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As UNICEF kicked off 2018, the organization welcomed a new Executive Director, Henrietta H. Fore, as well as the beginning of a new quadrennium and a wide array of challenges, new and ongoing. The organization confronted deepened conflicts in Saudi Arabia and Yemen, a new Ebola epidemic in Democratic Republic of Congo (DRC), tsunami-ravaged communities in Indonesia and ongoing humanitarian and emergency response crises in Bangladesh, South Sudan and other countries. Internally UNICEF took up the mantle of UN Reform, addressing myriad challenges—such as sexual harassment and abuse of power in the workplace—to reinforce foundational values of integrity, ethics and respect in the workplace culture.

Meanwhile, the performance of global aid and development agencies, including UNICEF, has come under increasing scrutiny from donors who seek not only results but demonstrable, transparent value for money. In June 2018, ED Fore issued a global broadcast message to all UNICEF staff that established the urgency of our efforts to achieve progress toward our global goals, framed by the Sustainable Development Goals (SDGs).

As a result, the pace and intensity of organizational response efforts have intensified, demanding more flexible, innovative and collaborative solutions and internal governance mechanisms that are at once more expansive and more reliable.

“Without a dramatic acceleration of our progress, and an ever-sharper focus on the most disadvantaged children, we will fall far short of meeting our 2030 goals. ... We need to accelerate how we drive results.”

- Executive Director Henrietta H. Fore



In this context, the **Division of Financial and Administrative Management (DFAM)** aimed to confront the challenges of internal capacity gaps and a day-to-day workload that prevented the division from optimally integrating various functions it had acquired over the past several years and to remedy the resultant stakeholder frustration over the types and levels of support and services provided.



"A strengthened ERM framework will help us manage risks coherently and drive efficiencies and appropriate resource management to achieve our goal of delivering the best possible results for children."

– Comptroller Thomas Asare

DFAM's Office Management Plan (OMP) 2018-2021 focused on **six medium-term priorities**:

- (1) Strategic business support** to offices in fulfilling their delegated financial and administrative responsibilities;
- (2) Support to management decision making** by providing reliable and up-to-date information on available budget, and how this can best be allocated in the interest of strategic results;
- (3) Eco-sustainability and inclusivity** by improving operations while working in inclusively-designed offices;
- (4) Grant and trust fund management** by focusing on grant management from donor negotiation to implementation monitoring and final reporting;
- (5) Structured financing** by assisting business units to find innovative ways of leveraging financial arrangements to achieve programme objectives in a climate of financial austerity; and
- (6) a sound and evidence-based internal control framework** with an anti-fraud strategy.

While implementing its plan, DFAM recognized the need to manage risk and applied a systematic process of continuously identifying, mitigating, monitoring, and communicating top risk events to the organization as defined in the UNICEF Enterprise Risk Management (ERM) framework, a component of the organization's internal controls.

Key results achieved against the Office Management Plan (OMP)

As the steward of UNICEF funds totaling more than \$6.68 billion¹ entrusted to UNICEF to ensure they are used responsibly to yield a better life for every child, DFAM strives to empower colleagues and partners to achieve their goals and fulfill UNICEF's mission as effectively and efficiently as possible.

In September 2019, the United Nations Board of Auditors formally issued its audit report for UNICEF (A/74/5/Add.3) and

¹ UNICEF Financial report and audited financial statements for the year ended 31 December 2018 (<https://undocs.org/en/A/74/5/Add.3>).

awarded UNICEF an unqualified audit opinion for the year ended 31 December 2018. This achievement marks the seventh year of unqualified audit opinions for UNICEF Financial Statements prepared under International Public Sector Accounting Standards (IPSAS) starting in 2012, and reflects UNICEF's commitment to the implementation of IPSAS.



Some members of the DFAM Senior Management Team (SMT) in 2018: (from left) Dzidula Masiku, Christos Kasapantoniou, Paradzai Nematadzira, Rosario Buendia, Thomas Asare, Lawrence Picard, Monique Linder, Diane Kepler, Gelfiya Shchienko, Edson Mbewe, Hatem Bennys.

The Division also prepared detailed quarterly assessments of UNICEF's financial health and periodically provided financial analysis and recommendations to the Office of the Executive Director and the Global Management Team for planning and decision-making purposes.

The UNICEF Executive Director continues to emphasize effectiveness, economy and efficiency as top priorities. The work of UNICEF staff around the world who are at the frontlines of implementing the governance, risk management and internal controls (including anti-fraud) mechanisms ensures that funds entrusted to UNICEF are managed with appropriate fiduciary accountability to achieve results for children.



DFAM Colleagues participated in Ethics Day and expressed their values of integrity, respect and accountability.

