

UNICEF Response to the annual report of the Office of Internal Audit for 2007

**(UNICEF Executive Board
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Introduction

1. This report describes the UNICEF response to the annual report of the Office of Internal Audit for 2007 (E/ICEF/2008/AB/L.7 and Corr.1).

Actions being taken on key and recurrent findings

2. The major observations highlighted in the 2007 audit summary report are in the areas of programme management; clarity in accountabilities and oversight; and supply management.
3. We are responding in three ways to the issues identified in programme management, the majority of which are of low and medium risk. Firstly, we are using the findings from the audit as a basis to follow up with country offices on the preparation of their Annual Work Plans to ensure that results and activities are more clearly defined, that implementing partners are better assessed, and that implementation is properly monitored and evaluated. Secondly, we will strengthen support on programme management to country offices from regional offices and headquarters through training on the Programme Processes, and through programme oversight and technical advice. Thirdly, in the medium to long term, the initiatives under way on dynamic programming, performance management and enterprise risk management, together with the review on business processes and the introduction of the 'One' ERP, will lighten programme preparation and implementation and align results more clearly to the goals set by governments. The outcome of these initiatives will assist managers to better clarify programme interventions, set more focused priorities, and have a clear set of performance management tools that report progress on the efficiency of our work (allocation of funds, expenditures, donor reports) and its effectiveness (measuring our contribution to government objectives and MDGs). The introduction of new performance management tools will also provide better oversight and monitoring of results.
4. The weaknesses related to the lack of clarity on accountabilities and oversight, and in governance, guidance and technical support to country offices, have

5. already been identified as critical areas for improvement so that UNICEF can maintain and build on its work to achieve results for children. As detailed in the Biennial Support Budget, the programme-related functions in headquarters are being aligned around outcomes and key expertise areas and practice areas to strengthen UNICEF capacity in achieving results. The regional offices are being strengthened to better provide strategic guidance and oversight to country programmes. The specific issues on accountability and oversight are being addressed by the work on the accountability initiative, which is reviewing how accountabilities are currently defined in UNICEF and what needs to be changed as a result of the improvements on business processes and the structure and content of programme support. The outcome of the accountability initiative will be a more defined set of accountabilities and oversight system within UNICEF. The accountability framework paper will be presented to the Executive Board in at the first regular session in February 2009. The result of this work, supported by communication follow-up and training, will provide greater clarity and guidance in the roles and responsibilities of staff and offices throughout the organization.
6. Supply Division and the country offices are responding to the audit findings related to supply and logistics by setting out priorities on the support that UNICEF will provide to partners and by defining more clearly the value of the supply input to that support. As part of supply planning, country programmes are reviewing more critically the capacity of national partners to purchase their own supplies and are supporting partners to develop their capacity to plan, procure, distribute and follow up on supplies as a component and critical input to achieving results. Although our policy is not to have UNICEF-managed warehouses, in emergency situations where there is a need to store and distribute emergency supplies, we are providing training to UNICEF logistics officers and government counterparts in warehouse management. To assist in the efficient management of warehouse supplies, we are rolling out a warehouse tracking system, UNITRAK, to a number of country programmes. Addressing weaknesses in warehouse and inventory management will be further strengthened with the introduction of IPSAS compliance in UNICEF and will be reinforced by a guidance note to country offices on supply planning and management.

Actions being taken to address audit findings that remained unresolved for more than 18 months

Management of Internal Performance Information in HQ Divisions, 2005

7. The performance information reporting framework is being developed as part of the Organizational Improvement Project on Performance Management, led by the Division of Policy and Practice. This work builds on the sets of country office indicators which are presented to and monitored by the regional offices. In addition, country offices have developed sets of operations and programme reports to assist in the management of the country programme. Building on these

- existing indicators and reports, good progress has been made on defining standardized management reports for offices across the organization. This work is being integrated into the Enterprise Resource Planning, and it is expected that the rollout of the ERP will include a web-based set of performance management reports accessible to all staff.
8. The issue raised by the audit on terminology is being clarified in the new version (2008) of the Programme Policy and Procedures Manual. The wider issue of terminology differences among UN agencies is being reviewed by the UN Development Group.
 9. In response to the audit recommendation to develop training materials, the approach for divisional and regional office budgets for the biennium 2008-2009 has been revised to reflect the Results-Based Budgeting framework approved by the Executive Board in January 2008. The budget review process at regional and headquarters levels has also undergone simplification. The biennial budget guidelines for 2010-2011 will include detailed guidance materials to orient regional and headquarters staff on the use of results-based budgeting and performance targets and indicators.

GAVI Secretariat

10. With respect to the disagreements between the GAVI Secretariat and UNICEF on UNICEF oversight and internal audit, both UNICEF and GAVI have identified focal points to address programme and operational issues and to identify solutions as issues arise that require clarification.
11. In response to the audit recommendations related to hospitality and travel, the GAVI Secretariat told UNICEF and the GAVI Board that it had decided to adopt the hospitality rules and travel procedures of WHO. UNICEF has informed the GAVI Board of its concerns on these two issues. The UNICEF hosting of the GAVI Secretariat will come to an end on 1 January 2009 when GAVI becomes a Swiss foundation.

UNICEF Response to the Tsunami, 2006

12. A working group has been convened to review the ways in which DHR can simplify recruitment procedures. The proposal on simplification of recruitment processes, which will also address emergencies, is currently under review and will soon be implemented.

Administration of Cooperation Agreements with National Committees, 2006

13. In reply to the recommendations on working with the National Committees, the Private Fundraising and Partnerships office has initiated a more systematic annual review of joint plans agreed with the National Committees and is in the process of

developing with them a strengthened oversight and monitoring framework. In addition, there will be a joint exercise in 2009 to review and revise the Cooperation Agreement signed by each of the National Committees and UNICEF.