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UNICEF management response to the annual report of the Office of Internal Audit for 2009

Summary

This report contains the management response of UNICEF to the annual report to the Executive Board on internal audit activities for 2009 (E/ICEF/2010/AB/L.5). It is presented to the Executive Board in accordance with its decisions 2006/18, 2007/17, 2008/23 and 2009/19. The report is organized as follows:

- I. Actions and plans to address country office audit observations;
- II. Actions and plans to address headquarters, thematic, and systems audit observations;
- III. The response to the recommendations of the UNICEF Audit Advisory Committee.

A status update on the implementation of audit observations that have remained unresolved for 18 months or more is provided in annex 1. Annex 2 contains a report on the role of the improvement initiatives of UNICEF in strengthening risk management, governance, accountabilities, oversight, guidance, support and performance.

* E/ICEF/2010/15.



I. Actions and plans to address country office audit observations

1. UNICEF appreciates the actions taken by the Office of Internal Audit (OIA) in 2009 to improve its audit approach and report structure for country office audits, which now cover three major areas: governance and risk management, programme management, and operations management. UNICEF finds that this new approach strengthens the potential to identify and assess the key office practices that affect the functioning and performance of audited offices, and improves the capacity to identify system-wide actions that can strengthen performance in all country offices. UNICEF acknowledges the findings reported by OIA and is committed to improving performance in these areas.

2. UNICEF is taking timely action to address the risks identified in the audits of country offices. OIA notes in its annual report that all audit recommendations issued to country offices before 2009 are closed and that all offices rated “unsatisfactory” in 2009 have made good progress in taking corrective actions. This report presents the actions taken to address the recurrent weaknesses reported by OIA in 2009 and in recent years. UNICEF actions are directed towards eliminating weaknesses that result in unsatisfactory ratings and towards continuing to reduce weaknesses that result in “partially satisfactory” ratings.

A. Governance and risk management

3. As noted by OIA in its annual report, governance and risk management was assessed in 26 offices. The assessment indicated that 14 of the offices had adequate and well-functioning controls and risk management practices, and 7 offices had practices that were generally established and functioning, with scope for improvement. Five offices were rated unsatisfactory. The most commonly occurring risks were weaknesses in the delegation of authority and responsibility, performance management and quality assurance, and the application of ethical and professional standards. OIA has found that the underlying causes for these weaknesses are inadequate monitoring by managers and limitations in planning practices. UNICEF is addressing these weaknesses through systemic actions to strengthen country office capacity and monitoring systems, and to improve the timely awareness of country office practices in headquarters and regional offices.

4. As follow-up to the accountability system approved by the Executive Board in decision 2009/8, work is under way to detail the functions, roles and responsibilities at all levels of the organization. It is anticipated that the bulk of this work will be completed by the end of 2010. A web-based staff performance appraisal system (e-PAS) was launched at the start of 2010 to strengthen the planning of staff responsibilities and the assessment of performance. As the tool is web-based, the timely completion of planned assignments and performance assessments in country offices can now be monitored at the regional level and in headquarters.

5. In late 2009, UNICEF introduced a web-based Office Management Report, which provides detailed information on the operations performance of each country office and comparative reports that profile the performance status of each office in a region. The performance management system in VISION (Virtual Integrated System of Information) will be rolled out to all UNICEF offices at the end of 2011. The

system will allow managers to strengthen their awareness of key performance indicators within their own offices. It will provide managers, including those at regional and headquarters levels, to easily access country performance information. The system will also provide alerts on aspects of programme and operations performance that fall below established standards.

6. UNICEF is advancing the application of the Enterprise Risk Management (ERM) policy, which was launched in 2009, to strengthen the risk management practices in all UNICEF offices. In 2010, Risk and Control Self-Assessments are being facilitated in 26 country offices by the global ERM focal point. It is expected that these exercises will be replicated to other countries in 2010-2011 following the training of country and regional office staff in ERM and the Risk and Control Self-Assessment methodology. Additionally, e-learning sessions are offered to all offices and the core concepts of ERM are introduced during internal audits of approximately 25 country offices per year. The risk assessment and control actions taken by country offices will be included in the performance management system with VISION, which will strengthen regional office and headquarters capacity to monitor the risk management practices of country offices.