Embracing the new priorities outlined in the Strategic Plan, **DFAM sharpened its focus on creating a more enabling organizational environment.** One dominant theme that characterized the division's work throughout 2018 was the **improvement of capacity** to ensure responsive, transparent and accountable internal governance.

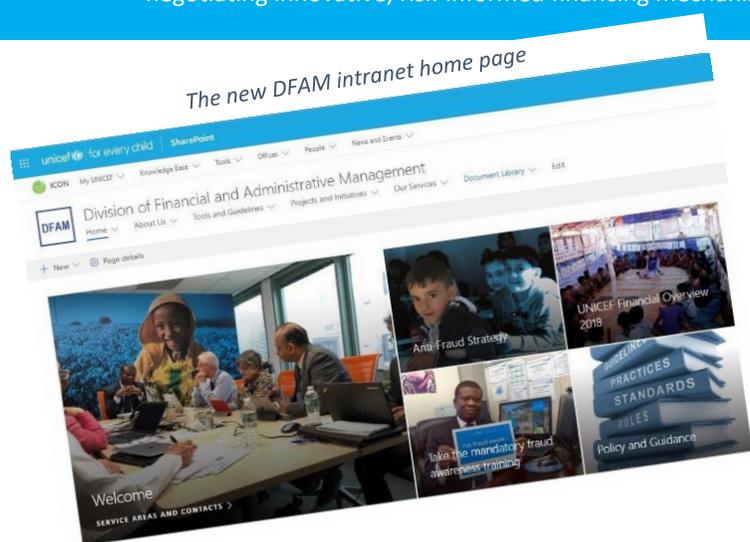
A second was a **sharper organizational focus on Value for Money (VfM)** principles and the sustainable delivery of measurable results for children. Overall, DFAM committed itself to building what Executive Director Henrietta Fore has called "a new culture of care, respect, integrity, trust and accountability in every office and workplace." The first order of business in 2018 was a strategic adjustment of the

division's capabilities announced by the Comptroller on 3 January 2018, to ensure more analytical, advisory and value-adding service capacity to support organizational goals. Enhancements to the division's organizational structure helped facilitate management of a growing workload while a new business partner approach and improved communications aimed to provide clearer, more direct service channels for DFAM clients, and closer relationships with field-based operations colleagues.

The division also addressed the communications gap identified in the independent review of its activities in 2017, by appointing a communications specialist to develop and implement a strategy and appropriate channels to advance good communications practices throughout the division and to raise the profile of

DFAM re-positioned its functional and service areas into six sections, as follows:

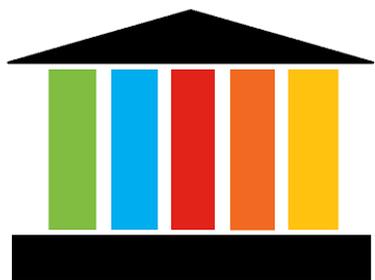
- **Office of the Comptroller**, managing Oversight, Internal Controls and divisional Operational Support, including coordination of activities with the Executive Board, Office of the Executive Director, other UN and non-UN agencies and NGOs and partners as well internal and external auditors;
- **Administrative Management Services** (AMS), responsible for New York Headquarters Facilities Management, Field Support and Eco-Sustainability Services and Travel and General Administrative Services. AMS also coordinates Business Optimization efforts within UNICEF and collaborates with other UN agencies to fulfill Common Premises initiatives;
- **Financial Reporting and Grants Management** (FRGM), which manages Financial Reporting, Analysis, and Monitoring activities and efficient financial analysis and management of donor resources and relationships;
- **Strategic Business Support** (SBS), offering business partnership, policy coordination, capacity development and enterprise risk management expertise;
- **Strategic Resource Management** (SRM), providing Planning and Budget as well as Decision Support advisory services, in addition to managing the integrated budget and developing the Budget Formulation Tool (BFT) to ensure Results Based Management (RBM); and,
- **Treasury and Structured Finance Services** (TSFS), providing technical advice and managing financial risk, global liquidity and investments to ensure the availability of financial resources, as well as reviewing, analyzing and negotiating innovative, risk-informed financing mechanisms.



the division's work in UNICEF. The communications specialist collaborated with DFAM staff and with the Enterprise Content Management (ECM) team in ICTD to develop and launch a new intranet site using the latest modern SharePoint platform; introduced a new Microsoft Office365-based document management system aligned with the UNICEF information management policy and taxonomies; established and socialized common messaging standards and templates; and, introduced themed knowledge sharing communities on the Yammer internal social networking platform.

These changes positioned DFAM to continue its **leadership role in accelerating progress and steering UNICEF toward the best use of its resources** while safeguarding and enhancing the value of those resources as reflected by many noteworthy achievements made toward divisional priorities.

