

Internal Audit of the
HAITI COUNTRY OFFICE

DECEMBER 2022

Report 2022/23

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EXECUTIVE SUMMARY

The Office of Internal Audit and Investigations (OIAI) conducted an audit of the Haiti Country Office covering the period from January 2021 to August 2022. The audit was conducted in person from 22 August to 8 September 2022 in accordance with the International Standards for the Professional Practice of Internal Auditing. The overarching objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over a selection of significant risk areas of the office including programme management (planning, monitoring, evaluation, resource mobilization and advocacy), prevention of sexual exploitation and abuse, cash transfers and assurance activities, procurement management, human resources and security. The descriptions of the specific risks identified during the engagement planning process are provided in this report in the Audit Objective and Scope section

Haiti's economic and social development continues to be hindered by political instability, natural hazards, and persistently high levels of day-to-day violence. This context is indicative of a high-risk environment for input management, whether supplies or cash, programme implementation and monitoring, and for sexual exploitation and abuse for children and women. For the period January 2021- July 2022, the office spent US\$ 31 million on cash transfers and US\$ 6 million on supplies. The audit sought to determine whether and how the office managed those risks.

Overall Conclusion

Based on the audit work performed, OIAI concluded that the assessed governance, risk management, or control processes were **Partially Satisfactory, Major Improvement Needed**, meaning that the weaknesses or deficiencies identified were unlikely to have a materially negative impact on the audited entity, area, activity or process. (See the Appendix for [definitions of the conclusion ratings.](#))

	Satisfactory
	Partially Satisfactory, Improvement Needed
	Partially Satisfactory, Major Improvement Needed
	Unsatisfactory

Summary of Observations and Agreed Actions

OIAI noted several areas where the office's controls were adequate and functioned well:

- Feedback received from partners during interviews demonstrate that the office has established good working relationships with Government counterparts, particularly within the Ministries of Education and Health. Particularly appreciated was the easy access afforded to programme staff and management. Also noted approvingly has been the proactive and quick responses to emergencies, compared to other development agencies.
- Partners also highlighted other positives such as UNICEF's determination to meet its commitments, its willingness to accompany and support the country without imposing itself and its determination to highlight important themes of children's rights. For example, in August 2022, UNICEF made an impactful presentation on the results of a rapid nutrition evaluation. This presentation of findings drew the attention of high-level decision-makers who in turn have become more engaged more and have provided UNICEF with more support.
- In 2021, the Human Resource unit managed the recruitment and onboarding of 34 staff on Temporary Appointments (TA) and facilitated the release of 38 external surge staff (stand-by and surge partners) in support of the response to the 2021 earthquake emergency.

- The office proactively contributed, under the leadership of the Resident Coordinator (RC), to negotiations for UN access to very high security risk areas, including Cité Soleil, home to some of the country's most vulnerable women and children. The office also hired a consultant to lay the groundwork for possible interventions in hot spots controlled by non-government groups and participated with inter-agency missions to deliver support to these areas.
- The office established an effective humanitarian cash transfer process characterized by good segregation of duties and oversight.

The audit also made a number of [observations](#) related to the management of the key risks evaluated. In particular, OIAI noted:

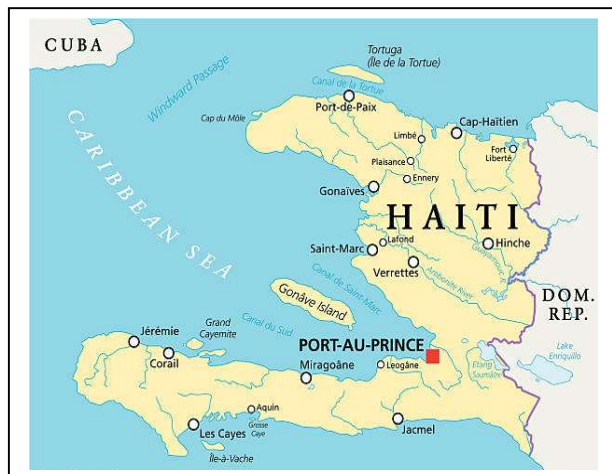
- **Risk management:** The office's risk assessment was inadequate. In particular, it did not identify potential root causes of the risks it had identified, making it difficult for it to be reasonably assured of the adequacy and appropriateness of the mitigating measures it had put in place.
- **Partnership management:** Civil society organization partners were selected mostly through a direct procedure, creating a risk of irregularities in the selection of partners and compromising the ability of UNICEF to determine and select the most qualified partners and thereby obtain the best value for its money.
- **Temporary staff:** The high number of temporary staff (34 out of 130, or 26%, as of 29 August 2022) raises the question of the sustainability of the office's staff structure. Elevated numbers of staff on temporary contracts can contribute to lower staff morale because temporary staff receive fewer benefits.
- **Harmonized Approach to Cash Transfer (HACT) assurance activities:** Assurance activities were not risk-based, thus limiting the office's ability to effectively manage the risks of misuse, waste, abuse and inefficiencies related to cash transferred to partners.
- **Warehouse management:** Gaps in the access to and security of the warehouse, as well as gaps in the conditions of storage and inventory accounting, pose the risk of waste and the loss of resources that are needed to achieve planned results.
- **Security:** The Office's security improvement plan was not budgeted and responsibility for the implementation of recommendations in the plan was not assigned, increasing the risk that the Office's security needs may not be promptly and effectively addressed. Given that the Office operates in a constantly changing and heightened security risk environment, these deficiencies may negatively impact on the effectiveness of the safety and security measures it implements.

The table below summarizes the key actions management has agreed to take to address the risks identified. The table also indicates the category and ratings of these risks. (See the [definitions of the observation ratings](#) in the Appendix.)

