

Office of Internal Audit and Investigations

OIAI Annual Report 2016

Paul Manning (Director, OIAI)

25 May 2017

unicef  | for every child

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The Office of Internal Audit and Investigations

- 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 and investigations across country offices, regional offices and headquarters, in accordance with the OIAI Charter and risk-based work-plan
- Adds value to UNICEF operations and activities to help achieve 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 2016

- In accordance with Executive Board decision 2015/11, the Office has provided an annual assurance opinion for 2016
- **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

- Overall audit opinion gives reasonable, not absolute assurance to stakeholders, within the scope of work undertaken, based on
 - Risk-based annual work-plan within a multi-year planning cycle
 - Audits focused on governance, risk management and internal control
 - Broad coverage of field offices and headquarters divisions and activities
- Overall audit opinion for 2016 takes account of
 - Preponderance of 'satisfactory' ratings from individual assignments
 - Continuing high implementation rates for agreed actions, with significant improvement for the oldest actions
 - No fundamental flaws in governance, risk management or control were identified by OIAI's work in 2016
- Most significant risk areas requiring continued management attention are
 - Results-based management and reporting
 - Governance and accountability
 - Supply and logistics

Audit independence, quality and resourcing

- The Office is functionally independent and remained free during 2016 from management interference in determining its scope, performing its work, and reporting its results
- The Office's quality assurance processes showed that OIAI remained in general conformity with the *International Standards for the Professional Practice of Internal Auditing*, as promulgated by the Institute of Internal Auditors
- OIAI had adequate resources during 2016 for the scope of work envisaged, and these were effectively deployed to achieve the desired internal audit coverage in line with the Office's risk-based audit work-planning

OIAI investigations in 2016

- 113 cases managed by OIAI during 2016, including 41 carried over from prior years
- 71 cases closed during the year, with gross loss of \$1,223,860
 - 22 cases referred to DHR for disciplinary action, 8 cases closed with action taken by the office concerned, and 7 cases referred for action by a UNICEF office, another UN body or a local authority (for instance, for recovery of lost funds, or referral to national law enforcement for investigation)
 - 34 allegations were not substantiated, or the staff members left UNICEF whilst under investigation, or the allegation was withdrawn
 - UNICEF takes action where possible to recover monies lost to fraud and other abuse: \$114,124 had been recovered by year end, and recovery action continued in other cases
 - OIAI works closely with management in the field and at headquarters to help them manage the impact of fraud and other misconduct, and to provide support in areas such as preventing sexual exploitation and abuse
 - Proactive intervention is an increasing part of OIAI's activities – helping UNICEF to deter or prevent misconduct and abuse *before* it happens

OIAI's strategic road-map: 2017 and beyond

- OIAI is transforming itself to
 - Focus on what really matters, looking at key risks to UNICEF achieving its objectives
 - Deliver proactive, improvement-oriented and future-focused audit and advisory work
 - Re-engineer OIAI's audit processes to deliver assurance on a timely basis at optimal cost
 - Use thematic approaches to drive systemic solutions, and sharing good practices across the organization
 - Systematically link into and support key UNICEF corporate initiatives
 - Help management to deliver value for money from UNICEF's activities
 - Help the organization manage the risks of fraud and other abuse
 - Build OIAI's own capacity/capability, including data analytics
 - Deliver efficient and effective combined assurance



Thank You

For more information, please contact
Paul Manning
Director, Office of Internal Audit and Investigations
Telephone: +1-212 326 7535
Email: pmanning@unicef.org



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