With respect to advising and assisting offices in fulfilling their delegated financial and administrative responsibilities, **DFAM established the new Strategic Business Support (SBS) section offering proactive advisory services and support to regional and country offices and divisions**. SBS includes a section chief with expertise in regional and country office operations and four managers responsible for business partnership, capacity development, policy management and risk management functions. SBS led several key initiatives to facilitate a repositioning of operations accountabilities from traditionally transactional ones to more strategic, value-adding ones as a business partner ensuring the best use of UNICEF assets in alignment with programme activities and goals.



Logo representing the five pillars of Strategic Operations

In partnership with other divisions, DFAM led the repositioning of the operations function across five foundational pillars: *Valuing People* (competencies and career path); *Valuing Money* (monetary); *Valuing Systems and Structures* (reinforcing process and teams); *Valuing Partners* (donors and implementing partners); and *Valuing Risk Management* (risk, decision-making and compliance), in order to support the development of appropriate skills and to sharpen the focus on strategic value creation in line with the Sustainable Development Goals (SDGs).

Additional achievements reported by SBS include:

- **The enhancement of operations job descriptions** (JDs), with the Division of Human Resources (DHR), to articulate performance expectations across the five pillars, expanded areas of experience focused on customer-centric, risk-informed services, strategic partnering, and revised competencies at all levels.
- **The practical definition of Value for Money (VfM) principles** as they apply to assuring the optimal use of limited resources in UNICEF and the development of a program to promote organizational VfM.
- **The development of an ERM framework and related tools and guidance**, to be implemented in 2019, for assessing risk and making risk-informed decisions to increase results for children.
- **DFAM collaborated with several UNICEF divisions** including Human Resources (HR), Information and Communications Technology (ICT), the Global Shared Services Centre (GSSC), and Private Fundraising and Partnerships (PFP) and sought input from Regional and Country Offices and the Office of the Executive Director (OED) **throughout the development of these initiatives** in anticipation of their implementation beginning in 2019.

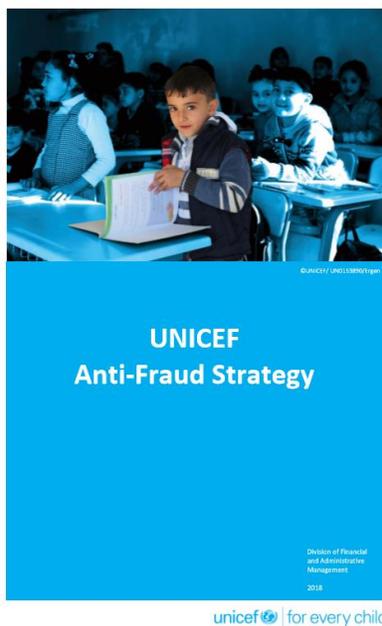
DFAM management and chiefs of operations participated in the 2018 annual meeting of the Regional Chiefs of Operations where the strategic role and priorities of the operations function were addressed in detail.



In line with these strategic business support efforts, **DFAM sharpened its focus on refining its evidence-based internal control framework and socializing an organizational anti-fraud strategy** based on sound prevention, detection and response practices.

A number of initiatives aimed to improve the “second line of defense,” risk management and oversight functions were put in place to support senior management, among them:

- The **ERM coherence project** aims to establish a comprehensive ERM Policy and corresponding taxonomy, structure, and practical interpretation of risks specific to the Strategic Plan, as well as an online enterprise Governance, Risk Management, and Compliance (eGRC) tool.
- The **e-GRC tool**, built on the leading MetricStream platform, will help managers systemically assess, manage and report risks and achieve optimal outcomes. The tool will centralize the monitoring and reporting of exceptions to procedure in order to increase the transparency of potential risks and raise awareness of their impacts, and create a repository of meaningful, quantitative, actionable and explicit ways to identify, assess and mitigate the key sources of risk. It will also enable more accurate risk reporting as well as continual improvement of policy, procedure and risk management efforts toward more dynamic and prescriptive organizational responsiveness.
- **Enhancement of the overall internal controls framework**, including a review of internal control policies and procedures with a focus on assessing UNICEF key business management controls using the 2013 COSO² framework. As part of the enhancement of internal controls, UNICEF is establishing a new key risk area that addresses “wrongful and negligent behavior by personnel and partners toward other persons.” This coverage area will include the risks related to: abuse of authority, harassment, sexual harassment, discrimination, child safeguarding, sexual exploitation and abuse, and crimes or unethical conduct against another person.



- The **Anti-Fraud Strategy**³ details tools, processes and practices that UNICEF has established for the prevention, detection and response to fraud, corruption, waste and abuse. The strategy complements the current anti-fraud policy and consolidates and organizes various existing anti-fraud-related regulatory documents into a single reference point for UNICEF personnel and key stakeholders, with a few additional tools that will strengthen the organization’s overall anti-fraud approach. The introduction of the strategy was accompanied by a course of training that began in June 2018. An online training course was rolled out on 1 March 2019.

