Internal Audit of the Office of Research

Office of Internal Audit
and Investigations (OIAI)
Report 2013/55

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children

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Summary

The Office of Internal Audit and Investigations (OIAI) has conducted an audit of the Office of Research. The audit, which took place between June and October 2013, reviewed the governance, research management, and operations support of the Office. The audit covered the period from January 2012 to August 2013.

The Office of Research was established in 2008, based at and complementing the existing Innocenti Research Centre (IRC) in Florence. The Office is focused on strengthening and exploiting the organization's reserve of knowledge and experience, encouraging new research, and integrating these important and innovative spheres to better inform UNICEF's work in country and regional offices. Research activities are conducted with a view to developing an evidence base for UNICEF's activities in more than 150 countries, and for the advocacy work of National Committees for UNICEF. The Office is responsible for promotion of high standards for research, including development of tools and training, and for the promotion of evidence-based research and debate. In 2012-2013, the Office took a number of steps towards a gradual transformation of the research function in UNICEF. These included setting out a 'road map' for the organization to take research forward; initiating strategic research that links closely with the field; developing new approaches to rapid dissemination of research findings; and consolidating the Office in its new role.

The total approved budget for the Office of Research for the 2012-2013 biennium was US$ 31.2 million, and was estimated at US$ 42.6 million for 2014-2017. There are 37 approved posts, with 26 funded positions filled by end 2013. The Deputy Executive Director, Programmes provides oversight, strategic guidance and support for the Office.

Action agreed following the audit

As a result of the audit, and in discussion with the audit team, the Office of the Executive Director and the Office of Research have agreed to take a number of measures. Two of them are being implemented as a high priority – that is, they relate to matters requiring immediate management attention. They are as follows:

- The Office of the Executive Director agrees to issue an executive directive on the development and establishment of a policy on research that outlines the mandate, objectives, responsibilities, authorities, and accountabilities of the Office of Research, and its relationship with other UNICEF organizational units; and clarifies the reporting requirements to the Executive Board.
- The Office of the Executive Director agrees to review the funding mechanisms of the Office of Research to reduce dependence on unpredictable sources of funding.

Conclusion

The audit concluded that overall, subject to implementation of the agreed actions described, the controls and processes over the management of the Office of Research were generally established and functioning during the period under audit. The Office of the Executive Director and the Office of Research will work with OIAI to monitor implementation of the measures that have been agreed.

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Objectives and Scope

The objective of the audit of the Office of Research was to provide assurance as to whether there were adequate and effective controls, risk-management and governance processes over a number of key areas in the office. The audit observations are reported upon under three headings: governance, research 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.

Background

The UNICEF Executive Board approved the establishment of a new Office of Research in 2008. Its prime objectives are to improve understanding of children's issues, and to provide a framework for research and knowledge within the organization.

UNICEF wishes to ensure that, wherever possible, its interventions on behalf of children and women are based firmly on evidence. To this end, UNICEF and the Government of Italy established the Innocenti Research Centre (IRC) in Florence in 1988. The IRC undertakes original research to fill in gaps on data relating to children, providing an evidence base to influence policy decisions. The Office of Research set up in 2008 was intended to oversee the work of the IRC, enhance the organization's links with institutions in developing and developed countries, and engage UNICEF in research and policy debates on children's issues. Following the establishment of the Office, an in-depth review of the research function in 2009, and a strategy paper completed in 2010, led to a series of recommendations on accountabilities and strategic directions. In 2011 the Executive Director of UNICEF decided to consolidate the Office of Research at one location at the IRC's existing base in Florence, with the intention of enabling a more efficient, coordinated and coherent implementation of its mandate.

The new unified research group had a mandate not only for research, but for knowledge sharing and dissemination. In 2012, at the request of the Executive Board, UNICEF further clarified its strategic vision for research and knowledge management in the paper *Harnessing knowledge to achieve results for children* (E/ICEF/2012/6). The paper sets out three main strategies: building an evidence base around the most effective interventions affecting the lives of children; supporting UNICEF country offices and their partners as both the starting points and most important end-users of knowledge on children; and forging more effective linkages across technical areas of UNICEF work at country, regional and headquarters levels.

Also in 2012, the Office of Research contracted an external consultant to study and gather lessons from successful research and knowledge management within and outside the development sector, design options that would be effective for UNICEF, and provide a roadmap to implementation of a research and knowledge management model in UNICEF. The external consultant's study, titled *Research and knowledge management models for Office of Research and UNICEF*, was completed in March 2013. It is referred to in the remainder of this report as the March 2013 external consultant's study.