OBSERVATION RATING		
Category of Process	Area or Operation and Key Agreed Action	Rating
Governance	Temporary staff (Observation 9): Strengthen the process for extending temporary appointments to ensure that a programmatic and/or operational justification is provided and cleared by management in line with organizational guidance. Establish a clear strategy for long-term regular staffing of field offices.	Medium
	Security (Observation 8): Plan and implement security assessments to ensure the conformity with the new SRM. Establish a security action plan to address identified gaps. Ensure that responsibilities for implementation of security-related recommendations are assigned. Ensure there is adequate budget for and monitoring of security measures.	High
Risk management	Risk management (Observation 7): Identify root causes of the risks and ensure adequate and appropriate mitigating measures in line with those root causes are put in place to reduce significant risks to acceptable levels. Ensure control effectiveness is assessed and that there are clear links between risks, their root causes and the corresponding mitigating measures.	High
Controls processes	Gender equality programming (Observation 1): Acquire gender expertise as per the organization's recommended benchmark and ensure that gender equality is mainstreamed in the 2023-2027 Country Programme, in line with UNICEF's 2022-2025 Gender Action Plan.	Medium
	Partnership management (Observation 10): Where possible, encourage open selection for identifying CSO partners in order to obtain the best value for money, using the UN Partner Portal as applicable.	Medium
	HACT assurance activities (Observations 13): Ensure a risk-based approach in planning and implementing assurance activities by prioritizing assurance activities for high-risk partners and partners that receive significant amount of DCT.	Medium
	Warehouse management (Observation 15): Ensure that temperature-sensitive supplies are stored within manufacturer's recommended temperatures. Ensure that obsolete and damaged supplies are promptly and appropriately disposed of to avoid further loss in value.	High

Management is responsible for establishing and maintaining appropriate governance, risk management and control processes, and implementing the actions agreed following this audit. The role of the OIAI is to provide an independent assessment of those governance, risk management and control processes.

Context of the audited entity and its operating environment



In 2020, Haiti had a GDP per capita of US\$2,925, the lowest in the LAC region. According to the 2020 Human Development Report, Haiti ranked 170 out of 189 countries, placing the country in the “low” human development category.

Past marginal gains in poverty reduction have been undone by a succession of crises including the COVID19 pandemic, the assassination of the country’s President (in July 2021), and an earthquake, in August 2021. Haiti is among the countries with the greatest inequity in the region. The richest 20 percent of its population holds more than 64

per cent of its total wealth, while the poorest 20 per cent hold about 1 per cent.

Additionally, Haiti remains highly vulnerable to natural hazards, mainly hurricanes, floods and earthquakes. More than 96 per cent of its population is exposed to these types of shocks. On August 14, 2021, a 7.2 magnitude earthquake struck the south of Haiti, causing widespread death and damage. In total, 2,248 people died, 12,763 were injured and 83,770 buildings were damaged. Climate change is expected to increase the frequency, intensity and impacts of extreme weather events.

Since June 2021, violent clashes between armed gangs have hugely disrupted the lives of residents of the Port-au-Prince metropolitan area, spreading fear and terror. The overall security situation continues to deteriorate, reaching new levels after April 2022. This situation continues to negatively affect the operational environment for humanitarian actors and hinder their ability to carry out life-saving assistance¹.

Context of key risk areas covered in the audit

The current UNICEF Country Programme was initially for the period January 2017 to December 2021. It has been extended for a 14-month period, from January 2022 to February 2023. The reason for this extension was political uncertainty, rising insecurity, civil unrest and institutional instability that limited the Government’s engagement in policy dialogues and in the technical consultations required to articulate a new Country Programme and UN-wide 2022–2026 Cooperation Framework.

The 2017-2023 Country Programme consists of six programme components (Health; Nutrition; Water, Sanitation and Hygiene; Basic Education; and Child Protection) and one cross-sectoral component (Programme Effectiveness). Humanitarian actions and gender and adolescent development have been mainstreamed across programme results. The programme focuses on the most excluded and disadvantaged children to ensure their survival, development, participation and protection.

¹ [OCHA, July 2022](#)

The total board-approved budget is US\$ 172 million (US\$ 27 million in Regular Resources and US\$ 147 million in Other Resources). In 2021, the office mobilized US\$ 17 million of ORE for HAC.

The breakdown of the office's expenditures (*in 1,000 US\$*) in 2021 and 2022 (as of July) is as follows:

Expenditure categories	2021 amounts	Percentage	2022 amounts	Percentage
Cash transfers	19,310	44	11,413	34
Staff cost	10,304	23	7,287	22
Operating costs	5,824	13	5,868	17
Supplies	4,996	11	1,305	4
Contract services	1,745	4	6,387	19
Travels	1,367	3	1,207	4
Other	314	1	160	0
Total expenses 2021	43,860	100	33,628	100

Source: SAP 2021 and 2022 trial balances

Office structure and staffing: The Country Office is located in Port-au-Prince. Two zone offices exist, in Gonaives and Les Cayes. The office has 106 approved positions, including 31 international professionals, 39 national officers and 36 general service posts. Of these, 12 posts (11 per cent of overall staffing) were based in the zone offices. As of July 2022, there were 10 vacant posts.

AUDIT OBJECTIVES AND SCOPE

The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over a selection of significant risk areas of the Haiti Country Office. The audit scope included key areas, set out in following table, that were selected during the audit planning process based on an assessment of inherent risks.²

