|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Activity | When? | How long? | Where? | By who? |
| I. | Annual Planning | At the beginning of the year | Part of the OMP / AMP | UNICEF office | HACT Focal point / Section Chiefs |
| II. | Preparation | At least three days before field work | Half day | UNICEF office | Programme manager / Spot checker |
| III. | Field Work | Day of fieldwork | One day | IP’s office | Spot checker |
| IV. | Follow-up | Varies in relation to issues identified | Half day to a day | UNICEF / IP office | Programme manager / Spot checker |

# **ACTIVITY III: FIELD WORK**

Testing procedures are performed at the IP’s location where the books and records for the programme are maintained. Fieldwork is generally conducted within one day and involves three steps:

III.1 Interview on changes in internal controls

An interview with the finance and programme management takes place to determine whether the high priority recommendations from the micro assessment and prior spot checks and audits have been implemented and whether there have been any significant changes in the internal controls of the organization.

III.2 Review of bank reconciliation

If the IP maintains a separate bank account for funds received from UNICEF, ensure that the bank account is reconciled to the IP’s accounting system and the system report received.

III.3 Test a sample of expenditures

For the sample selected in Activity II.3, complete *Annex C: Testing of Expenditure Worksheet*. UNICEF Offices can modify the worksheet as long as the testing procedures are completed.

A modified MS Excel Spreadsheet is attached for convenience:



Included in the guidance are specific procedures for procurement, payroll and cost allocation testing.

III.1 Interview on changes in internal controls

In order to determine if there have been any significant changes to the internal controls applicable for the IP, the spot checker should:

* Conduct an interview with the finance and programme management of the IP to understand if they have implemented any high priority recommendations from the micro assessment and previous assurance activities if any. Obtain evidence during the expense testing.
* Inquire with management if there have been any changes in the organization, including:
	+ Changes in the organization structure and key programme or finance management positions;
	+ Changes to the internal policies or procedures;
	+ Changes to the financial management processes;
	+ Changes in the accounting or reporting systems.
* Determine if any of the changes increase the risk of successful and timely programme implementation or the accuracy of the financial reporting of the IP.
* Document the changes in the Annex B: Spot Check Report.

***Example***

A previous spot check identified that while the IP was using fund accounting, invoices were not stamped or marked as to which source of funding was used to pay the invoice. (For example, “Paid by UNICEF PCA 2013-2).” The spot check report recommended for the IP to start this practice.

Prior to undertaking testing of expenditures during the current spot check, the UNICEF spot check team discussed with management whether the recommendation had been implemented. Management confirmed that it had and explained that they are writing the source of funding in ink on each invoice.

|  | Procedure | Findings |
| --- | --- | --- |
| 1 | Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle.Document any changes identified. | Management stated that previous recommendation has been implemented and all sources are funding have to be written in ink on the invoice specifying funding agency and specific agreement number.The testing of expenditures provided evidence that this control was implemented and noted no exceptions. |

III.2 Review of bank reconciliations

While there is no specific requirement, some IP will deposit funds received from UNICEF into a separate bank account. In this situation, confirm that a bank reconciliation was completed and that the balance has been reconciled to the accounting records / system report obtained for the spot check period. Observe and inquire on any unusual reconciling items.