7. Improvements are being made to strengthen the human resource strategy of UNICEF and its recruitment practices globally and in country offices. In 2009, UNICEF introduced e-recruitment facilities to improve access to qualified applicants and a new procedure to strengthen the timely selection of the most appropriate candidate for each international post. In 2009, new managers completed more than 1,500 e-learning courses as part of a three-phase supervisory skills programme, which will strengthen the attention paid to monitoring staff performance.

8. UNICEF is continuing to strengthen ethical and professional standards at all levels. In 2009-2010, the Principal Advisor of the Ethics Office attended Regional Management Team meetings to conduct sessions on the roles and responsibilities of senior field managers to promote ethics and values in country offices and to introduce practical tools to advance the application of ethics and values by all staff. An online training package is being developed.

B. Programme management

9. As noted by OIA in its annual report, programme management was assessed in 26 offices, 22 of which were rated satisfactory or partially satisfactory in this area. Four offices were rated unsatisfactory; these four offices were also rated unsatisfactory overall. The most commonly occurring risks (64 per cent of the total) were in programme planning, implementation and the monitoring of results. There were also risks in the evaluation of programme results, knowledge of the situation of children in the country, and the management of the advocacy function. OIA found that the underlying causes for over 80 per cent of these risks were weaknesses in planning, monitoring and analysis.

10. UNICEF is introducing several major changes during 2009-2010 that will strengthen programme management in country offices, and will make further advances in this area with the introduction of VISION in 2011. As reported to the Executive Board in June 2010, a revised results structure has been developed to strengthen country office capacity to define and report on the contribution of

UNICEF to development results. The approach is being piloted in 26 country offices in 2010 and will be used by all country offices from 2011. The revised results structure is in full harmony with the most recent developments in United Nations harmonization. Web-based facilities for programme performance reporting will be introduced as part of PROMS (Programme Manager System) in 2010 and as part of VISION in 2011. These features will simplify country office results reporting and will provide timely information to regional offices and headquarters on the planned annual results and actual achievements of country offices.

11. Multi-year/rolling workplans were introduced in 26 country offices in 2010 and will be used by all country offices from 2011. This new approach to work planning allows offices to better harmonize the country programme cycle with government planning, budgeting and reporting cycles. Harmonization of these cycles helps to eliminate implementation gaps, thereby leading to more efficient programme partnerships. Multi-year/rolling workplans also allow for the development of more realistic time frames for the achievement of results and will facilitate the continuous implementation of programmes from year to year by avoiding the need to prepare new workplans for each calendar year.

12. In 2009, UNICEF issued guidance to country offices to conduct a comprehensive situation analysis of children and women at least once during each programme cycle, which is an important step in addressing the weakness in knowledge of the situation of children identified by OIA in some country offices. At the start of 2010, UNICEF revised the guidance for the management of partnership agreements with civil society organizations. These revisions will strengthen the assessment of how well implementing partners use and manage UNICEF-supported inputs — the lack of such assessment being another weakness identified in a number of country office audits.

13. A toolkit for advocacy management will be issued to all country offices by the end of 2010. This new guidance is expected to strengthen country office capacity for advocacy management, and thereby reduce the number of audit risks in this area.

14. To strengthen the evaluation function in country offices, UNICEF issued new guidance in 2009 and 2010 on prioritizing major evaluations and responding to evaluation recommendations, and has introduced a tracking system to monitor management actions to address recommendations. The regional offices are actively engaged in strengthening the evaluation function through actions that include the introduction of the revised guidance, review and advice on the draft evaluation plans of country offices, and support to the implementation of major evaluations.