- Technology also played a role in improving internal controls. Strengthened **Transaction Level Monitoring (TLM)** efforts were facilitated by the introduction of a new tool in Q4 2018. In May, DFAM launched the new Infor Risk and Compliance (IRC) tool with ICTD and GSSC, replacing Approva for managing user roles in VISION. The IRC tool is a component of the SAP HANA project and the initial phase of the VISION upgrade.

² The Committee of Sponsoring Organizations of the Treadway Commission (COSO, <https://www.coso.org>) provides thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence.

³ The Anti-Fraud Strategy (see Regulatory Framework Library).

- With respect to oversight coordination and monitoring activities, DFAM provided **support for 10 external audit visits to offices** and with formal follow-up and reporting on internal audit recommendations across the organization. In addition to supporting donor visits and reviews globally, DFAM further made significant contributions to UNICEF-specific and inter-agency negotiations on major donor framework agreements and initiatives, terms of reference for engagement with donors and periodic donor assessments such as the 2018 DFID Central Assurance Assessment.

Reflecting a commitment to supporting management decision making, DFAM introduced the Light Policy and Procedure Initiative as a business enabler that establishes a coherent approach to the development of policy and procedure. The initiative’s goal is to simplify and shorten document length, use plain language and facilitate staff understanding of and adherence to UNICEF regulatory content. Organizationally it will yield greater consistency of practices across business areas, reduced operating risk due to misinterpretation and clearer accountabilities.

DFAM also sought to provide reliable, up-to-date information on available budget and options for allocating it to improve results. DFAM **expanded and reframed the former Budget section’s capacities as the Strategic Resource Management (SRM) section**, including a new Planning and Budget unit and Decision Support unit, to promote leadership in budget management and contribute to the optimization of VfM. The section also oversaw development of the Budget Formulation Tool (BFT).

SRM’s **upgraded decision support and planning functions provide information critical to results-based management (RBM) and optimization of VfM**, as well as trends and variances in income and expenditure, financial forecasting, and management recommendations based on reference models and business intelligence (BI). The section also oversees the resource allocation governance framework, reviews requests for resource allocation decisions and periodically provides financial analysis and recommendations to the Office of the Executive Director and the Global Management Team for planning and decision-making purposes. Among the achievements SRM saw in 2018 were:



Completion and testing of the Budget Formulation Tool, a web-based application designed to help UNICEF deepen management’s understanding of spending based on evidence. The BFT strengthens UNICEF’s RBM agenda by enabling the planning of resource requirements to achieve outputs and outcomes that are fully integrated into programming processes and aligned with the Strategic Plan. The tool was piloted in eight countries representing a cross-sampling of UNICEF offices in the fourth quarter of 2018, initiating the tool’s global launch.

- **Revision and publication of the UNICEF Policy on Revenue Management**, the key objective of which is to formalize the revenue recognition changes adopted for the 2017 financial statements that had been communicated by the Comptroller in 2016. These changes addressed the UN Board of Auditors’ recommendation that UNICEF’s former policy lacked “clarity and consistency”. The revised policy adopted a simplified approach requiring less judgement to be exercised and making it easier to understand by internal and external users of UNICEF’s financial information; recognized revenue based on full contract value at the signing of a donor agreement, regardless of its duration and whether it is earmarked; reflected that accumulated surpluses (reserves) UNICEF currently holds represent the

funding secured for activities taking place in the future; and, highlighted that budget issuance, budget utilization, payment requests and donor reporting were not affected by the policy changes.

- **Introduction of a new Procedure on Post Management** that is more aligned with related Human Resources policy and procedure and provides greater clarity in the application of rules and efficiency in post management actions. Improvements to the procedure include: streamlining of post categories into Regular, Temporary and Special Arrangements, with descriptions of related actions and attributes; simplification and decentralization of position approval authority for a number of position modifications; provision of information on “cost distribution” and change of funding source; dedicated instructions on the use of savings from vacant positions; and, new or updated templates for requesting post and special administrative arrangements changes.
- **Facilitation and coordination of year-end closure activities** and reviews and approvals of integrated budgets submitted for the 2018 Annual Budget Review by country offices starting a new country programme in 2019, those with significant changes in their programme and organizational structure and other ad hoc situations. SRM also participated in the review and processing of regional Programme Budget Reviews (PBRs).

