

## **UNICEF Audit Advisory Committee**

### **2016 Annual Report to the Executive Board**

#### *Summary*

The present report provides information on the activities of the Audit Advisory Committee (AAC) of UNICEF for the calendar year 2016. It provides an overview of the AAC, describes the key areas of coverage and summarizes the advice given to UNICEF Management during 2016.

Following regular practice, this report is tabled together with the UNICEF Office of Internal Audit and Investigations annual report to the Executive Board.

Contents

<b>I. Executive Summary .....</b>	<b>3</b>
<b>II. Mandate of the Audit Advisory Committee.....</b>	<b>4</b>
<b>III. Governance, Risk Management and Internal Controls.....</b>	<b>4</b>
<b>IV. Independence, Effectiveness and Objectivity of the Oversight Functions .....</b>	<b>8</b>
<b>A. External Audit .....</b>	<b>9</b>
<b>B. Internal Audit .....</b>	<b>9</b>
<b>C. Evaluation Office.....</b>	<b>10</b>
<b>D. Ethics Office.....</b>	<b>10</b>
<b>V. Reporting to the Executive Director and the Executive Board .....</b>	<b>11</b>
<b>A. Executive Board.....</b>	<b>11</b>
<b>B. Executive Director of UNICEF .....</b>	<b>11</b>
<b>VI. Conclusions and the Way Forward .....</b>	<b>11</b>
<b>Annex .....</b>	<b>12</b>
<b>Audit Advisory Committee Membership and Schedule of Meeting Attendance in 2016.....</b>	<b>12</b>

## I. Executive Summary

1. The UNICEF Audit Advisory Committee (AAC, or “the Committee”) is an independent external oversight advisory body (without management powers or executive responsibilities) that advises the Executive Director and informs the Executive Board on the conduct of management responsibilities in accordance with the UNICEF Financial Regulations and Rules, the United Nations Staff Regulations and Rules, and all other directives, policies and procedures applicable to UNICEF. The Committee operates in accordance with its Terms of Reference approved by the Executive Director on 9 November 2012.

2. The AAC comprises five external members, who are independent of both UNICEF and the UNICEF Executive Board and serve on a pro-bono basis. Ms. Lesedi Lesetedi (current Chair), Mr. Alan Siegfried (Vice-Chair), and Mr. Kamlesh Vikamsey were continuing members from 2015. Ms. Amalia Lo Faso and Mr. Jose Urriza were appointed to the Committee in February 2016 and August 2016, respectively, replacing two members (Ms. Mary Ann Wyrsh and Mr. John Fitzsimon) whose terms of service concluded in July 2016. The Committee would like to express its appreciation to Ms. Wyrsh and Mr. Fitzsimon for serving as members for five years, particularly to Ms. Wyrsh for her leadership as Chair of the Committee between July 2015 and July 2016.

3. The Committee possesses expertise in governance, risk management, internal control, oversight, finance, financial reporting, internal auditing, and programming in the development context. The members have all declared that they do not have any actual or potential conflicts of interest in the exercise of their AAC responsibilities.

4. In undertaking its duties, the AAC is mindful of the contextual environment in which UNICEF is required to respond and deliver results for children in an effective and efficient manner, especially given the number of global humanitarian crises and the interdependencies with partners in achieving practical results (with a focus on equity) within the allocated financial and human resources.

5. The AAC held face-to-face meetings in March, July and December 2016, and also conducted teleconferences for specific matters of strategic significance. All meetings had the full participation of the AAC members. (Refer to the annex for the AAC membership and schedule of meeting attendance during 2016.)

6. The Committee met with the Executive Director and the Deputy Executive Director, Field Results Group (FRG), during its July 2016 meeting; and maintained continuous engagement with the Deputy Executive Director, Management (as the key management liaison) in all three meetings in 2016. Other UNICEF staff also made valuable presentations at the AAC meetings. For each meeting, the management of UNICEF provided the AAC with the requested materials and facilitated the participation of the relevant UNICEF officers.

7. The Committee issued strategic advice memorandums to the Executive Director (together with the minutes of each AAC meeting) covering issues that cut across the entire organization. The Committee’s advice mainly related to further strengthening of the following: the architecture and linkages of the organization’s second line of defence<sup>1</sup>; systems for enterprise risk management (ERM); mapping institutional systems devoted to accountability and results-based management (RBM); and effective monitoring of ongoing management initiatives. The AAC also provided advice to the oversight functions

---

<sup>1</sup> The “second line of defence” typically includes functions like risk management, compliance, comptrollership, etc. that oversee risk.

within UNICEF, being the Office of Internal Audit and Investigations (OIAI), the Ethics Office and the Evaluation Office. The Committee was pleased to note that senior management acknowledged these memorandums and also provided its perspectives and periodic updates on the advice provided.