C. Operations management

15. As noted by OIA in its annual report, operations management was assessed in 26 offices, 21 of which were rated as satisfactory or partially satisfactory. Five offices were rated as unsatisfactory; four of these offices were also unsatisfactory overall. The most commonly occurring risks (88 per cent of the total) were in financial management (processing financial transactions and supervising financial controls), and inventory and asset management. OIA found that the underlying cause for over 60 per cent of these risks was weaknesses in management's awareness of how expected controls were actually functioning in their offices.

16. UNICEF continues to strengthen the application of established procedures and standards for financial management. The regional offices continued to support improvements in country office financial management through technical assistance and oversight missions and through regional-level trainings. In late 2009, UNICEF instituted new procedures for travel administration, which will significantly reduce the number of financial transactions for staff travel; this improvement has reduced the potential for processing errors and has increased the staff time available for quality assurance on other transactions. The tracking facilities of VISION will strengthen management capacity to monitor the timeliness of payment processing and to review the accuracy of coding. The introduction of the International Public Sector Accounting Standards (IPSAS) in January 2012 will significantly strengthen country office practices for the certification of received goods and will expand management attention to this requirement at country level and above.

17. Supply Division is strengthening procurement practices in country offices through actions that include a training course on public procurement, which began in 2008. Eighty-three country office supply staff completed the course in 2008-2009 and 50 staff members are expected to participate in 2010. Five Supply Chain conferences have been held since 2008, and over 130 staff have attended to build skills in market and supplier analysis. Inventory management is being systematically strengthened in all country offices that have a major supply component. Thirty-eight offices are now using UniTrack, a system which supports inventory and warehouse management. Improvements in asset management, including the functioning of the local property survey boards, are being systematically strengthened in all country offices in preparation for the introduction of IPSAS. Furthermore, VISION includes an asset management module, which will be used by all country offices; the application of this module will have central monitoring.

D. Actions to strengthen controls in country offices rated unsatisfactory in 2009

18. Five of the 26 country offices audited in 2009 were rated unsatisfactory overall, and these offices accounted for 12 of the 14 unsatisfactory ratings in the three audited functional areas. Two additional country offices were rated unsatisfactory in financial management, but were rated as partially satisfactory overall. OIA reports that by March 2010 all offices with unsatisfactory ratings had progressed well in the implementation of corrective actions.

19. These country offices, which are in the UNICEF regions of West and Central Africa, Eastern and Southern Africa, and the Americas and Caribbean, received significant support from their respective regional offices. In Eastern and Southern Africa, the regional office significantly ramped up its support to the Zimbabwe country office and has provided over 40 technical assistance missions since mid-2009 to strengthen internal controls and performance in an environment of rapidly expanding programme activities. Namibia has received support to strengthen the functioning of its controls in financial management. In West and Central Africa, the Regional Director has addressed the audit recommendations during visits to the UNICEF offices in the Central Africa Republic and Côte d'Ivoire, and these offices are receiving priority support for programme and operations management in 2010 from the regional office. In the Americas and

Caribbean region, the regional office supported the Panama office to close more than half of the audit recommendations by May 2010 and is continuing assistance to the office to address the outstanding recommendations. In the aftermath of the earthquake and the ensuing emergency response, the Haiti office has received significant support in 2010 from the regional office and headquarters. The expanded UNICEF presence in Haiti includes the establishment of adequate internal controls to meet the new scale of programme actions and the current implementation environment.

II. Actions and plans to address headquarters, thematic, and systems audits undertaken in 2009

A. Audit of information disclosure and data protection in UNICEF

20. Management welcomes this audit report and supports the recommendations it contains and commits to releasing the Information Disclosure Policy in 2010. Management is also reviewing the Information Security Policy carefully, in line with the contents of this audit report, and will be revising that policy to align it with United Nations guidelines and the accountability system adopted by the Executive Board; this revised policy will be issued before the end of 2010.