The Deputy Executive Director (DED), Programmes provides oversight for, and strategic guidance and support to, the Office of Research; the Director of the Office is accountable to the DED at the level of implementing strategic vision through workplans, deliverables and budgets. The Director of the Office is supported by two associated directors, a chief of

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operations and a chief of communications. The Office of Research had a total of 37 staff members at the time of the audit.

For the 2010-2011 biennium, the Executive Board, for the first time, approved US$ 1.2 million in Regular Resources[1] for the Office of Research and US$ 600,000 for the IRC. The total budget proposed for 2012-2013 amounted to US$ 31.2 million (US$ 4.4 million from the institutional budget,[2] US$1.8 million from Regular Resources, and US$ 25 million from Other Resources).

The high-level results for the Office of Research for 2014 to 2017 were outlined in the Office Management Plan for that period, as follows:

- To generate independent high-quality research and tools for data analysis as a global resource for use by UNICEF and its partners.
- To strengthen UNICEF's capacity to generate, disseminate and make use of evidence and research on children, through establishing quality assurance mechanisms for research and research design at country office, regional office and headquarters levels.
- To ensure that research findings are disseminated in timely and innovative ways, and used to design and scale-up effective programmes, policies and advocacy; and carry out capacity building and training in research methodologies.
- To act as a catalyst within UNICEF for more effective governance, coordination and resourcing of research, by strengthening and institutionalizing fora for coordination of research within UNICEF, providing leadership in shaping the research agenda, strengthening governance for research and ensuring that an Advisory Board on strategic research orientation is in place.

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[1] 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 always be used for other purposes without the donor's agreement. An office is expected to raise the bulk of the resources it needs for the country programme itself, as Other Resources.
[2] Formerly known as the biennial support budget. Funded from regular resources and cost recoveries from other resources and special accounts.

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Audit observations

1   Governance

In this area, the audit reviews the supervisory and regulatory processes that support the Office of Research. The scope of the audit in this area includes the following*:*

- **Coordination and supervisory** structures, including advisory teams and statutory committees.
- **Identification** of the research office's priorities and expected results and clear communication thereof to staff and to the governing body.
- **Human resource management, including the staffing structure** and its alignment to the needs of the Office of Research.
- **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.
- **Resource mobilization and management**. This refers to all efforts to obtain resources for the implementation of the research activities, including fundraising and management of contributions.
- **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 the above areas were covered in this audit.

Satisfactory key controls
The Office's controls related to the identification of its priorities were adequate. An integrated framework for research and knowledge management was presented to the Executive Board at its first regular session in February 2012, in the paper *Harnessing knowledge to achieve results for children* (see *Background*, p5 above). The paper outlined the mandate of the Office of Research and a detailed road map to achieve it. This paper, a key foundation document for the Office, was the outcome of a comprehensive review of organizations with strong reputations for research and/or knowledge management — including international institutions, development NGOs and private sector companies. The roadmap also informed the 2014-2017 Office Management Plan.

The Office had also developed a guidance note, *Institutionalizing Ethical Practice for UNICEF Research*, which was sent out to over 700 researchers and institutions world-wide. The guidelines were also communicated by the Deputy Executive Director, Programmes, to all headquarters divisions, regional and country offices in October 2013.

The Office put in place management committees such as the Office Management Team and Programme Management Team to oversee planning, conduct and monitoring of research and knowledge management activities. The terms of reference were clearly defined with adequate

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composition and frequency of meetings. The Office Management Team functioned as a decision-making, coordination and communication body.

The Office actively developed, updated and monitored its Risk and Control Self-Assessment,[3] and progressively implemented the risk mitigation actions outlined therein. It also developed a relevant Business Continuity Plan as well as security assessments to ensure ready functioning in case of a crisis.

Communication of the Office's mandate, and reporting

The extension of the Office of Research's mandate to include knowledge management was preceded by consultations with stakeholders within UNICEF. Moreover the Office communicated its vision and objectives to all UNICEF staff through newsletters and a recently-developed interactive website. Despite this, the audit found, in interviews with New York staff and with four regional directors, that not everybody had understood what the proposed responsibilities of the Office would be regarding research, and knowledge generation from it. The absence of a formal policy on research and knowledge management in UNICEF had not helped, limiting understanding of what constituted research-generated knowledge, and who within the organization was responsible for it.