DFAM extended its efforts to improve the environmental sustainability (eco-sustainability) and inclusivity of its operations in 2018. Having explicitly renewed its commitment in the Strategic Plan to making its offices accessible and inclusive for all, and to improving the environmental efficiency (eco-efficiency) of its operations, DFAM announced on 15 January 2018, the **launch of a new Procedure on Eco-Efficiency and Inclusive Access in UNICEF Premises and Operations**. The procedure provides headquarters, regional, country and zonal offices, particularly operations teams, with clear guidance on the steps to be taken to achieve emissions reduction and office accessibility improvement targets outlined in the Strategic Plan—demonstrating UNICEF’s commitment to “walk the talk”. The procedure also serves as a key milestone on UNICEF’s path toward climate neutrality, cost-efficient operations, and premises inclusiveness for people of all abilities and makes UNICEF a model for other UN and humanitarian organizations. The division launched several communications campaigns to promote good practice in line with the procedure, notably to reduce single-use plastics.

The implementation of the procedure is well underway. Many offices have undertaken accessibility, energy, water and diesel generator assessments that are establishing a list of prescriptive projects and measures that are producing valuable results, reflecting **cost savings of over \$600,000 from 2016-2018**.

In support, DFAM introduced the **web-based Environmental Footprint and Accessibility Assessment Tool (EFAAT)** globally in October 2018, a shared common platform used by offices to record and track their emissions and accessibility levels, identify areas for improvement, and communicate progress and by headquarters to aggregate global cost and savings data. Grid electricity use data going back to 2016 was input into the system, and the analysis reflected **cost savings due to eco-efficiency measures of nearly 15 per cent (\$600,000) collectively from all UNICEF offices**.



In 2018, the number of accessible UNICEF country offices increased by three per cent, and 32 of 142 UNICEF country offices met the minimum accessibility requirements listed in the Procedure.

As part of this effort, **New York Headquarters undertook a major capital improvement project**, beginning in the first quarter of the year and designed to improve operating efficiency, eco-sustainability, accessibility and security of the premises. The Executive Board approved, as part of the Strategic Plan 2018 – 2021, resources for a Capital Master Plan (CMP) for a phased approach to upgrading and modernizing the building. This phased approach is a proactive action to ensure that at the time the ownership of the building is transferred to UNICEF in 2026, it will be fully renovated. In 2018, renovations were made to upgrade the security system, renovate the lobby, replace the cooling tower (completed by end of March 2019) and initiated floor-by-floor renovations to modernize the workspace and increase floor capacity by 10 per cent.

DFAM also continued to support the Greening Fund that supports and promotes eco-sustainability and accessibility projects in field offices. The Fund supported 71 greening/eco-efficiency projects and 27 accessibility projects in 2018. Among the improvements realized with help from the fund, Haiti Country Office became the first to be powered 100 per cent by solar energy; Ghana Country Office installed efficient LED lighting and air conditioners; Sudan Country Office installed sensor-operated water faucets; and several country offices installed entry ramps and completed bathroom accessibility upgrades.

And, to improve staff safety and security and increase the efficiency of UNICEF's vehicle fleet, UNICEF identified and began to deploy a **standard solution for a global vehicle tracking and fuel management system in L2 and L3 emergency countries**. DFAM is reviewing the functionality and reports in the 10 L2/L3 countries with local systems in place, to ensure their alignment with UNICEF standards, but has in the meantime provided funding for 16 countries to use the approved service provider: Kenya (L2), Honduras, DRC (L3), Niger (L2), Sri Lanka, Central African Republic (L2), Cameroon (L2), Gabon, Sao Tome and Principe, Ecuador, Lebanon (L3), Senegal, Mozambique, Kyrgyzstan, India and Iraq (L2). In March 2019, DFAM secured an LTA with a second service provider to cover some L2 and L3 countries that cannot be covered by the contracted service provider: Bangladesh (L3), Somalia (L2), Syria (L3) and Yemen (L3). Installation and coverage is to commence by the end of March 2019, with potential cost savings of \$1.35 million per year.

DFAM continued to make progress in the financial and administrative management of grants and trust funds by expanding capacity along the path from donor negotiation to implementation monitoring and final reporting and by welcoming opportunities to partner internally with Public Partnerships Division (PPD) and Private Fundraising and Partnerships (PFP) as well as Programme Division (PD) to ensure financially sound programme delivery.

- As part of the repositioning of functions within DFAM, **the Accounts section expanded responsibilities to become the Financial Reporting and Grants Management (FRGM) section**. As part of this change, the Contributions unit became the Grants Management unit, including a Donor Agreements and Revenue Analysis function, and a Funds Support Office was established, reflecting a more strategic focus across the funding pipeline.
- After three months of preparation, **DFAM and PPD effected the transfer of responsibility for processing contributions transactions for donors managed by PPD in New York to a dedicated team at the GSSC in Budapest on 1 April 2018**. The GSSC also assumed responsibility for clearing unapplied

receipts against the donors' receivables. Clearances of agreements remain with PPD, while GSSC creates the grant and issues the budget. The impact of this change on country offices is minimal.