B. Audit of UNICEF guidance and support for efficient operations functions in country offices

21. Important progress is being made to strengthen guidance and tools to monitor and assess efficient operations functions, as was recommended in the audit of UNICEF guidance and support for efficient operations functions in country offices. The in-depth review of the medium-term strategic plan (MTSP), which was carried out from November 2009 to March 2010, included an analysis of management issues, describing progress made by operations functions in supporting the achievement of results and the key performance indicators by which these are measured. The MTSP includes global and country level key performance indicators in the areas of finance, administration, human resources, supply, and information and communication technology, which have been identified and approved by the Executive Board (see E/ICEF/2010/10 and decision 2010/6).

22. In addition, the Programme Policy and Procedure Manual was revised in May 2010 to include a definition of efficiency and to outline a process of establishing operational efficiency indicators to be included in the country programme management plan. The manual guides country offices in reviewing the status of these indicators as part of the annual management review process. Country offices will be requested to begin preliminary reporting on progress in efficiency of operations in the 2010 guidelines for the country office annual reports. Country programme management plans developed for country programme documents approved in 2010 will fully incorporate efficiency indicators. Lessons learned from the development and use of efficiency-related indicators will be incorporated into future updates of the manual and other related guidance and tools.

23. The introduction of the Office Management Report in 2009 also supports operations efficiency management by capturing key performance data for operations indicators in a comprehensive, web-based and user friendly format. Guidance on the use of this tool is being strengthened. Country management teams are encouraged to integrate the office management report in their office management practices. The reports are also valuable to regional offices in enhancing oversight of country offices.

24. The Office Management Report forms part of the suite of tools and mechanisms that will become available once VISION is fully implemented by January 2012. This IPSAS-compliant enterprise resource planning system will make readily available the business information to enhance the capacity of managers to monitor and assess the efficiency and effectiveness of operations and programme performance. The single, web-based platform will facilitate efficiency analysis in the areas of programme, contributions, finance and administration, human resources, supply chain, and resource mobilization. The training and guidance being developed for the roll-out of VISION will further complement existing guidance and tools such as the Programme Policy and Procedure Manual on efficient operations management.

C. Audit of management of pilot initiatives in country offices

25. UNICEF recognizes the importance of adequately managing pilot initiatives to test the effectiveness and feasibility of their innovative approaches towards the achievement of strategic organizational objectives. To this end, the toolkit on pilot initiatives in the Programme Policy and Procedure Manual was updated in May 2010, following the audit recommendations. This update will help to ensure that pilot initiatives are carefully designed as a strategy for knowledge generation and that related advocacy actions are undertaken based on credible, proven evidence. In addition, the updated toolkit clarifies roles and responsibilities to ensure that effective technical support is provided in the design of pilot initiatives.

D. Audit of the processes for promoting ethics and UNICEF values in country offices

26. Efforts to raise awareness, understanding and confidence among UNICEF staff regarding ethics and values are ongoing. As mentioned above, ethics sessions have been included in the agendas of Regional Management Team meetings to help Representatives to understand their roles and responsibilities in promoting ethics and values in country offices. Guidance and tools for the promotion of ethics and values in development include online training, packages for managers, and induction materials for new staff members. Training and communications tools will also focus on raising trust among staff members in the mechanisms for reporting misconduct and protection from retaliation. Oversight and monitoring mechanisms will also be developed to assess the effective implementation of ethics and values training materials.

27. Internet pages, training and communications materials will be developed, in collaboration with the Division of Human Resources and Supply Division, to provide country offices with the necessary guidance and tools to build the capacity

of key partners and suppliers to understand and apply UNICEF ethical standards and values.

28. The capacity of the Ethics Office has been strengthened to carry out these endeavours with the addition of a P-3 post.

E. Audit of vehicles in support of operational and programme objectives

29. The report on the audit became available only in July 2010, shortly before the drafting of the present report. A preliminary response to the audit observations highlights that indicators related to monitoring the efficiency of vehicle management at the country office level have been included in the updated Programme Policy and Procedure Manual. Vehicle Management indicators have also been underscored in the Annual Management Plan and Annual Management Review guidance. Guidance on programmatic monitoring and reporting requirements for vehicles provided under a loan agreement and via Transfer of Title is also being updated accordingly. The implementation of IPSAS as of January 2012 will strengthen overall asset management in the organization, including the management of vehicles.