The Office of Research had prepared a "roadmap" for research and knowledge, which was expected to clarify the links with UNICEF strategic priorities and define the objectives, strategies, resources and timelines at the global, regional and country office levels. However, this roadmap had not been finalized at the time of the audit. This had also constrained communication of what the Office was expected to do, with whom, and how. At the time of the audit in September 2013, the Office of Research was taking steps to clarify the links between research and UNICEF strategic priorities, and define the objectives, strategies, resources and timelines.

Past internal reviews[4] had already identified the need to clarify certain areas. These included a need to map all research and knowledge management activities occurring within UNICEF, and clarify roles and linkages of different units. The reviews also called for strengthening of the research cluster's communication capacity. Despite actions taken since, the audit found that these needs still existed. There was also no formal mechanism to ensure that the Office of Research would periodically report to the Executive Board on its major activities and accomplishments.

Agreed action 1 (high priority): The Office of the Executive Director agrees to issue an executive directive on the development and establishment of a policy on research that:

 i. Outlines the mandate, objectives, responsibilities, authorities, accountabilities of the Office of Research, and its relationship with other UNICEF organizational units.

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[3] 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.

[4] A 2009 review on the research function in UNICEF, and the 2006 Organizational Review. More generally, the reviews also identified an urgent need to assess the quality and usefulness of research, and to provide the appropriate framework, tools, and standards to support research in country offices.

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    ii.   Clarifies the reporting requirements to the Executive Board as appropriate.

   iii.   Defines how performance will be measured, including establishment of standards and indicators to which management and staff are held accountable.

   iv.   Establishes mechanisms to monitor and report on the implementation of the recommendations from the March 2013 external consultant's study.

    v.   Assigns responsibilities for the identification of a knowledge management model, including monitoring the implementation of the recommendations related to knowledge management in UNICEF.

   vi.   Establishes mechanisms to monitor and report on compliance with the policy at all levels of the organization.

Responsible staff: Deputy Executive Director Programmes; Office of Research
Date by which action will be completed: December 2014

Organizational placement

The independence, professional integrity and objectivity of a research institute or office are among its principal assets. These qualities can be ensured by maintaining the highest standards for research activities, and through effective policies and practices governing the acceptance of funds from outside organizations or governments. Specifically, within UNICEF, the Office of Research, and indeed the research function in UNICEF generally, should be able to independently challenge UNICEF's position on its programmatic direction where relevant.

The audit noted that there were no formal mechanisms to ensure the Office's independence. As recommended by the March 2013 external consultant's study (see *Background* section, above), the Office was active in its efforts, at the time of audit, to establish an independent advisory committee constituted of eminent well-respected personalities in the field of research, to provide independent oversight to the Office of Research.

An independent function is key to sustaining partnerships with leading academic institutions and the recognition of the Office of Research as a credible convener and broker in the field of research. As underscored by prior reviews, recognition in the wider world of research will also only be sustained if the Office's research programme is independent. Safeguarding this independence requires that the output of research remains protected from censorship due to organizational concerns.

Agreed action 2 (medium priority): The Office of the Executive Director should reinforce, in its policy on research established as set out in agreed action 1, the independent status of the Office of Research and the mechanisms to promote and protect such independence.

Responsible staff: Deputy Executive Director, Programmes; Director, Office of Research; Publication Committee
Date by which action will be completed: December 2014

Standing Committee on Policy and Research

In 2012 the Deputy Executive Director, Programmes established an inter-divisional advisory committee to coordinate and strengthen the policy and research function across the organization. Called the Standing Committee on Policy and Research, its objectives were stated as follows:

- Act as a hub to promote and strengthen the use of evidence, data and knowledge in UNICEF's policy and programmes, and promote high-value-added initiatives to this end.
- Act as a platform to develop and operationalize a research agenda for UNICEF.
- Discuss and develop a systematic approach to knowledge management for UNICEF.

The Committee, which meets every quarter, makes recommendations to the Deputy Executive Director, Programmes. It is jointly led by the Office of Research and the Division of Policy and Strategy. The other UNICEF offices represented are the Programme Division, Evaluation Office, the Office of Emergency Programmes, and Governance, UN and Multilateral Affairs. The regional offices are not represented, although they are accountable for providing oversight, technical and quality assurance, knowledge management and intellectual leadership to country offices, and for strategic representation of UNICEF in their regions. They therefore play an important role (including oversight of performance of country offices) in UNICEF's research function.

