coordination of the following areas: Adolescents, Gender, Human Rights, Disability, and Communications for Development (C4D); and programme and policy guidance and trend analysis.

Another area of overlap was noted in the location of some technical personnel responsible for providing programmatic technical expertise. For example, DPS and PD each had an expert each working on trafficking and migration issues. In its 2011 annual review report, the Civil Society Unit in PD reported the need to improve coordination and communication among the relevant focal points within CSP, DPS, and EMOPs. This was seen as necessary to prevent the duplication of efforts, and to complement, and even maximize, the contribution that each Section and Division makes to civil society partnerships.

The absence of processes for PD's engagement in key country-programme formulation and

review was largely due to the lack of formal arrangements for such engagement. This lack of process was also a constraint to collaboration with other Divisions such as DPS. The 2006 organizational review had noted that there was sometimes a lack of clarity between process-related guidance (DPS) and content-related guidance (PD). At HQ level, DPS had overall responsibility for supporting and checking country-programme formulation and review. The absence of formal mechanisms to engage PD in country offices' strategic milestones and processes may still result in inadequate technical programme design and strategies. It may also lead to inability to demonstrate results and application of lessons learned in country programming.

Agreed action 7 (medium priority): The Deputy Executive Director (Programmes), in consultation with Regional Directors, has agreed to formalize arrangements that will ensure timely involvement of Programme Division in key country-programme formulation and review processes.

Responsible officer: Deputy Executive Director, Programmes

Expected date of completion: June, 2013

Agreed action 8 (medium priority): Programme Division has agreed to:

- strengthen mechanisms for obtaining feedback on the quality and relevance of guidance once it is issued, and ensure such feedback guides the development, where relevant, of other guidance; and,
- establish processes for feedback on the performance of Programme Division in the provision of technical support to country and regional offices.

Responsible officer: Deputy Director, PD

Expected date of completion: September 2013

Global programme partnerships

The audit reviewed whether the collaborative relationships and partnerships undertaken by Programme Division contributed to: achieving outcomes for children; supporting UNICEF efforts to scale up interventions; and leveraging resources for children.

The Division has had some recent successes in partnerships, in particular with religious institutions and with parliamentarians (see page 6, above). The Global Programme Partnerships (GPPs) unit is under the direction and guidance of the Director of Programmes, and is responsible for:

- formulating relevant policies and rules;
- representing UNICEF in interagency policy dialogue;
- ensuring that information on global trends, good practice, evaluation results and management information on UNICEF engagement in GPPs are aggregated and inform corporate reports and strategies; and,
- providing support and advice to senior management, and other UNICEF field and headquarters staff.

The Civil Society unit, located in PD at NYHQ, manages the key relationships with international NGOs (INGOs) whose collaboration with UNICEF is cross-sectoral. The CSU also serves as the organization's focal point for parliamentary, faith-based, and sport-related

actors. Programme sections of PD such as HIV/AIDs, Nutrition, and Child Protection regularly turn to the unit for technical support in mobilizing these actors around specific initiatives. (All sections across UNICEF work with civil-society organizations, but their engagement is generally restricted to particular sectoral areas.)

As of September 2011, PD had entered into approximately 81 global programme partnerships (both monetary and non-monetary) with various institutions. In 65 of these partnerships, UNICEF was an official member, and it played a governance role in just over half of these. For those where UNICEF was not a documented official member, it still collaborated in the partnership arrangements/activities. In addition to the global programme partnerships, PD and 14 international civil-society organizations also had memoranda of understanding (MoUs) with national parliaments and parliamentary networks in all regions, faith-based organizations and religious communities.

Given the potential impact of partner relations on UNICEF's reputation, PD rated them as a high-risk area, and had proposed some measures to mitigate those risks – including an evaluation of the partnership strategy, training and other guidance on contractual arrangements. At the time of the audit, it was not possible for the audit to establish the extent to which these actions had been implemented. PD was currently in the process of reviewing and developing a framework to guide this area.

For some of the global programme partnerships, management arrangements for identification, planning, reporting and coordination (e.g. with other UN agencies) were in place and generally functioned well. However, the audit noted following issues pertaining to global programme partnerships.

Guidance on partnerships: There is guidance for PD staff on the Intranet. It includes criteria to ensure strategic selection of partners and tools to assist assessment of partners, and was developed from recommendations arising from a 2009 study on UNICEF's engagement in global programme partnerships. However, most PD staff had expressed the opinion (in questionnaire responses and during meetings) that guidance on undertaking partnerships was not comprehensive.

Coordination: In the current biennium, the Civil Society Unit (CSU) was brought under Global Public Partnerships (GPP), to further strengthen collaboration. However, CSU's partnership management role also extended to other HQ Divisions. The relationship with GPP had yet to reflect an emphasized strategic approach, as outlined in UNICEF's policy on partnerships.

A 2009 study on UNICEF's engagement in global programme partnerships⁷ had recommended that "the ultimate decision to commit the organization should be made by UNICEF senior management and be informed by the result of a standardized appraisal process involving relevant in-house expertise." While the audit was referred to guidance that has since been developed, PD staff were not sufficiently aware of this guidance, as noted in the questionnaire responses and during interviews.

Managing partnerships was sometimes not included as a key task for staff members, especially for staff with managerial responsibilities, and was therefore not assessed through the staff performance evaluation system; staff members were therefore not held accountable for whether or not they were initiating and/or maintaining meaningful partnerships.

⁷ A study of UNICEF's engagement in global programme partnerships, UNICEF Evaluation Office, November 2009.

Agreed action 9 (medium priority): Programme Division has agreed to utilize both inter- and intra-divisional mechanisms to strengthen oversight, communication and quality-assurance review mechanisms for staff regarding the identification, assessment, selection and monitoring of partnerships.

Responsible officer: Associate Director, PD

Expected date of completion: June 2013

Annex A: Methodology, priorities and conclusions

The audit team used a combination of methods, including interviews, document reviews, testing samples of transactions. 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. Programme Division reviews and comments upon a draft report. The Director 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.

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

[Unqualified (satisfactory) conclusion]

Based on the audit work performed, OIAI concluded that the control 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

agreed actions described, the control 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 control 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 control 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 of 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 actions agreed. 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.