- DFAM, **in collaboration with PPD, initiated the Funding Pipeline Initiative (FPI)** to jointly develop a tool to provide better cash forecasting and visibility on potential funding and contributions in the pre-grant phase. While the Private Fundraising and Partnerships (PFP) Division has a system to predict revenue, there is less visibility into public sector and other funding streams. The tool addresses this gap by collecting information from Country and Regional Offices, Programme Division (PD) and PPD on these other funding sources and yields multiple benefits across the organization. For Country and Regional Offices, many of which already maintain an internal pipeline record, the information improves the ability to manage budgets, analyze gaps, prioritize needs and plan allocations. Creating a standard, regularly updated pipeline information resource informs allocations of Global Thematic Funds (GTF), 7% Set Aside Funds, and Emergency Programme Funds (EPF). For PPD, the tool offers greater visibility into discussions at various organizational levels, enables more accurate forecasting and resource targeting and encourages information sharing and improved support to offices in discussions with partners. It equips DFAM to more effectively manage UNICEF's cash resources and reduce risks related to foreign exchange rate fluctuations, thereby maximizing revenue.
- A **new UNICEF Procedure on Impairment and Write-off Contributions and Other Receivables** was introduced to support implementation of the of UNICEF Policy on Impairments and Write-offs (POLICY/DFAM/2017-001) issued in 2017. The new procedure clarifies when impairment of receivable(s) is required, outlines the write-off process and provides examples of impairments and write-offs of receivables.



- As **funds custodian and administrator of the hosted partnerships for the Education Cannot Wait (ECW) Initiative and the Global Partnership to End Violence Against Children (EVAC)**, DFAM's Funds Support Office provided a full range of financial management services and support. To advance its support, DFAM managed the signing of 9 donor agreements, receipt of contributions totaling US\$94.3 million and disbursements to grant recipients totaling US\$49.8 million.

Collectively through these and other efforts, DFAM participated in strengthening the capacity of country offices to properly manage and implement OR grants and to support VfM principles and practices.

DFAM assisted offices with finding innovative ways of leveraging financial arrangements to achieve programme objectives in a climate of financial austerity, by providing technical advice and implementation support with respect to structured financing, pre-financings, advance market commitments and cash-based assistance to programme delivery.

- The establishment of a **new Treasury and Structured Finance Services (TSFS) section** complemented traditional treasury and investment and financial risk management functions with the analysis and creation of new risk-informed financial mechanisms by assisting country offices' use of innovative financial arrangements to achieve programme objectives. For example: In Ghana, TSFS helped establish the Basic Sanitation Fund, an affordable loan scheme launched in partnership with the Ghana Ministry of Sanitation and Water Resources, the Embassy of the Netherlands and Apex Bank to enable affordable sanitation facilities for households. In Cote D'Ivoire, TSFS advised, structured and approved the innovative financial arrangement with social enterprise *Conceptos Plasticos* to build classrooms at a 40 per cent cost savings using bricks made from recycled plastic waste. The recruitment of a new

Structured Finance Manager and a new Finance Specialist helped strengthen capacity in this functional area.

- Among the innovations DFAM introduced in 2018 was the **Cash Forecasting Tool**, which automates and simplifies cash flow forecasting and reporting—managing data from multiple sources, reducing the risk of human error and improving the forecasting capacity of UNICEF Treasury staff. It helps UNICEF make timelier, better informed investment decisions and improve the ability to manage for results.
- DFAM also updated the **UNICEF Policy on Treasury and Investment Management**, clarifying the strategic scope of the function to reflect the decision⁴ to apply foreign exchange gains/losses of US\$1 million or more on a single trade (when purchasing country office currencies) back to the funding source; to formalize a 2015 instruction that the Deputy Director, TSFS in DFAM, determines where local currency purchases take place (HQ / local); to clarify the minimum investment ratings of financial counterparties in which UNICEF can invest; and, to allow Treasury up to two weeks to manage / regularize financial institution exposures in excess of approved limits, when the excess is attributable to the receipt of a contribution.
- In consideration of other areas of work related to the cash management, treasury and structured finance functions, DFAM can report additional achievements that contributed to the goals outlined in the 2018 OMP. DFAM concentrated on managing financial risk and liquidity while earning returns on cash balances, enhancing system capacity, providing technical support for direct cash transfer (DCT) programs, supporting emergency response, and pre-financing supplies.
- **DFAM contributed US\$102 million to regular resources** despite volatile FX and capital markets, of which US\$91 million was interest revenue earned on US\$4.4 billion of assets, and US\$11 million was foreign exchange gain due to effective FX management.
- DFAM cost-effectively made liquidity available to field programmes by funding offices within two days. As in 2017, DFAM **applied ad hoc foreign exchange (FX) purchase strategies** to buy 95 currencies in 2018, supporting 107 country offices and four regional offices, **generating US\$15.5 million in added value for programme activities**.
- Based on the funded reserve balance, After Service Health Insurance (ASHI) funds, which are externally managed, were fully transferred to fund managers in the amount of US\$411 million, with a current market value of approximately US\$454 million.
- DFAM **continued to provide advice on financial matters to emergency operations** as well as technical expertise and oversight to DCT programs, including the selection of banking counterparties and paying agents, reviews of banking agreements, terms of reference (TORs), and FX strategy. The recruitment of a new, P-4 level field administrative manager on the Emergency Response Team (ERT) augmented efforts to support capacity development in finance, budget and administration areas and in all areas of emergency operations. At the country level, the **two ERT operations staff provided a total of 34.4 weeks of in-country technical operations support**, undertaking five response missions and one preparedness mission to six countries in five regions over the course of the year to help scale up or streamline financial and administrative procedures. Three (3) offices were in Level 3 countries (Bangladesh, Democratic Republic of Congo, Nigeria), and one (Egypt – Syria Crisis) was in a Level 2 country.
- DFAM **provided strategic and practical assistance to county offices by facilitating cash-based transfer operations through the assessment and mitigation of financial risks**. DFAM management undertook

