

Remarks on the 2013 Office of Internal Audit and Investigations (OIAI) Annual Report

Informal Executive Board Session

28 May 2014

His Excellency, Chair of the Executive Board, and distinguished Members, I am pleased to introduce the Office of Internal Audit and Investigations (OIAI) 2013 annual report (AR) to the Executive Board. The 2013 OIAI AR provides information on internal audit and investigations activities in 2013.

The OIAI AR outlines the mandate and structure of the office in 2013. OIAI's mission is to provide sufficient high quality internal audit and investigation services to UNICEF. The office also benefits from the knowledge and independence of the UNICEF Audit Advisory Committee (AAC) to enhance its practices. The AAC has a separate 2013 annual report which is referenced in the OIAI AR.

OIAI received full cooperation from UNICEF management and staff in 2013. OIAI was free from interference in determining its audit scope, performing its work and communicating its results, and as such enjoyed organizational independence during 2013.

The office's internal audit and investigation activities were classified as generally compliant with internationally recognized professional standards following the conduct of an independent quality assessment review in 2013.

OIAI continued to use a fully risk-based audit work planning methodology in 2013, which is important because it allows OIAI to ensure that limited resources focus on the key risks to UNICEF. The planned work of UNBoA was taken into account as a means of minimising duplication of work and optimising audit coverage for UNICEF.

Results

In 2013, the 51 internal audit reports issued by OIAI contained a total of 517 actions that management agreed to take in order to address the risks and weaknesses identified by the audits. Of these, 129 (25 per cent) were rated as high priority (i.e., requiring immediate attention) and 388 (75 per cent) were rated as medium priority. UNICEF management has

agreed and taken action to address or mitigate the risks in order to further improve the management for results.

Of the 51 internal audit reports issued in 2013, 30 had a moderately qualified rating, 20 had a strongly qualified rating, and one had an adverse rating. The 2013 OIAI annual report includes a synthesis of risk exposure and trends. Executive management has taken strong measures to address the conditions found by OIAI.

As part of its audit activity, OIAI continued to undertake regular desk reviews to follow up on the progress of implementation of all actions agreed by management to address the issues noted in audit engagements. The small number of outstanding recommendations at year end (only five) older than 18 months reflect a proactive management and the emphasis in UNICEF on a strong internal control environment.

In 2013, OIAI also completed six advisory engagements, designed to provide management with guidance on risks and controls and assist in adding value and depth to OIAI's core assurance work. Three of the advisory engagements related to cross-cutting areas in UNICEF and the other three related to issues in specific country offices.

The audit work of OIAI directly contributed to UNICEF's efforts to provide greater accountability and transparency to stakeholders. In accordance with Executive Board decision 2012/13 of June 2012, in 2013, OIAI continued to publicly disclose internal audit reports, with a total of 36 reports fully disclosed by year end.

UNICEF has a long-standing zero tolerance for all forms of fraud and corruption, and staff are expected to conduct themselves at all times in a manner befitting their status as international civil servants. OIAI has exclusive responsibility for conducting investigations within UNICEF.

In 2013 OIAI handled 148 investigation cases. Of the 148 cases, 103 were closed as completed, including more than a third that we could not substantiate and another 25 percent that we assessed as being outside OIAI's purview. Management has taken action on 16 of the 19 investigation reports concerning UNICEF staff.

The overall caseload intake more than doubled from 62 cases in 2012 to 127 cases in 2013. OIAI has taken up cases dealing with third parties, which are complex and require significant

resources. UNICEF executive management has fully supported strengthening OIAI's investigations capacity so that we are able to meet this challenge.

This concludes my opening remarks. I thank you for enabling us to carry out our mandate. I am happy to receive any comments or questions.