The audit had several other observations regarding the committee. The title "Policy and Research" reflected some confusion in itself; the audit understood from the committee members that it did not consider policy, although research does contribute to it. Also, the division of responsibility for the committee between the Office of Research and Division of Policy and Strategy did not ensure accountability for the research agenda.

The Standing Committee had outlined some outputs to contribute to the achievement of the objectives outlined above, for up to June 2013. However, there were no established indicators as to how progress would be determined. For example, a consultant's study on research and knowledge management models for the Office of Research and UNICEF had been presented to the Committee in March 2013. The study's conclusions recommended selection of a knowledge management model. However, although the Committee had noted some steps to implement the recommendations of the study, there were no mechanisms to monitor implementation of most of those recommendations. The minutes of the Committee indicated that there was progress in working towards the milestones.

Agreed action 3 (medium priority): The Deputy Executive Director, Programmes, agrees to:

i. Ensure that the chairmanship of the Standing Committee on Policy and Research is designated in such a way as to better ensure accountability for the research agenda.
ii. Review the membership of the Committee to ensure adequate representation.
iii. Establish a monitoring mechanism, with key performance indicators, to monitor progress against stated outcomes of the Committee, and report on progress.
iv. Clarify, in the policy that is to be established on research (see agreed action 1), the purpose and duration of the Committee.

Responsible staff: Deputy Executive Director, Programmes; Director, Office of Research; Director, Programme Division; Director, Division of Policy and Strategy
Date by which action will be completed: June 2014

Funding
The Office of Research should have adequate and sustained resources (human, institutional, and physical) to implement its mandate. For the 2010-2011 biennium the Executive Board approved US$ 1.2 million in RR for the Office of Research and US$ 600,000 for the Innocenti

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Research Centre. The Office of Research had proposed a total budget of US$ 31.2 million for 2012-2013. This was composed of US$ 4.41 million from the institutional budget, US$ 1.8 million from Regular Resources, and US$ 25 million from Other Resources.[5] The figures for 2012-2013 show that approximately 80 percent of the Office's budget is from Other Resources – that is, from unpredictable funding sources.

Meanwhile, for the period 2014-2017, the total proposed budget is US$ 42.6 million, of which US$ 12.6 million would be from Regular Resources, with a US$ 30 million ceiling for Other Resources for the four-year period. All these figures should be compared with the total US$ 120 million that UNICEF reported spending on research and related activities in 2012.[6] Identifying and securing predictable funding sources for the research function would increase the capacity of the Office of Research to achieve its objectives and priorities.

More than half of the total budget of the Office of Research is for salaries and related staff costs. This is due to the highly specialized nature of its work. In the 2014-2017 institutional budget, staff costs account for US$ 26.2 million, or 61 percent of the total budget, for 32 posts; 24 are to be funded from Other Resources.

The 2012 Executive Board's session reaffirmed the importance of research, evaluation and knowledge management as 'core' UNICEF functions, which should be funded from UNICEF's Regular Resources, and then complemented by Other Resources, which could serve to extend the capacity of the Office of Research. The Office informed audit that it had consistently raised the need for such predictable funding with senior management, and as part of the budgeting process. The external consultant study noted that "successful research and knowledge management requires a serious commitment and significant resources, and UNICEF's current level of investment is well below what is required to provide effective support to its programming and advocacy work, let alone be a global knowledge leader."[7] Moreover the Office of Research, which has a core function in this area, disposes of a relatively small share of what UNICEF spends on research – and has to raise much of that share itself. Insufficient resources would limit the capacity of the Office to engage in strategic partnerships with country offices and research institutions.

The Office identified 'predictability of funding' as its principal risk in its Risk and Control Self-Assessment. The audit was informed that the Office encouraged major donors to avoid 'earmarking' of thematic funds for areas such as research. This led donors, who had traditionally supported research, to cease making separate provision for research in their contributions to UNICEF. The audit was also informed that some donors regarded research as a core function for UNICEF which should be paid for through Regular Resources contributions. In 2012 the Executive Board called on UNICEF to ensure "appropriate and predictable levels of funding for Research".

Agreed action 4 (high priority): The Office of the Executive Director agrees to review the funding mechanisms of the Office of Research and to explore different funding methods.