30. It is proposed that a more detailed response to the observations of this audit be provided in the Management Response to the Annual Report of the Office of Internal Audit for 2010, giving stakeholders ample time to consider recommendations and undertake more strategic actions to address them.

F. Audit of the management of the information and communication technology (ICT) function in country offices

31. In early 2010, Information Technology Solutions and Services (ITSS) updated its ICT Strategy to address a number of critical issues raised by the observations of the audit of the management of information and communication technology function in country offices. The revisions to the strategy included the establishment of clear governance mechanisms, such as the IT Review Board and the ICT Steering Committee, and the identification of accountabilities, methods of operations and communication mechanisms between these entities. ITSS is working to review IT security policies and to develop a comprehensive set of tools and guidelines to improve the organization's global ability to address fraudulent and inappropriate use of IT resources. The updated ICT Strategy also capitalizes on synergies with other United Nations agencies, particularly within the Delivering as One context, to address many of the challenges highlighted by the audit observations.

32. While IT is deployed globally, many aspects of the information and communication technology functions are managed locally. Like many other United Nations agencies, UNICEF faces the challenge of funding posts and recruiting qualified personnel at the field level who have the requisite skills to manage organizational IT infrastructure. This capacity challenge will be further compounded with the roll-out of VISION and complex cost-efficient telecommunication innovations, including video and voice technologies. ITSS will undertake a skills-gap exercise in mid-2010 to identify how worldwide ICT capacity can be elevated to

an adequate level through training, “right-sourcing” (obtaining the “right” mix of sources, including vendors) and collaboration with United Nations agencies and other partners.

G. Audit of SAP security at the application level

33. UNICEF commissioned a comprehensive SAP security framework study with the participation of various organizational business-process owners. The main objective of this study was to identify recommendations to more closely align the UNICEF SAP security framework with best industry practices, taking into consideration the anticipated future growth of SAP, and addressing audit observations. Follow-up actions in response to the study recommendations include the implementation of SAP security training for all focal points; the training forms part of overall preparations for the roll-out of the SAP based enterprise resource planning system.

34. The IT Review Board is reviewing an SAP security report and monitoring policy. The policy will be accompanied by the appropriate procedures and guidelines that specify the type and frequency for generating SAP security reports. A matrix is being developed for SAP governance, in consultation with UNICEF business-process owners and the Change Management Office, detailing SAP roles, their correlation to transaction codes, and incompatibilities identified based on organizational policy, accounting standards and operating principles. The matrix will be finalized in preparation for the roll-out of VISION, helping to ensure system quality control, access control and the allocation of roles and responsibilities.

III. The response to recommendations of the Audit Advisory Committee

35. **Standard Operating Procedures for the disclosure of Internal Audit reports.** The standard operating procedures were issued in March 2010 to facilitate the application of Executive Board decision 2009/8 on Internal Audit and oversight.

36. **Enterprise Risk Management.** As noted above, management attaches high priority to the successful introduction and application of enterprise risk management. The key actions in 2010 are to introduce the enterprise risk management concepts and the Risk and Control Self-Assessment methodology in country offices, and to apply risk management concepts in the major revision of UNICEF guidance, which is being undertaken to support the introduction of IPSAS and VISION. Guidance has been issued to senior management at all levels to include risk management issues on the agendas of existing governance and oversight structures, including Country Management Teams, Regional Management Teams and the Global Leadership Team. Risk focal points have been identified in each UNICEF office to support the management teams in their risk governance roles. The Global Leadership Team will be responsible for the annual review of organization-wide key risk areas and for submitting a summary report to the Executive Office for review and direction on how to address those risks.