RISK AREAS	DESCRIPTION OF KEY RISKS
Risk management	The office may not effectively identify and assess the risks to its programme results and thereby not take effective measures to manage significant risks.
Resource mobilization	The office may not have established adequate processes to ensure that projected funding gaps are promptly filled. In 2021, the office mobilized US\$ 15 million of OR, i.e., 75 per cent per cent of the target, and US\$ 17 million of ORE, i.e., 14 per cent of the target.
Advocacy	Advocacy activities may be conducted on an ad hoc basis without clear objectives, coordination mechanisms and supporting evidence, thereby failing to ensure the efficient and effective promotion of children's rights.
Protection against Sexual Exploitation and Abuse	The office and its partners may fail to take adequate measures to prevent and protect children against sexual exploitation and abuse, thereby exposing beneficiaries to harmful actions and UNICEF to reputational risks.
Evaluation	The office may not have sufficient evaluative knowledge and information on impacts and outcomes of the Country Programme to assess achievements of programme objectives, identify and share lessons learned and inform future programme planning.
Partnership management	Partnership selection processes may not engage CSO partners that may offer the best comparative advantages to achieving programme results.
Cash transfers	Cash transfers to implementing partners may not be properly managed, resulting in fraud, loss of financial resources and non-achievement of results. This can lead to reputational risks.
Humanitarian cash programmes	Controls that have been established may not be adequate to ensure the timely and efficient processing of disbursements or to provide reasonable assurances intended beneficiaries receive those transfers. They may not be sufficient to protect the personal data of beneficiaries.
Supply management	Potential supply chain weaknesses may result in failures to achieve results due to late provision and/or poor quality of supplies. Such weaknesses may lead to supplies not being used for their intended purposes, leading to loss of resources and reputational risks.
Security management	Inadequate resources to implement necessary security risk-mitigating measures may result in injury and/or loss of lives and/or assets.

The audit was conducted in person from 22 August to 8 September 2022 in accordance with the International Standards for the Professional Practice of Internal Auditing. For the purpose of audit testing, the audit covered the period from January 2021 to August 2022 and involved a combination of methods tools and techniques. These included interviews, data analytics, document review, tests of transactions, evaluations and validation of preliminary observations.

² Inherent risk refers to the potential adverse event that could occur if management takes no actions, including internal control activities. The higher the likelihood of the event occurring and the more serious the impact would be should the adverse event occur, the stronger the need for adequate and effective risk management and control processes.

OBSERVATIONS AND MANAGEMENT ACTION PLAN

The key areas where actions are needed are summarized below.

1. Country programme preparation

Medium

There was a lack of comprehensive and up-to-date data on the situation of children, as well as disaggregated demographic data that could have permitted more targeted programming. Further, the office did not have expertise or a dedicated gender position to support gender programming in the new Country Programme.

Large-scale surveys that are usually updated by the Government, such as MICS and population censuses, were not conducted in Haiti since 2003.

Planning data: In line with UNICEF practice when preparing a new Country Programme, in April 2022, the office prepared a situation analysis on children and women in the country. The CO used appropriate and diverse data sets and methodologies for this purpose, including studies, evaluations, surveys and management information systems. However, due to staff turnover, and the diminished capacity of the Government, the CP lacked important information. Missing information included that from the latest basic large-scale surveys such as multi-indicator cluster surveys (MICS) and the population census, which has not been conducted since 2003. These omissions resulted in a CP lacking comprehensive

and up-to-date data on the situation of children. For example, data related to social protection, household living conditions as well as disaggregated demographic data that could have allowed a more targeted programming were not available.

The audit team met with the Deputy Special Representative of the Secretary-General, Resident Coordinator and the Humanitarian Coordinator (DSRSG/RC/HC) in Haiti. These officials showed interest in supporting inter-agency initiatives to advocate with the Government and to provide support to conduct these large-scale surveys.

Gender equality programming. The Strategic Plan 2022-2025 reaffirms that gender equality is an organizational priority, a fundamental value and a cross-cutting principle for all five strategic plan Goal Areas, as well as across UNICEF's programmes and workplaces. In May 2021, the Latin America and Caribbean (LACR) Regional Director noted that Haiti ranked 150th out of 189 countries (2018)³ on the gender inequality index and that the gender dimension was missing in the Country Programme and needed to be addressed from a multi-sectoral perspective. The audit noted that the office does not have the required expertise or a dedicated gender position to support gender programming in the new 2023-2027 country programme, in line with UNICEF's 2022-2025 Gender Action Plan (GAP)⁴. The UNICEF organizational benchmark has established the recommended minimum standard for gender staffing at one full-time Gender Specialist, a position that should be equivalent to the level of a Chief of Section in country offices whose annual budget is above US\$ 20 million, which is the case of Haiti.

Not addressing gender inequalities that affect girls and boys differently might lead to negative results, such as poorer nutritional and learning outcomes.

³ <http://data.un.org/DocumentData.aspx?id=415>

⁴ <https://www.unicef.org/executiveboard/documents/UNICEF-Gender-Action-Plan-2022%E2%80%932025-SRS-2021#:~:text=About,-United%20Nations%20Children's&text=Gender%20equality%20is%20essential%20to,across%20its%20programmes%20and%20workplaces.>

AGREED ACTION

The office agrees:

- i. Together with the RC/HC and with UNCT members, advocate with the Government and strengthen its capacity to conduct large-scale/country wide surveys to collect socio-economic data on the population.
- ii. Acquire the gender expertise as per the organization's recommended benchmark and ensure that gender equality is mainstreamed in the new 2023-2027 Country Programme in line with UNICEF's 2022-2025 Gender Action Plan.

Staff Responsible: Deputy Representative, Programme

Implementation Date: February 2023

2. Programme monitoring

Medium

The security situation which has been marked by escalating gang violence continues to limit the freedom of movement of UN agencies, negatively impacting programme delivery and field monitoring. The establishment of an office-wide third-party monitoring system could have helped mitigate this risk.

According to the office's security assessment, areas with high or very high security risks included the Port-au-Prince metropolitan area and areas in five other Departments (Artibonite, Centre, North-West, South and South-East) where the office was implementing programme activities in WASH, Nutrition and Immunization. Freedom of movement in these areas was limited, negatively impacting programme delivery and results for children.

In order to implement programme activities, the office established partnerships with local CSOs which have access to these areas and are accepted by the communities. However, the office had not established a structured field monitoring process in inaccessible areas, such as using the same monitor to monitor different programmes operating in the same area. It also did not ensure effective methods for verifying information collected by monitors. The audit suggested that the office establish a third-party monitoring (TPM) mechanism for areas for which on-site visits are not possible. However, the office did not agree with the proposal. It informed audit that TPM is not possible due to prevailing insecurity and access challenges in gang-controlled areas. The office stated that TPM staff would also be susceptible to attacks by gangs that control parts of the country and any information they provide may not be reliable. Instead of TPMs, the office indicated that it would continue to use its own staff to conduct programme monitoring whenever access was possible. In view of the explanation by the office, the audit did not make a specific recommendation related to programme monitoring.