Responsible staff: Deputy Executive Director, Programmes; Director, Office of Research; Director, Public Sector Alliances and Resource Mobilization Office; Director, Private

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[5] UNICEF Office of Research management plan (2012-2013).
[6] This is an approximate figure, as what is, and is reported as, research is not always clear. However, the total would cover a wide range of activities by country and regional offices and other offices, including evaluations, pilot activities, and studies preparatory to programme design.

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Fundraising and Partnerships
Date by which action will be completed: By implementation of the Mid-Term Review of the
Strategic Plan 2014-2017

Human resources management

The Executive Board approved the establishment of the Office of Research, New York in the
2008-2009 biennium, including the post of Director and two Senior Adviser posts. In March
2011, the Executive Director approved the transfer of all the New York-based posts and
resources of the Office to Florence.

The Office of Research's staffing structure was aligned with its mandate. All five senior posts
(Associate Director, Research and Knowledge Management; Associate Director, Strategic
Research; Chief, Knowledge Management; Senior Planning Specialist; and Chief, Operations)
were advertised and recruited in 2012. Two research professionals were recruited in
programme areas (evidence base for child protection, child poverty/economic and social
policy). The relocation of the two knowledge management posts from headquarters had
further strengthened capacity in knowledge management. Performance assessments were
generally adequately undertaken. Actual performance of staff was reported and assessed
through mid- and end-year reviews and supported by the assessment system.

However, the audit made the following observations.

Staffing: The Office of Research noted in its 2012-2013 Office Management Plan that even
with extensive outsourcing and collaborative arrangements, the staff of the office will not
suffice to fulfill the research function across all UNICEF's main areas of concern. To fully cover
the functions and bring about the required organizational changes would require gradual
expansion over several biennia; this would include reallocation of resources and increased
positioning of research-oriented staff in regional offices.

Moreover, the Office had yet to fill all the posts that it did have. For the period 2012-2013,
the Office of Research had a total of 37 posts (eight more than the 2010-2011 biennum), but
11 were vacant in 2012-2013 because of lack of funds, and six of these posts were
subsequently abolished in the 2014-2017 Office Management Plan.

Culture of research: The external consultant study noted a lack of mechanisms to foster a
culture of research in UNICEF, as compared to other knowledge-based organizations. The
Standing Committee on Policy and Research also underscored the importance of fostering a
culture of research. A culture of research requires an adequate number of staff with high-level
research skills and with knowledge of research priority issues relevant to children's rights. It
also requires that staff, as part of their everyday work, should have the time, resources and
incentives to keep abreast of latest developments, and are encouraged to take part in relevant
debates, including on-line.

The Office of Research had undertaken some initial discussions with the Division of Human
Resources on seeking suitable ways of establishing incentive schemes, but these discussions
had not yielded any results at the time of the audit.

A questionnaire had been sent out to country and regional offices to gauge the profiles of staff
responsible for undertaking research and related activities. This had revealed that the skills of
staff undertaking research-related activities were inadequate. This was due to the fact that,

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in country and regional offices, research-related activities were mostly the responsibility of monitoring and evaluation officers/advisers, and were considered an added function.

Agreed action 5 (medium priority): The Deputy Executive Director, Programmes agrees to, in collaboration with the Office of Research and the Division of Human Resources and other divisions, regional offices and country offices, develop a preliminary strategy and implement mechanisms to foster a culture of research in UNICEF. This may include piloting mechanisms and channels to invest in research-related knowledge-generation tools.

Responsible staff: Deputy Executive Director, Programmes; Director, Office of Research
Date by which action will be completed: December 2014

Governance area: Conclusion

Based on the audit work performed, OIA concluded that the control processes over governance, as defined above, needed improvement to be adequately established and functioning.

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2   Research management

In this area, the audit reviews the management of research activities. The scope of the audit in this area includes the following:

- **Planning**. The use of adequate data in planning research, and clear definition of results to be achieved; planning resource needs; and developing partnerships with academic institutions and other civil society organizations.
- **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.** The Office of Research should report achievements and the use of resources against objectives or expected results. This covers annual and donor reporting, plus any specific reporting obligations the Office might have.
- **Evaluation**. The Office of Research should assess the ultimate outcome and impact of research activities and identify lessons learned.

All the areas above were covered in this audit, except for the area on Evaluation. This was omitted because the Office of Research was only set up 15 months ago, and it was therefore too early to evaluate whether the mandate had been effectively implemented. The Office planned to commission an independent evaluation in 2014.