37. **Internal Audit review of the IPSAS preparations.** Management is addressing the risks identified by OIA in their risk assessment report, issued in

March 2010. In 2009, external auditors reviewed the IPSAS project governance and organization plan and the IPSAS implementation plan. The external auditors noted that a high level implementation approach was approved, that a detailed policy development plan was produced and implemented, and that detailed implementation plans were being produced.

Annex 1. Progress update on observations that remain unresolved for more than 18 months, as of 31 March 2010

(i) AUDIT: Management of Non-Thematic Other-Resource Contributions (report issued in 2007)

Recommendation

UNICEF, together with relevant headquarters divisions and regional offices should clarify the authorities, responsibilities and accountabilities of regional offices for the oversight of country offices' use of other resources; and establish mechanisms to exercise systematic oversight of regional offices that have responsibilities for other resource contribution management.

Progress update

Members of the Global Leadership Team met on 8 June 2010 to agree on actionable recommendations and appropriate next steps in the Accountability Initiative. Conclusions from the meeting were presented to the Executive Director. These recommendations serve to clarify accountabilities for strategic oversight of regional offices.

Meeting discussions also highlighted the importance of the Performance Management System being developed under VISION and the added value of the Managers Dashboards in facilitating oversight (including oversight of other resources contribution management at all levels).

It is expected that this activity will be completed by the end of 2010.

(ii) AUDIT: SAP Baseline Security Controls (report issued in 2008)

Recommendations

The Division of IT Solutions & Services (ITSS), in collaboration with [the Division of Human Resources] DHR, should draw up and implement a training programme for SAP security focal points on IT and SAP security, including major risks to the confidentiality and integrity of data.

Progress update

UNICEF commissioned a comprehensive SAP security framework study with the participation of various organizational business-process owners. The main objective of this study was to identify recommendations to more closely align the UNICEF SAP security framework with best industry practices, taking into consideration the anticipated future growth of SAP, and addressing audit observations. Follow-up actions in response to the study recommendations include the implementation of SAP security training for all focal points; the training forms part of overall preparations for the roll-out of the SAP-based enterprise resource planning system. VISION training activities, including SAP security components, are expected to begin in Q2 2011 for local subject matter experts, building up to country-office level training in Q4 2011.

ITSS should develop and implement a clear policy with regard to online access to security reports and the frequency of security report generation. The generation and review of security reports should be delegated to appropriate focal points within each division and country office.

The IT Review Board is reviewing an SAP security report and monitoring policy. The policy will be accompanied by the appropriate procedures and guidelines that specify the type and frequency for generating SAP security reports. It is anticipated that the SAP security report and monitoring policy will be finalized and issued in Q3 2010 after review by the IT Review Board and consultation at the field level.

ITSS should explore ways of granting the focal points assigned to the security monitoring function within each division and country office access to query tools for checking the SAP security capabilities of users within their unit and to investigate security violations.

Such an assertion is a matter of operational security management. Investigating security violations can be a rather complex process. While local personnel have timely access to local logs and access inventories, the specialized expertise currently lies with headquarters network management personnel. ITSS recognizes the need for better monitoring and security awareness in the field. As such, ITSS is in the process of developing an IT Security Awareness Campaign and a Security Operations policy that will address this observation. It is expected that the Security Operations Policy will be finalized and issued in Q3 2010, and the IT Security Awareness Campaign launched immediately thereafter.

ITSS, in consultation with the divisions concerned, should review staff members' access to critical transactions codes in SAP to ensure that it is appropriately justified and monitored. ITSS should also ensure that the criteria for granting access to critical transaction codes (that give users the ability to read, modify or delete any data in SAP) are documented in the security policy and authorized by data owners.

A matrix is being developed for SAP governance, in consultation with UNICEF business process owners and the Change Management Office, detailing SAP roles, their correlation to transaction codes, and incompatibilities identified based on organizational policy, accounting standards and operating principles. The matrix reflects the permissions allowed to each role, making sure that there are no discrepancies and no segregation of duty violations. Similarly, the establishment of these roles in SAP and allocation to individual users will be facilitated by the policies mentioned above. As such, the SAP governance matrix will be finalized upon issuance in Q3 2011 of the other SAP policies referenced, as part of the roll-out and implementation of VISION by 1 January 2012, helping to ensure system quality control, access control and allocation of roles and responsibilities.