3. Resource mobilization

Medium

Haiti CO is heavily reliant on funding from Other Resources (OR) and Other Resources Emergency (ORE), but the structure and the staffing level of the fundraising function are not commensurate with the expectations. There is a risk of inadequate funding for the Country Programme that might compromise the achievement of planned results.

Haiti is heavily reliant on Other Resources (OR) and Other Resources Emergency (ORE) funding to support implementation of planned activities. In 2020-2021, the planned budget for OR and ORE amounted to US\$ 256 million, representing 97 per cent of the total planned budget (US\$ 263 million). To meet the remaining funding requirements, the office had prepared a resource mobilization strategy which it had broken down into annual action plans. In 2021, the office

mobilized US\$ 15 million of OR, about 75 per cent of the target, and US\$ 17 million of ORE, about 14 per cent of the target. The unfunded proportion of the 2022 RWP was high, about 77 per cent for Nutrition, 86 per cent for Education and 100 per cent for Child Protection.

The office indicated that the Resource Mobilization unit was understaffed, making it challenging to meet the increased workload and the need for aggressive outreach and close technical support with the programme sections. The staff support to resource mobilization included a Partnership Specialist and a Donors Relations Specialist on a temporary appointment, both of whom were assigned to the Monitoring and Evaluation section. In 2022, the office managed 33 donors, monitored 61 grants and submitted 93 donor reports.

Inadequate funding of the Country Programme may compromise the achievement of planned results. For example, due to lack of funding, only 48 out of a planned 150 schools were constructed in 2022. This suggested about 30,000 children were unable to attend school. The audit noted that the programme had only mobilized about US\$ 5 million against a planned budget in the signed work plans of US\$ 58.9 million.

AGREED ACTION

The office agrees to strengthen the existing resource mobilization structure through staffing that is commensurate with the resource mobilization workload.

Staff Responsible: Representative and Human Resources Manager
Implementation Date: March 2023

4 Advocacy

Medium

Lack of a structured advocacy strategy posed a risk that issues affecting children were not adequately raised with policymakers and that advocacy activities were not sufficiently focused on key themes or supported by adequate evidence.

The Country Programme Document (CPD) pointed to specific areas where advocacy would be used to advance children rights. These areas included effective allocation of resources in the

The 2020-2023 advocacy strategy was still at the draft stage, because of competing priorities

health sector, systematic birth registration at all health centres, the adoption and promulgation of a law guaranteeing adolescents access to HIV prevention and reproductive health services, increased budget allocation to the WASH sector and data collection relating to child protection and management that was meant to be mainstreamed into relevant existing sectoral routine information systems.

The office prepared a 2020-2023 Advocacy Strategy with a focus on children victims of violence as well as a 2022 Communication Strategy which included advocacy priorities. At the time of the audit the 2020-2023 Advocacy Strategy remained in a draft stage because of other competing priorities, including successive emergencies, the COVID-19 Pandemic and civil unrest. The audit review noted that neither document met the requirements for effective advocacy as set out in the UNICEF advocacy toolkit. Missing were an articulation of the specific and measurable advocacy results, specific messages for each targeted decision-maker, definitions of the motivations of target audiences as well as the identification of the appropriate messengers and evidence needed to sway those audiences.

These gaps in the Advocacy Strategy risked that issues affecting children were not raised among policymakers in a structured way and that advocacy activities were not focused on key issues or

supported by evidence and sufficient budgetary resources. The office recognized these shortcomings and said that it would address them when finalizing the Advocacy Strategy.

The Committee on the Rights of the Child (CRC) noted that the inter-ministerial commission relating to the implementation of the Convention was not yet operational. Furthermore, Haiti has not ratified two additional protocols: on the involvement of children in armed conflict and on a communications procedure. The Committee on the Elimination of Discrimination against Women (CEDAW) recognized government efforts to establish an inter-ministerial coordination mechanism but noted that the national gender equality policy and related action plan were not adequately funded. These issues were still pending, and the office has not, so far, advocated with the Government to address them. The audit could not determine the reason. A Government partner that the audit team met with confirmed the need to advocate for the implementation of CRC and CEDAW recommendations because they would create the conditions to further advance the rights of children.

AGREED ACTION

The office agrees to finalize and implement its advocacy plan in line with UNICEF organizational guidance. The advocacy plan will include plans to ensure that the advocacy objectives of the Country Programme are fulfilled and include the implementation of the recommendations of CRC and CEDAW.

Staff Responsible: Representative, Chief of sections and Chief of Communication
/ HR Manager

Implementation Date: April 2023

5. Evaluation

Medium

The office did not have a plan to strengthen the Government's evaluation capacity and has not ensured that programmes and initiatives are designed in a way that permits their evaluation at a later stage. These gaps risk that the Government might not generate the knowledge needed to improve its action and strategies around children and women's issues and that programme decisions regarding scaling-up might not be properly supported.

The country office prepared a Costed Evaluation Plan (CEP) for the 2017-2021 Country Programme. The audit review of this plan showed the following areas for improvement:

Programmes and initiatives should be designed in a way that permits evaluation at a later stage

Capacity building of national evaluation capacity: Although UNICEF's 2018 evaluation policy requires that country-level costed evaluation plans include provisions for strengthening national evaluation capacities, the CO's 2019 revised version of the CEP did not include any support for the national evaluation function. The Government entity in charge of the evaluation function (External Cooperation Direction within the Ministry of Planning and External Cooperation) did not have the technical

capacity to fulfil its responsibilities. The CO did not conduct any capacity-building in the area of evaluation during the period under audit. The office said that it was not a priority.

The Government's limited capacity to evaluate its programmes and investments means that it does not generate the knowledge needed to improve its actions and strategies, particularly those related to children and women.