Satisfactory key controls

The Office of Research reported that it had achieved several of its planned outputs in line with its 2012-2013 Office Management Plan. Examples included a report, *Measuring child poverty: New league tables of child poverty in the world's rich countries*, which was launched in mid-2012 as an investigation of multidimensional poverty and deprivation among children in 35 rich countries. This helped UNICEF National Committees[8] to advocate for children in industrialized countries, and in exploring new ways of making the case for children who are left behind in such countries. In collaboration with the Division of Policy and Strategy, the Office also initiated and field-tested Multidimensional Overlapping Deprivation Analysis (MODA). This is a new approach to analyzing data from multiple indicator cluster surveys (MICS) and other sources that allow a much more disaggregated description of child poverty and deprivation to be fed into policy.

The Office of Research prepared annual workplans that outlined expected results, indicators and timelines in line with its Office Management Plan. The workplans were shared with collaborating headquarters divisions. Further, progress was adequately monitored though mid- and year-end reviews.

As part of the audit, a questionnaire was sent out to seven UNICEF National Committees to assess their interaction with the Office of Research and their use of its research for their policy advocacy. Responses were generally very positive with respect to the quality of the research, particularly in reinforcing work around child poverty and well-being. The National Committees also commented positively on the high level skills, expertise and knowledge of staff in the Office of Research, and their assistance to high-level advocacy. The sampled National

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[8] The National Committees for UNICEF, known internally as NatComs, are independent local non-governmental organizations in 36 developed countries that raise funds for UNICEF from the private sector and promote children's rights.

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Committees indicated that UNICEF was clearly positioned as a knowledge broker on issues of child poverty and well-being.

Oversight, technical guidance and quality assurance

The Office of Research is accountable for: overseeing the quality of research in UNICEF; setting standards; provision of technical guidance and support; and putting in place mechanisms for quality assurance review of research across the organization.

The Office of Research, in collaboration with the Evaluation Office, has proposed a new classification for UNICEF research, evaluation and related products, to enable their efficient recognition, retrieval and sharing. The classification enables systematic reporting, access, sharing and tracking of research. It also contributes directly towards knowledge transfer and quality assurance, particularly for research, and promotes a consistent organization-wide understanding of what constitutes UNICEF's research. The classification, which builds on an earlier one developed by the Evaluation Office, is expected to be officially communicated throughout the organization at the end of 2013.

However, the audit noted some areas for improvement. Most of the divisional and regional-office staff interviewed for the audit confirmed that there was insufficient clarity and understanding as to what research and research-related activities entailed. In 2012-2013, the Standing Committee on Policy and Research developed guidelines to clarify the concepts of research and knowledge management. The March 2013 external consultant's study also clarified these concepts. However, these clarifications had not been shared throughout UNICEF.

Moreover, given the lack of clarity as of what constitutes research, it was not possible to accurately establish the extent and cost of research within UNICEF. An estimate was that, in 2012, total expenditure had been US$ 120 million, of which 88 percent was by regional and country offices, seven percent by Programme Division and five percent by the Office of Research.[9] There is therefore need to conduct a research stock-taking exercise, based on the definitions outlined in the taxonomy.

Implementation of research in country offices: There was also no clear definition of the Office of Research's responsibilities, accountabilities and authority regarding research conducted by and in country offices, although – as stated above – they accounted for a large percentage of research-related activities.

A recent survey by the Office of the state of the research function in regional and country offices showed that there were no independent quality assurance mechanisms to review the quality of research outputs. While guidelines on research generally existed and were followed by some country offices, there were no organization-wide "minimum standards". At the time of the audit, mechanisms to assure quality—in terms of research design, profiles of researchers, value for money, and coherence and synergy—were not fully in place.

The 2012-2013 Office Management Plan of the Office of Research included, as an intermediate result, the development of research standards for country offices. The Office told the audit that there was currently high demand for its technical expertise and guidance from country offices, and that this underscored the need for standards and guidance on

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[9] Report of the Evaluation Office to the UNICEF Executive Board, 2012.

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quality of research.

Implementation of Office of Research's core functions in research*:* Many UNICEF country offices had conducted research to support policy-making, and UNICEF had produced important research that had proven to be effective in bringing about changes for children. However, the March 2013 external consultant's study identified room for improvement in production of high-quality research that generated the ideas needed to demonstrate global leadership for children. The study found that most research carried out in UNICEF was fragmented, *ad hoc*, uncoordinated and of varying quality.