ITSS, in coordination with DHR, should set standards, assign accountabilities and establish procedures for modifying or disabling SAP access rights.

ITSS has already established operational procedures for this matter. An electronic system handles all requests for access rights, modifications and elevation of rights. Each request is submitted electronically and explicitly approved before it is implemented. This workflow-based system allows for authorization by designated managers and further attribution. The accountability is referring to the specific system and the capability to manage any such requests explicitly.

ITSS should assess the feasibility of developing an automated link between the SAP security function and the SAP personnel data so that users' information required for the granting, modification and disabling of SAP access rights is provided systematically from respective users' personnel files.

ITSS has acknowledged the necessity for such a feature and is planning to implement it no later than Q4 2010, in the context of overall planning for VISION roll-out.

Annex 2. Report on the role of the improvement initiatives of UNICEF in strengthening risk management, governance, accountabilities, oversight, guidance, support and performance

1. Executive Board decision 2009/19 requested the management of UNICEF to report on the progress in implementing the improvement initiatives, particularly with regard to risk management and controls, governance, accountabilities, oversight, guidance, support and performance. The following update aims to provide a broader perspective of the improvement process, and reiterates progress already reported in response to specific audit observations made by the Annual Report of the Office of Internal Audit. More information on progress made in the improvement process can also be found in the “Update on the organizational improvement initiatives” (E/ICEF/2010/13).

2. In the area of accountability and effective risk management, mechanisms are being established to create an operational environment in which there exists a clear understanding of roles, responsibilities, and functions; comprehensive and efficient accountability and oversight; and risk-informed management policies and practices.

(a) At its 2009 annual session, the Executive Board approved the accountability system of UNICEF (decision 2009/8), which guides the consolidation of key accountability and oversight mechanisms and tools and paves the way for detailing functions, roles and responsibilities at all levels of the organization. The UNICEF Regulatory Framework is being updated and consolidated, providing staff at all levels with a user-friendly repository of streamlined and simplified organizational policy, procedures and guidance;

(b) Implementation of the Enterprise Risk Management Policy is under way through the creation of a risk management governance structure; the identification of a global network of risk focal points; the updating of the UNICEF Risk Profile and the Risk Control Library; the development of Enterprise Risk Management training packages; and the roll-out of the Risk Control Self-Assessment tool in all UNICEF offices;

(c) A new audit approach introduced in 2009 focuses on high-level strategic issues to enhance the ability of country offices to manage risks and provide effective governance and oversight. New guidance and tools introduced in the area of evaluation in 2009 also support accountability and risk management across the organization, promoting the effective use of evaluation as a management function, and fostering greater ownership for the process and accountability for results;

(d) The programme performance assessment (PPA) aims to appraise the strategic positioning of UNICEF in a country, as well as the performance of the organization with respect to five strategic management practices that were identified as contributing to the medium-term strategic plan. The pilot phase of the PPA, a joint venture by the offices of Evaluation and Internal Audit, has concluded, and a review is under way, to determine the role of the PPA within the UNICEF accountability and oversight system.

3. The organizational improvement process also aimed to make UNICEF programmes more dynamic and innovative, informed by national and global knowledge resources on child development issues, in order to achieve lasting results for children.

(a) The revised programme results structure and the multi-year/rolling workplan will be in use in all country offices by 1 January 2011. The new structure aims to make UNICEF programmes more dynamic by strengthening their focus on the achievement of strategic results for children and clearly demonstrating alignment of the country programme to national priorities;

(b) Programme excellence in UNICEF will be strengthened through the implementation of the Performance Management System. This system will provide managers with a web-based tool to monitor and assess management performance through standardized organizational key performance indicators, and to monitor and assess programme performance against planned results;

(c) Programme excellence is also being advanced through the implementation of the UNICEF strategic framework for partnerships and collaborative relationships, which was approved by the Executive Board at its 2009 annual session (decision 2009/9). Information on new modalities for engagement and guidance for the development of Programme Cooperation Agreements, as well as Small Scale Funding Agreements with civil society organizations, have been disseminated.