Evaluability of programmes and initiatives: As per the 2018 evaluation procedure, “Country Representatives should ensure that programmes and initiatives are designed in a way that permits evaluation at a later stage (founded on well-defined objectives, supported by a theory of change, have baseline information)”. The CO had implemented a number of initiatives in various programmes such as Nutrition and Education. In its 2021 year-end RAM, the CO reported that more emphasis should be put on systematically documenting and using evidence from pilot initiatives. Pilot projects with the potential for scaling have to show impact and be backed with sound evidence. However, no process in the office exists to systematically ensure that these initiatives are designed in a way that permits evaluation at a later stage. Thus, there is the risk that the office might not have the needed information to draw lessons, or whether to scale-up or an initiative at some later stage.

AGREED ACTION

The Office agrees to:

- i. Engage with the relevant Government counterpart – the Ministry of Planning - and within the Costed Evaluation Plan include provisions for strengthening national evaluation capacity.
- ii. Establish a process to ensure that new initiatives/approaches are designed in a way that will allow their evaluability in the future.

Staff Responsible: Deputy Representative, Programme and Chief of PME

Implementation Date: April 2023

6. Prevention of sexual exploitation and abuse (PSEA)

Medium

The PSEA action plan did not articulate specific results indicators, designate responsible staff or indicate budgets where funds would be drawn from. All this made it difficult to reflect the action plan’s activities within relevant sectoral workplans where funding could have been secured. In addition, management did not monitor the implementation of this action plan. These oversights pose a risk that planned results may not be achieved.

The office had established three dedicated PSEA positions, including one Specialist and two Officers. It has completed SEA evaluations of its CSO partners and has closely monitored the completion by staff of the mandatory PSEA online course. The office was the first agency to join the inter-agency community feedback mechanism led by WFP. The office has also provided support to RCO on PSEA Coordination and other technical matters.

SEA allegations, given the operating environment marked by violence and multi-layered emergencies, were significantly under-reported. In 2022, only one alleged SEA case was reported.

In an operating environment marked by violence and multi-layered emergencies, SEA allegations have been significantly under-reported. For example, up to August 2022, only one alleged SEA case was reported, which the survivor referred to the relevant implementing partner (IBESR). To understand the reasons for such widespread under-reporting the office organized two surveys, one through U-Report and the other utilizing Ground Truth Solutions (GTS). Results of these surveys formed the basis for an office-wide PSEA work plan including internal and external activities focusing on community engagement, awareness-raising and mobilizing U-Reporters.

The audit noted that the 2022 PSEA action plan had shortcomings. It did not articulate specific results indicators, designate responsible staff or allocate a budget. These omissions made it difficult to reflect the action plan activities in the relevant sectoral workplans where funding could have been secured.

The implementation status of PSEA activities was monitored through different platforms, including Power BI (for staff training completion), eTools, inSight and KPIs (for risk assessment of partners) and PSEA questions added to Programmatic Visit Report template (to increase ownership by Program sections). However, the PSEA action plan implementation was not monitored by relevant management, such as the programme coordination team or the CMT. Thus, there is a risk that planned activities may not be implemented as intended and that bottlenecks will not be detected and addressed in a timely way.

AGREED ACTION

The office agrees to ensure that the PSEA action plan includes all the required information, that its activities are reflected in relevant workplans, and that management closely monitors the status of its implementation.

Staff Responsible: PSEA Specialist and Section chiefs (monitoring by PMT/CMT)

Implementation Date: February 2023

7. Risk management

High

The office's risk assessment was inadequate. For example, the Office did not identify potential root causes of the risks it had identified, making it difficult for it to be reasonably assured of the adequacy and appropriateness of the mitigating measures it had put in place.

The residual risks were not rated, therefore, there was no assurance that the office was focusing its resources on addressing the highest residual risks.

Country offices should manage risks to the implementation of programmes in a structured and systematic manner. The organization's Enterprise Risk Management (ERM) policy requires that offices perform an annual risk assessment to identify and assess their risks in line with the risk structure developed by HQ. This assessment must articulate a mitigation plan for each significant risk which should address the root causes of the risk in question and ensure that any residual within acceptable risk tolerance levels.

The office has a risk management and audit committee, chaired by the Deputy Representative for Operations and consisting of staff representing programme, operations and field offices. This committee coordinated the update of the office's 2022 annual risk assessment and presented it for endorsement at the May meeting of the CMT. The assessment included three very high inherent risks. These included economic deterioration, child poverty and access to water. Also identified were fifteen high inherent risks. Mitigation measures were identified for most of these risks.

The audit reviewed the risk assessment and noted significant omissions. For instance, root causes were not clearly identified. Rather, they were described in terms of likelihoods (possible, likely, almost certain), making it difficult to assess the adequacy of the related mitigating measures. Further, the audit also noted inadequate explicit links between the mitigation measures and corresponding risks. For example, the risk "Disruptive incidents, gang violence and civil unrest prevent school opening and/or children attendance" was expected to be mitigated by "including mitigation measures into workplans and strengthening resource mobilization".

The audit also noted that residual risks ratings were not mentioned, suggesting that the Office had not evaluated its mitigating measures. Failure to adjust risk rating based on evaluation of mitigating measures may result in making investment in unnecessary controls.

The audit noted that the review and approval of the annual risk assessment lacked a robust quality process.

AGREED ACTION

The office agrees to identify root causes of the risks and ensure adequate and appropriate mitigating measures in line with those root causes are put in place to reduce significant risks to acceptable levels.

Staff Responsible: The Country Management Team

Implementation Date: December 2022

8. Security

High

The security improvement plan was not budgeted and responsibility for the implementation of recommendations in the plan was not assigned, increasing the risk that the office's security needs may not be promptly and effectively addressed. Given that the Office operates in a constantly changing and heightened security risk environment, these deficiencies may negatively impact on the effectiveness of the safety and security measures it implements.

Security management: The office conducted security-risk management (SRM) assessments of all its properties. The security unit prepared a consolidated security improvement plan to implement recommendations stemming from these assessments. This plan included 29 actions of which 11 were completed as of end of August 2022. There were eight actions pending decisions by management. Five actions had yet to begin. This plan was not budgeted and responsibility for the implementation of its recommendations was not designated by management. The office said that the implementation of the improvement plan was monitored during operations team meetings, but the audit could not find evidence to support this assertion.