Agreed action 6 (medium priority): The Office of Research, in collaboration with the Division of Policy and Strategy, agrees to:

   i.   Undertake a review of all research and related activities, using the definitions in the new classification, to establish an accurate factual status of research in a subset of UNICEF country offices in terms of volume and expenditure.
   ii. Develop procedures (including standards) and guidance (including tools) for carrying out research and related activities at all levels in UNICEF and for reviewing and reporting on the quality of research and related activities.
   iii. Ensure that the new classification is reflected in the policy on research to be established in accordance with agreed action 1, and establish mechanisms to annually monitor and report on expenditures on research and related activities.

Responsible staff: Director, Office of Research, in collaboration with Director, Policy and Strategy, Director, Programme Division, and Director, Evaluation Office.

Date by which action will be completed: December 2014

Identifying and disseminating research outputs

The March 2013 external consultant's study found that there was no systematic effort to identify the latest research findings of relevance to UNICEF's work. There were also no databases of the various research studies that UNICEF had conducted. This should be considered a basic prerequisite for any research institution or office. Instead, the study reported that staff members in country and regional offices and headquarters divisions collected and used knowledge from research activities based on need and personal interest.

The Office of Research had established an interactive website, and was starting to diversify its communication strategies through social media and other channels. However, the audit did not find any organization-wide platforms and databases to assist identification, sharing, verification, and dissemination of research and related activities, or the names of consultants or institutions hired to carry out research. This included research activities initiated by the Office itself.

In addition, there was no organization-wide system to identify research-related technical assistance, and trends in that area. This was despite the fact that, according to the Office of Research, the volume of requests for technical assistance, especially from country offices, had risen dramatically since 2011, and was considered to be above the current capacity of the Office to adequately respond. However, there was no systematic mechanism to track these requests.

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Establishing databases for information storage and dissemination was among the actions planned by the Standing Committee on Policy and Research in implementing recommendations from the March 2013 external consultant's study on research in UNICEF.

Agreed action 7 (medium priority): The Office of Research, in collaboration with the Division of Policy and Strategy, agrees to establish appropriate systems and tools for identifying, tracking, sharing, verifying, storing and disseminating research and related outputs.

Responsible staff: Director, Office of Research in collaboration with Director, Policy and Strategy and Director, Programme Division
Date by which action will be completed: December, 2014

Research management: Conclusion

Based on the audit work performed, OIAI concluded that the control processes over planning, monitoring implementation of, and reporting on research activities were generally established and functioning during the period under audit.

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3   Operations support

In this area the audit reviews the office's support processes and whether they are in accordance with UNICEF Rules, Regulations, 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.
- **Contracting.** This includes contracting of services from both individuals and institutions
- **Asset management**. This area covers maintenance, recording and use of property, plant and equipment (PPE). This includes large items such as premises and also covers identification, security, control, maintenance and disposal.
- **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.

Satisfactory key controls
Key financial controls functioned well during the period covered by the audit. The audit also noted that the Contract Review Committee had appropriate membership, and adequately reviewed major contracts submitted to it in accordance with the Office of Research's established threshold. The Office had functioning controls over plant, property and equipment.

Controls related to information and communication technology ensured that staff received the required ICT support, and there was timely implementation of required changes to core application software. The Office's technology infrastructure and equipment complied with established standards. Public access to the Office was properly controlled.

Management of contracts
The Office of Research entered into 121 contracts during the period January 2012 to August 2013. Of these, 21 individual consultancies in 2012 (worth about US$ 417,000) and eight in 2013 (amounting to about US$ 178,500) were single-source selections. The Office explained that the highly specialized nature of its work required it to select individuals and/or institutions with unique intellectual expertise; also, that ownership of ideas was concentrated in individuals and institutions.

The audit reviewed eight out of these 29 cases and validated that compensating controls were effectively put in place, such as written justification for single-source selection, and comparison of costs with similar activities contracted by other headquarters divisions. The Office had also opened discussions with UNICEF's Principal Adviser to the Executive Director on the appropriateness of contractual clauses within contracting documents, and the constraints they posed for the nature of work. These clauses pertained to indemnification; insurance (particularly sub-contractor coverage); copyright and intellectual property; termination; and tax exemption.

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Operations support: Conclusion

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

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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 Deputy Executive Director for Programmes, the office reviews and comments upon a draft report. The Director of the OoR 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.

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[*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.