4. The improvement initiatives also aim to optimize the use of strategic resources through the development of more efficient business models and processes that enable the organization to plan and manage assets, and to monitor and report on organizational targets at global, regional and country levels.

(a) Several key steps have been taken to simplify business processes in order to make operations performance less burdensome for UNICEF offices and implementing partners. The revised programme results structure and multi-year/rolling workplans aim to make the programme planning process lighter and more time efficient. The rules governing contract review have been made more flexible. New travel policies and procedures aim to reduce the volume of transaction processing, while maintaining the appropriate internal controls. Efforts are under way to simplify processes related to direct cash transfers to programme partners; these processes are also being proposed at the inter-agency level in the context of the Harmonized Approach to Cash Transfers;

(b) Improvements for more effective operations performance are also being realized through the design and development of VISION, through which organizational business processes to be integrated into the application system design were analysed, simplified and streamlined to become more efficient and user-friendly;

(c) Operations performance has been further enhanced with the launch in 2010 of the new online performance appraisal system, e-PAS, and the launch in 2009 of UNICEF Employment, the organization's online recruitment system;

(d) Improvements and business efficiencies in the area of supply will also enhance the operations performance of UNICEF, most notably through the implementation of the Supply Customer Relationship Management system launched in all offices in 2010. This system offers a new and improved web supply catalogue, and capacity for improved management of customer enquiries, handling of online requests for cost estimates, and online order tracking for internal and external customers;

(e) In addition to strengthening programme performance management, the Performance Management System will also play a key role in strengthening operations performance. The system will capitalize on the use of VISION-generated data to provide managers with real-time tools to monitor and assess operational performance. Tools such as the PROMS-based Office Management Report are already furnishing managers with information on budget utilization; management processes, including direct cash transfers, donor reports and supply requisitions; and human resources statistics.

5. The implementation of an IPSAS-compliant enterprise resource mobilization system is an essential driver that brings together all the components of the improvement process for strengthened organizational oversight and management performance.

(a) VISION will provide a single, real-time, web-based organizational platform for business transactions and performance management in the areas of programme, contributions, finance and administration, human resources, supply chain, and private fundraising and partnerships for country, regional and headquarters offices. The system allows full alignment of business processes and tools between headquarters and field locations, and supports the results-based programming and management approach of UNICEF through increased system capacity. This comprehensive platform will facilitate a more integrated approach to programme and operations oversight and performance management;

(b) VISION is expected to bring about greater efficiencies in day-to-day operations. The system, accessible by UNICEF staff worldwide, will allow transactional functions to be carried out from any location, including subregional service centres that could support operations for individual country offices. The system's broad accessibility and support capability are expected to lower operating costs for individual UNICEF offices. In the same way, VISION will also improve emergency response capacity, helping to ensure the continuity of operations regardless of disruptions at the local level;

(c) IPSAS implementation will enhance programme and operations oversight and management performance, as strengthened financial reporting requirements will require reinforced management and monitoring of programme inputs. The increased type and amount of financial information collected to develop IPSAS-compliant financial statements will serve to strengthen: accountability and governance of organizational assets; oversight, performance management, and reporting of all aspects of the work of UNICEF; and transparency in the way UNICEF does business;

(d) IPSAS and VISION will be fully operational in all UNICEF offices by 1 January 2012.

6. The organizational improvement process is providing systems, mechanisms and tools for enhanced governance and management of risk, programmes and operations. Once completed, the process will help UNICEF offices and staff members to work more effectively and enhance their capacity to address recurrent risks and weaknesses identified through the audit process.