For UNICEF there were two outputs rated as programme criticality one and four outputs rated as programme criticality two. This means that only these activities could be implemented in very high and high residual security risk areas respectively.

A new SRM was prepared by UNDSS for the period 1 April 2022 to 30 January 2023. The SMT issued its findings on 15 August 2022. According to this SRM, the residual risk level was rated “extreme” for crimes and “high” for civil unrests and hazards. The office has yet to plan and implement security assessments of all its premises to verify conformity with this new SRM and to take action to address potential gaps. Given the significance of the security threats and volatile work environment, any and all security gaps must be closed as soon as possible to avoid exposing staff to unnecessary security threats.

Programme criticality assessment⁵: The UN Country Team in Haiti along with the United Nations Integrated Office in Haiti (BINUH) jointly completed a programme criticality assessment

⁵ Programme criticality framework is available at <https://www.unsystem.org/content/programme-criticality-framework>

for the period 1 August 2021 to 31 July 2022. This was later extended until 31 December, 2022⁶. As a result of this exercise, each output identified by the respective Agencies, Funds and Programmes (AFPs) was rated according to its contribution to the UN strategic priorities and to its likelihood of implementation. These ratings, combined with the residual risks defined by the security risk assessment in a specific region, determined the activities that staff could carry out within acceptable risk tolerance levels. For UNICEF there were two outputs rated as “programme criticality one” and four outputs rated as “programme criticality two”. This means that only these activities could be implemented in very high and high residual security risk areas.

AGREED ACTION

The Office agrees to:

- i. Plan and implement security assessments to ensure conformity with the new security risk assessment.
- ii. Establish and implement an action plan to address identified gaps, and ensure that responsibilities are assigned, the required funds are provided, and implementation of the plan is monitored regularly at the level of the Country Management Team.

Staff Responsible: Security Manager, Construction Manager, and Administration Specialist
Implementation Date: March 2023

9. Temporary staff

Medium

High number of temporary staff raises the question of the sustainability of the office’s staffing structure and can have a negative impact on staff morale.

As of 29 August 2022, the office staff complement was comprised of 96 regular staff and 34 temporary staff, meaning that 26 percent of the current office staff was temporary.

A temporary appointment is a time-limited appointment which may be issued for less than one year (i.e., for 364 days or less) to meet seasonal or peak workloads and specific short-term requirements. The office used this type of appointment extensively in the past three years in order to respond to successive national emergencies.

As of 29 August 2022, the office staff complement was comprised of 96 regular staff and 34 temporary staff, meaning that 26 per cent of the current office staff was temporary. At the Les Cayes field office, the office structure⁷ included 10 approved positions and 21

temporary staff, meaning that 68 per cent of the field office staff structure was temporary. Such a fluid human resources structures raises the question of sustainability, particularly since one reason for establishing field offices has been to strengthen decentralization. Furthermore, feedback from the staff association and staff embedded in field offices indicates that the high number of temporary staff is having a negative impact on staff morale.

A temporary appointment may be extended beyond its initial length of 364 days only in specific circumstances. Moreover, extensions should not exceed twelve months, for a total of 729 days. Recommendations for such extensions must be accompanied by written justifications from direct supervisors and are subject to satisfactory service and availability of funds. The audit review noted that there were cases of temporary appointments that were extended beyond the maximum period (including for a Child Protection Specialist, Child Protection Officer and Driver), and that the recommendation for extending these temporary appointments was based solely on the availability

⁶ UNCT meeting of 25 August 2022

⁷ Les Cayes field office accountability framework revised in May 2022.

of funding. There was no other justification to extend the temporary appointment as per the specific circumstances defined by the Organization.

AGREED ACTION

The Office agrees to:

- i. Strengthen its process of extension of temporary appointments, to ensure that programmatic and/or operational justifications are provided and cleared by management in line with organizational guidance.
- ii. Establish a clear strategy that articulates a long-term regular staffing solution for field offices.

Staff Responsible: HR Specialist and Chiefs of Sections. Supervisors, and Head of Office
Implementation Date: March 2023

10. Partnership management

Medium

The CO mainly uses direct methods for selecting NGO partners, missing the opportunity to identify new partners or approaches. In doing so, it misses the opportunity to undertake comparative analyses of different strategies and costs to achieve the desired results for children while ensuring best value for money.

Out of 22 NGO partners that the office worked with during the audit period, only two were selected using a competitive process.

UNICEF procedures encourage the use of open, competitive, selection methods to identify NGO partners providing the best comparative advantages for achieving particular results.

The audit noted that out of 22 NGO partners that the office worked with during the audit period, only two were selected using a competitive process. This is a missed opportunity to identify new partners and approaches and to undertake a comparative analysis of different strategies and costs to

achieve the desired results for children.

Although the office had processes for more transparent selection and engaging with NGO partners, it said that it did not apply these processes because of factors such as the short duration of grants and the overall national emergency context. However, the office could have undertaken a competitive selection process for regular programme activities, especially considering it had signed regular PDs with the 22 above mentioned NGOs.

AGREED ACTION

The office agrees to encourage open selection for the identification of CSO partners where possible in order to obtain the best value for money, using UN Partner Portal as applicable.

Staff Responsible: Dep Rep Programme /PRC chair (monitored in PMT/CMT meetings).
Implementation Date: March 2023

11. Liquidation of cash transfers

Medium

Long outstanding cash transfers poses the risk that activities have not been completed as planned and increases the risk of funds not being used for their intended purposes or lost to fraud.

The office did not record DCTs with low probability of recovery.