⁴ Note for the Record, Aug 2017

a mission to Amman, Jordan, to support the dedicated Yemen Project Management Unit (PMU) in their implementation of the Emergency Cash Transfer Project, share the corporate Anti-Fraud Strategy, provide training on anti-fraud practices and advise on fraud risk management and mitigation efforts. DFAM TSFS provided technical advice to country offices like Yemen and Angola on a range of financial activities such as the selection of financial service providers and FX management. DFAM also led UNICEF's participation in the public interagency report on humanitarian cash transfers with UNHCR and WFP published under the name, "Cash Digitization: UN Collaboration, Coordination, and Harmonization Opportunities."

- Preventing fraud, corruption and other forms of abuse continues to be a key focus of management throughout the organization. In 2018 UNICEF issued an **anti-fraud strategy to guide the application of new procedures and staff training on fraud prevention and detection**. UNICEF is part of a multilateral body of UN agencies collaborating with implementing partners (IPs) to develop similar training for IPs.
- DFAM asserted **two new controls over DCT transactions** during the year. First, it **announced the enforcement of system controls prohibiting DCTs and prepayments from being paid after grant expiration**. Second, the division **published the Procedure on Cash Transfers** that formalized within the regulatory framework the delegation of authority to the Head of Office to approve subsequent DCT advances where there is an existing unliquidated advance more than six months old; offered an option to issue advances covering a six-month period to low-risk implementing partners (typically three months); and, expanded the office release strategy to include DCT payments.
- In August 2018, UNICEF issued a **revised procedure on the Harmonized Approach to Cash Transfers (HACT) to IPs** specifying instructions, roles and responsibilities for management of cash transfers. Management further implemented improvements of the systems, reports and dashboards to enforce compliance with the procedural requirements and for effective monitoring and oversight of transfers at the country, regional and HQ levels.



