

# Office of Internal Audit and Investigations

## *OIAI Annual Report 2017*

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# The Office of Internal Audit and Investigations

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- Key component of the UNICEF oversight framework
- Assists the Executive Director, senior managers and Executive Board in effectively discharging their responsibilities
- Undertakes independent and objective audits, investigations and advisory assignments across country offices, regional offices and headquarters locations, in accordance with OIAI Charter and risk-based work-plan
- Adds value to UNICEF operations and activities to help achieve the organization's objectives efficiently, effectively and economically
- Helps management to address the risks of fraud and other misconduct and to strengthen the ethical environment
- Works closely with the Audit Advisory Committee and with UNICEF's other internal and external oversight mechanisms

# Annual assurance opinion for 2017

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- Overall audit opinion gives reasonable assurance to stakeholders, based on the work performed, in accordance with Executive Board decision 2015/11
- **In 2017, “in the opinion of OIAI, based on the scope of work undertaken, the adequacy and effectiveness of the UNICEF framework of governance, risk management and control were *generally satisfactory*”**
- Although internal audits identified a number of areas where internal controls, governance and risk management practices required strengthening, OIAI was pleased to note that management had committed to address or was already addressing these areas

# Annual assurance opinion criteria

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- ‘Generally satisfactory’ audit opinion takes account of
  - 30 audit and advisory reports issued in 2017
  - 70% of audits had satisfactory ratings (unqualified/moderately-qualified); none were rated adverse
  - Overall implementation rates for agreed actions remained satisfactory, with sustained improvement for oldest actions, although further action required to improve implementation rates for actions agreed in 2016
  - No fundamental flaws in governance, risk management or control identified by OIAI’s work in 2017
- In accordance with Executive Board decision 2017/10, also provides further detail supporting the opinion - in particular a narrative analysis of key issues and themes identified in 2017
  - Risk management should be strengthened and should reflect the full range of key risks UNICEF faces
  - Quality of monitoring and assurance activities needs to improve further, including under HACT
  - The organization should continue developing a robust and consistent approach to data protection and privacy
  - UNICEF should make further progress with embedding and mainstreaming child protection and safeguarding
  - Fraud risk management should be given greater emphasis within UNICEF’s programmes and other activities
  - Good practices promoting collaboration and knowledge-sharing should be rolled out across the organization

# Audit independence, quality and resourcing

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- The Office is functionally independent and remained free during 2017 from management interference in determining its scope, performing its work, and reporting its results
- OIAI remains in general conformity with the *International Standards for the Professional Practice of Internal Auditing* and complies with the *Uniform Principles and Guidelines for Investigations*
- Approved internal auditing resources were generally appropriate and sufficient during 2017, and were effectively deployed to achieve the desired coverage in line with OIAI's risk-based audit work-planning
- Five more investigators are currently being recruited under OMP 2018-2021, together with an increased investment in auditing technology; the need for further increases in the OIAI budget will be kept under consideration with developments in areas such as professional workplace violations

# OIAI investigations in 2017

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- 116 cases managed by OIAI during 2017 (including 42 carried over from prior years)
  - The 74 new cases opened included 20 allegations of fraud by implementing partners, 11 other allegations of fraud or forgery, 6 allegations of sexual harassment and exploitation, and 1 complaint of whistle-blower retaliation which was referred to OIAI by the UNICEF Ethics Office
- 69 investigation cases closed during the year
  - Included 19 cases of fraudulent misuse of programme funds by implementing partners, 11 cases of inappropriate staff conduct, and 10 cases of bribery, corruption or kickbacks
  - 15 cases were referred to DHR for disciplinary action, 9 cases closed with action by the office/partner concerned, and 5 cases referred for action by a UNICEF office, another UN body or a local authority
  - 34 allegations were not substantiated, whilst 5 staff members left UNICEF whilst under investigation
  - Gross loss of \$2,150,093 from 20 cases
  - OIAI is working closely with management in the field and at HQ to help them manage the risk of fraud and other misconduct (including supporting the new anti-fraud strategy), and to provide support in areas such as preventing sexual exploitation and abuse
  - As requested by Executive Board decision 2017/10, further detail on investigations closed during the year is provided in Annex 3 of the OIAI annual report 2017

# OIAI's strategic road-map

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- OIAI is continuing to develop its capacity and capabilities to meet UNICEF's assurance and integrity needs into 2018 and beyond:
  - Focusing the internal audit approach more closely on what really matters, looking at key risks to UNICEF achieving its objectives - including value for money, fraud risk, child protection and safeguarding, effective use of technology and innovation, and stronger programme management to deliver results for children
  - Reviewing and streamlining office processes, speeding up the issuance of reports, with reporting targeted at what UNICEF managers and teams really need to know
  - Purchasing and deploying oversight tools and technologies including data analytics and improved case management software – increasing OIAI's effectiveness and efficiency
  - Closer collaboration with the external auditors and with other assurance providers to maximize the impact of oversight spend and minimize disruption to UNICEF



# Thank You

For more information, please contact  
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