As of August 17, 2022, the office had outstanding DCT of US\$ 6.7 million, of which US\$ 742,108 (11 per cent) was outstanding between six and nine months and US\$ 127,302 (two per cent) for more than nine months. This poses the risk that activities have not been completed as planned and/or that cash had been misused or lost to fraud. It also creates a risk that relevant IPs lacked required knowledge about UNICEF DCT procedures. In

one case, a government partner (the Ministry of Education) informed the audit team that its Department of West had an outstanding DCT for over nine months because they did not know how to liquidate the DCT received. The office pointed out that there is a high turn-over of IP staff which was one among several reasons for such capacity gaps. However, closer collaboration with IPs during the implementation of programme activities could have uncovered the need for capacity building for specific partners.

Further, the audit noted that the office did not record DCTs with low probability of recovery, which is contrary to acceptable accounting standards and UNICEF accounting policy. For example, a DCT of US\$ 32,350 to the NGO IDETTE was pending for 18 months with no possibility of recovery.

AGREED ACTION

The office agrees to ensure that:

- i. Staff of new implementing partners are trained on HACT procedures.
- ii. A system is established to ensure timely impairment of doubtful liquidations.

Staff Responsible: Dep Rep Operation and Internal Control P3 position and HACT Officer and Internal control P3 position

Implementation Date: January 2023

12. Humanitarian cash transfers

Medium

Information on humanitarian cash transfer beneficiaries was in some cases transferred without using any data-security measures, raising the risk that beneficiaries' personal data could be exposed to unauthorized disclosure, destruction, theft, or alteration .

During the period between 2021 and August 2022, the office disbursed US\$ 2.9 million in humanitarian cash transfers to 8,000 households affected by the 2021 earthquake. The beneficiaries were identified by the Government through their Ministries of National Education and Social Affairs & Labor, which shared a list of beneficiaries with UNICEF which in turn shared that list with two NGO partners that verified the existence and eligibility of would-be beneficiaries. Upon verification, UNICEF transferred cash to the beneficiaries via a financial service provider (FSP). The office established a partnership with an NGO to verify that cash was disbursed as per the list provided by UNICEF to the FSP.

Data-security measures include password protected and encrypted messages

The office was aware that for cash-based interventions the protection of the personal information of beneficiaries was of paramount importance. However, this audit reviewed a sample of six communications between humanitarian cash transfer implementing partners and the financial services provider and noted that the personal information of beneficiaries was shared with no security precautions. The

audit determined that three transfers occurred without using any data-security measures, such as password protection or encrypted messages. While the concerned partners had signed data protection clauses, there is a risk that beneficiaries' personal data could be exposed to unauthorized disclosure, destruction, theft or alteration, which in turn could harm the beneficiaries and/or UNICEF's reputation.

AGREED ACTION

The office agrees to safeguard the personal identifying data of beneficiaries of humanitarian cash transfers using passwords and encrypted messages.

Staff Responsible: Chief social policy and Social Policy specialist

Implementation Date: March 2023

13. HACT assurance activities

Medium

Assurance activities were not risk-based and the use of eTools was not optimized, resulting in a risk that cash transfers may not be used as intended.

Programmatic visits. The audit noted that there no programmatic visits were conducted for 19 out of 50 high risk partners in 2021 and for 28 out of 51 high risk partners in 2022, up to August. This poses the risk that disbursed funds could be misused or lost. The main reason such visits were not performed was on-site inaccessibility due to security issues .

No spot checks planned and implemented in 2021 for four high risk IPs that received US\$ 1.8 million.

Planning of spot checks: The audit noted that there were no spot checks planned and implemented in 2021 for four high risk IPs which received more than US\$ 100,000 each (total of US\$ 1.8 million). At the same time, the office

completed spot checks for partners which received less than US\$ 50,000 in 2021. Spot checks for high-risk partners and those receiving more than US\$ 100,000 per year should have been prioritized. Failing to do so create a risk that the office could not provide adequate assurance that cash transferred was used for intended purposes.

Quality of spot checks: The audit team assessed the quality of six sampled spot checks and noted that changes in IP's internal controls and bank reconciliations were not systematically reviewed in three cases out of six. The audit reviewed the spot check template used and found that it did not include a field for documentation of internal controls as per the recommended template.

Follow-up of assurance recommendations: The office did not adequately use eTools to track and monitor the implementation of high-priority recommendations resulting from HACT assurance activities. The audit noted that 26 high-priority recommendations from assurance activities were overdue as of August 27, 2022. This poses the risk that the correct actions may not be implemented by IP's, resulting in ineffective implementation and/or loss of UNICEF's assets.

In addition, the audit noted that some of the priority recommendations of assurance activities were not documented in eTools for tracking their implementation. For example, the recommendations of two programmatic visits of a sample of six reviewed by the audit, were not documented in e-tools for follow-up and tracking.

AGREED ACTION

The office agrees to:

- i. Ensure a risk-based approach in planning and implementing assurance activities appropriate for the country context, including by prioritizing appropriate assurance activities for high-risk partners and partners that receive significant amount of DCT.
- ii. Review the template used for spot checks and update it to capture minimum requirements appropriate to adequately manage key risks.
- iii. Ensure that all assurance activity recommendations that require follow-up are documented in eTools and the status of their implementation is updated regularly.

Staff Responsible: Deputy Representative and Section Chiefs (monitoring in PMT/CMT) and HACT Officer

Implementation Date: March 2023

14. Supply management

Medium

Incomplete supply plans and lack of distribution plans raises the risk of not providing the inputs required to the achievement of planned results.

As of August 2022, supplies amounting to US\$ 262,000 intended for direct delivery to IPs were held in UNICEF warehouse, resulting in reduced warehouse capacity, additional costs for transport and delay in delivery.

Supply planning: Supply plans prepared by the office in 2021 and 2022 were not complete. For example, construction of 38 schools and one health center, for a total amount of US\$ 6.4 million in 2021 and 2022, were not included in either the regular or in the emergency supply plans. The audit could not determine the cause of these omissions. This creates a risk of inadequate planning and monitoring.