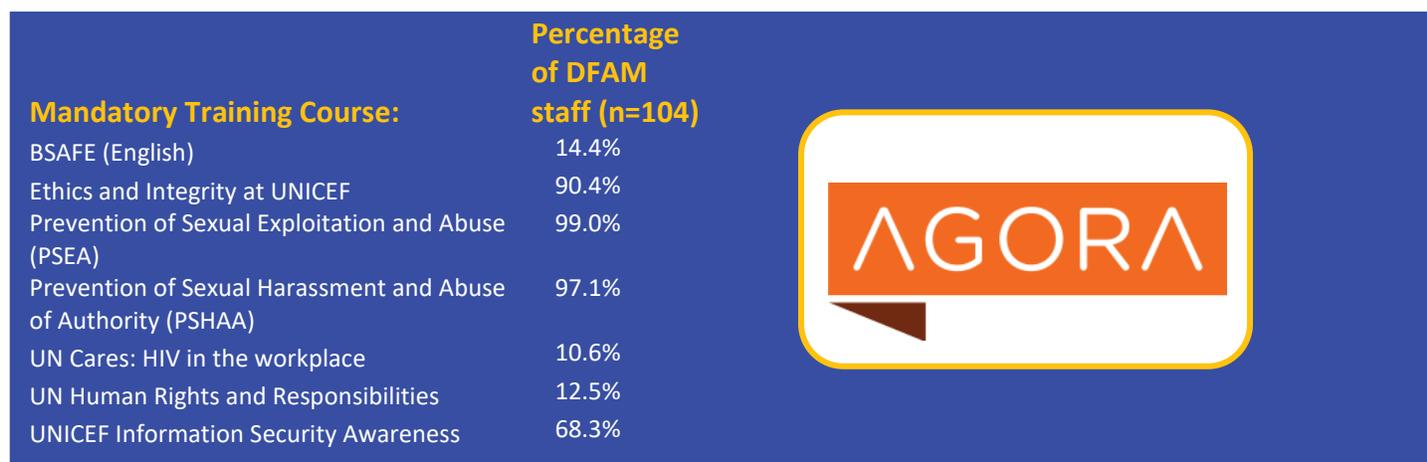
- **More than 8,600 staff and 5,000 partners completed the comprehensive HACT e-course** promoting implementation of the new procedure by January 2018, with additional support from eZHACT, the new tool introduced in 2017 for recording DCTs. In addition to simplifying the recording of DCTs and increasing the efficiency of payment receipt by the IP by 75 per cent, the tool has also eliminated data redundancies and strengthened internal controls.
- To better support countries responding to emergencies, DFAM proposed that additional resources be provided to countries with large OR programmes through RR for OR, which benefited countries in L3 and L2 emergencies and those responding to large-scale humanitarian crisis, including the emergency in the Middle East. The division also **played an instrumental role in negotiating agreements with World Bank that led to a contribution of \$0.52 billion to programmatic activities in Yemen**.
- As a member of the United Nations High-Level Committee on Management (HLCM), UNICEF is part of the Duty of Care Task Force Work Group on Recommendation 4, created in 2017 to identify consistent standards on living and working conditions for staff deployed in high-risk environments. The Work Group submitted a recommendation on "Living and Working Standards in High Risk Environments" to the HLCM on 24 January 2018. Following the proposal, UNICEF **signed an agreement with World Food Programme (WFP) to use its online platform to provide UN System access to online booking of guest houses** aligned with the proposal and common standards of accommodation. DFAM also made great

strides toward increasing operational efficiencies related to administrative management and related areas of work, including travel and premises management.

- In an ongoing effort to make monitoring and reporting of travel costs easier for UNICEF offices, the Travel team **collaborated with ICTD to rationalize the list of available travel reason codes used in the VISION Travel Module**, in March and December 2018. These efforts to improve the collection and analysis of data by travel type, enabled offices to report on travel activities and cost reductions more accurately and supported the request for reductions in spending on travel, meetings and conferences made by Deputy Executive Director-Management Fatoumata Ndiaye in December 2017.
- Common premises are of great strategic importance to UNICEF, which has the largest and most decentralized presence of all UN Agencies and both national and sub-national (zonal) offices in some countries. UNICEF is a leading member in the UNSDG Business Innovations Group’s task team on common premises (TTCP) and the newly established interagency working group on common back office functions. Through these forums, UNICEF **continued to engage with the UN System to promote common premises and common back office functions**.

In the context of achieving UNICEF’s strategic goals, DFAM monitors the progress of its performance with respect to one of the eight organizational change strategies, (H6) United Nations working together, and to two organizational enablers supporting organizational effectiveness and efficiency: (E1) responsive, transparent and accountable internal governance and (E2) results-oriented, efficient and effective management. These incorporate respective business enablers, each with a defined set of key performance indicators and baseline values against which progress is reported annually to the Division of Research and Policy (DRP)⁵.

Finally, with respect to staff training and development, DFAM staff participation levels in mandatory UNICEF training courses is summarized for 2018 in following chart:



Note: Participation rates in the *UN Cares* and *UN Human Rights and Responsibilities* courses reflect a lack of awareness of the requirement due to limited communication. The low participation in *BSAFE* is due to its launch in mid-November 2018 with a requirement for completion by 30 June 2019.

⁵ See the Final Results Framework of the UNICEF Strategic Plan (E/ICEF/2017/18). DRP was reorganized in July 2019, and its responsibilities are now managed by the Division of Analysis, Planning and Monitoring (DAPM).

DFAM met UNICEF's organizational targets for gender parity and diversity outlined in the Gender Parity and Equality Policy. The ratio (percentage) of women to men among DFAM international professionals (IPs) was 53:47; among General Services (GS) staff, 64:36; and, overall was 57:40. For Senior Staff Rotation (SSR) members, the ratio was 50:50. And, for staff at P-5 level and above, the ratio was 36:63. With respect to diversity, the ratio of IP to GS staff was 64:36.⁶

⁶ UNICEF Gender Parity and Equality Policy
<unicef.sharepoint.com/sites/portals/RF/Regulatory%20Framework%20Library/CFEXD2007007%20Gender%20Parity%20&%20Equality%20Policy.pdf>