Distribution plans: Offices are required to have adequate and complete distribution plans for procured supplies to ensure their timely, cost effective and

accurate delivery. The audit reviewed a sample a five sales orders for direct delivery to implementing partners and found that program sections did not provide related distribution plans. This obliged the office to store material in its warehouses, resulting in reduced warehouse capacity, additional costs for transport and delays in delivery. As of 25 August 2022, supplies amounting to US\$ 262,000 that were intended for direct delivery to IPs were still being in UNICEF warehouse.

Management of user-access rights in SAP: The level of logical access in SAP for roles and functions related to supply, logistics and warehouse management were not accurately assigned thereby exposing the office to conflicting logical access rights that may result in unauthorized creation, alteration and/or distortion of transaction/process flows. For example, Procurement L1 authority, which is usually granted to supply staff to allow them to create and amend institutional contracts and to do solicitation, was given to programme and operations associates.

AGREED ACTION

The office agrees to:

- i. Review the reasons for incomplete supply plans and address them.
- ii. Ensure that distribution plans are prepared along with the sales orders.
- iii. Match relevant staff to expected logical access rights in SAP and provide delegated authorities accordingly.

Staff Responsible: Programme Sections chiefs and Chief of Supply and Logistics.

Implementation Date: March 2023

15. Warehouse management

High

Gaps in the access to and security of the warehouse, as well as gaps in the conditions of storage and inventory accounting, pose the risk of waste and the loss of resources that are needed to achieve planned results.

The UNICEF warehouse (Cazeou warehouse) was located in an area that was rated as a “red zone” high security risk. The warehouse had no reliable internet connection and no access to a reliable mobile network due to being near a gang-controlled area. This limits accessibility to the warehouse by UNICEF staff, transporters, handlers and implementing partners, causing difficulties in management of UNICEF controlled inventories.

Supplies worth US\$ 761,075 were dispatched but delivery was recorded for more than 6 months

During a visit to the warehouse, the audit noted the following areas that needed strengthening.

- The warehouse did not have temperature control devices to ensure proper storage of store supplies that are temperature sensitive. Medical supplies that require temperature regulation were noted to be stored in the warehouse. This is a risk that temperature sensitive supplies can spoil even before their expiring dates and cause harm to beneficiaries and to UNICEF's reputation.
- Regular stock was not separated from emergency stock thus making it difficult for warehouse staff to distinguish regular stock from emergency materials. This poses a risk that responses by the CO to emergencies may be delayed.
- As of August 2022, the office had supplies worth US\$ 761,075 in-transit (dispatched but whose delivery was not yet recorded in the system) for more than 6 months. The office indicated that the reason for such exceptions was failure to acknowledge receipt of supplies by the programme section in VISION SAP once supplies had been received by implementing partners. This poses the risk that the inventory report and related dashboard may be inaccurate and thus not allow management to accurately confirm what supplies have been actually received and what might have been lost or delayed before being received by implementing partners. These omissions can prevent management from taking timely corrective actions as needed.
- Supplies of eight biomass incinerators valued at US\$ 77,000 had not been recorded in the system. The office said that these supplies were expected to be delivered directly to the Ministry of Health, but this did not happen because of lack coordination, at the planning stage, between the programme section, the supply/logistic and construction units and the respective Ministry/IP. As a result, they were stored in a UNICEF warehouse and still remain under UNICEF control.

- The office did not comply with the policy that requires offices to submit to the Property Survey Board (PSB) a list of obsolete/impaired items and/or surplus for disposal at least once a year. The office had impaired inventory amounting to US\$ 40,439 that had not been submitted to the PSB for disposal processing. This risked that such inventory will totally be lost or misused. This was because the program section could not submit the impaired list to the PSB through the online platform (ePSB) that should have been rolled out in June 2021.

Following the completion of the audit fieldwork, the office informed OIAI that it had identified a new location for the warehouse and supplies have been moved to this new location. The audit has not verified the condition of the new warehouse and therefore cannot comment on the suitability of the new location for the storage of UNICEF supplies.

AGREED ACTION

The office agrees to:

- Ensure that temperature-sensitive supplies are stored within manufacturer's recommended temperatures and that emergency supplies are stored separately from regular programme supplies.
- Ensure programme staff promptly update VISION SAP once supplies are received by intended implementing partners or beneficiaries.
- Finalize the roll-out of ePSB and ensure that obsolete and damaged supplies are reviewed in a timely way and disposed of.

Staff Responsible: Deputy Representative for Operations, Chief Supply and Logistics and admin Specialist

Implementation Date: March 2023

APPENDIX

Definitions of Audit Observation Ratings

To assist management in prioritizing the actions arising from the audit, OIAI ascribes a rating to each audit observation based on the potential consequence or residual risks to the audited entity, area, activity or process, or to UNICEF as a whole. Individual observations are rated as follows:

Low	The observation concerns a potential opportunity for improvement in the assessed governance, risk management or control processes. Low-priority observations are reported to management during the audit but are not included in the audit report. Action in response to the observation is desirable.
Medium	The observation relates to a weakness or deficiency in the assessed governance, risk management or control processes that requires resolution within a reasonable period of time to avoid adverse consequences for the audited entity, area, activity or process.
High	The observation concerns a fundamental weakness or deficiency in the assessed governance, risk management or control processes that requires prompt/immediate resolution to avoid severe/major adverse consequences for the audited entity, area, activity or process, or for UNICEF as a whole.

Definitions of Overall Audit Conclusions

The above ratings of audit observations are then used to support an overall audit conclusion for the area under review, as follows:

Satisfactory		The assessed governance, risk management or control processes were adequate and functioning well.
Partially Satisfactory, Improvement Needed		The assessed governance, risk management or control processes were generally adequate and functioning but needed improvement. The weaknesses or deficiencies identified were unlikely to have a materially negative impact on the performance of the audited entity, area, activity or process.
Partially Satisfactory, Major Improvement Needed		The assessed governance, risk management or control processes needed major improvement. The weaknesses or deficiencies identified could have a materially negative impact on the performance of the audited entity, area, activity or process.
Unsatisfactory		The assessed governance, risk management or control processes were not adequately established or not functioning well. The weaknesses or deficiencies identified could have a severely negative impact on the performance of the audited entity, area, activity or process.

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