8. The AAC shared the results of its 2015 self-assessment with the Executive Director. While the conclusions of the assessment were largely positive, it also identified a few areas for jointly (along with senior management) augmenting the Committee's effectiveness including, inter alia, better clarifying the role of the AAC among UNICEF managers.

## II. Mandate of the Audit Advisory Committee

9. The primary responsibility of the Committee is to play an advisory role, without management powers or executive responsibilities<sup>2</sup>, vis-à-vis the Executive Director and to inform the Executive Board in fulfilling its governance and oversight responsibilities with regard to:

- The adequacy and effectiveness of governance, risk management, internal controls and financial reporting;
- Actions taken by management on audit recommendations;
- Independence, effectiveness and objectivity of the internal audit, investigations and external audit functions.

10. The sections that follow present highlights of the work performed and advice provided by the AAC in 2016 for each area of the Committee's responsibilities, as defined in its Terms of Reference.

## III. Governance, Risk Management and Internal Controls

11. As in prior years, during 2016 the AAC received updates from the Deputy Executive Director (Management) on the key matters considered by the UNICEF Global Management Team (GMT), as well as the topics considered and decisions adopted at Executive Board sessions. The Committee notes the key governance role of the GMT, which is represented by the highest level of senior management across the entire organization. The AAC is of the view that the effectiveness of the GMT would be pivotal to establishing an ethical results-oriented tone at the top and clarifying macro-level accountabilities.

12. The AAC review of the functioning of the UNICEF oversight system comprises reviews of the effectiveness of the internal and external auditors, as well as that of the Evaluation Office and the Ethics Office. The results of the Committee's review of these areas is presented in section IV of this report.

13. The Committee reviewed management updates on governance and the key organization-wide strategic priorities and initiatives, including:

(a) **Strategic Plan development for 2018-2021:** The Committee noted the organizational priority and the consultations under way in drafting the UNICEF Strategic Plan, 2018-2021. It recognizes the conceptual shift of the draft document, which aims to serve more as a framework (recognizing partnerships and national priorities). The AAC also noted the status of the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR) that was

---

<sup>2</sup> Clause 20 of the Charter of the UNICEF Audit Advisory Committee.

under way in late 2016. The AAC remains interested in the development and implementation of the Strategic Plan, 2018-2021 and its results framework, especially in how it strategically integrates the principle of universality, progress on QCPR negotiations, new engagement and financing modalities, innovation, equity, leveraging the mandates of the United Nations funds and programmes, and the integration of humanitarian and development work.

(b) **Resource Mobilization and Partnerships:** The Committee sought and received updates on the resource mobilization outlook, including the immediate and potentially longer-term effects of key external macroeconomic and political developments. The Private Fundraising and Partnerships (PFP) Division also presented an overview of its strategic priorities, two central pillars of focus (private sector fundraising, and private and public sector engagement), the significance of the role of the UNICEF National Committees (including matters relating to brand management, guidelines for retention and use of funds retained, audits and coordination with UNICEF country offices), risk management and oversight. The AAC looks forward to the results from the aforementioned strategic priorities to enable increased income from regular resources, to allow the organization to be more fit for purpose in the digital age, and to maintain levels of investment funding. These aspects need to be adequately factored into the assumptions made while developing the Strategic Plan, 2018-2021.

(c) **Accountability and Results-Based Management:** Updates on the introduction in 2016 of the new Performance Scorecard system, which aims to encourage achievement of performance excellence at both the programme and operational level, were shared by FRG. The system seeks to support management (especially in UNICEF country offices) in results monitoring, reporting and promoting continuous improvement. The Committee received a demonstration of the new system with live data at one of its meetings. Another system (eTools) was introduced in 2016 to serve as a platform to strengthen efficiency and results in the organization's core work processes: partnership management, implementation monitoring and workplanning in development and humanitarian contexts. The eTools system was introduced in more than 25 country offices in 2016 and is expected to be rolled out in additional countries in 2017. The Committee requested and received a joint presentation (from FRG and the Information and Communication Technology Division (ICTD)) on the governance and mapping of application systems supporting RBM throughout the programme cycle. The Committee appreciated this update and discussed the importance of considering linkages, as appropriate and feasible, of the UNICEF RBM systems with those systems used for identifying, analysing and reporting risks as part of the UNICEF ERM framework, as well as other systems currently outside the ecosystem (for knowledge management, communications, unstructured data, etc.).

(d) **Innovations:** The Committee appreciated and was encouraged by the briefings received from the global Office of Innovation, which serves as a key cross-sectoral function to enhance programme and development effectiveness. The AAC recognizes the role of the Office in testing new technologies, developing partnerships and collaborations, and scaling up successes to achieve results for children, even in difficult operating environments. The Committee is of the view that by leveraging non-traditional but scalable partnerships (with the private sector and within the development community), and collaborating with UNICEF field offices, Programme Division (PD) and ICTD, the global Office of Innovation can utilize new approaches to address issues that have posed longstanding challenges. While innovations are inherently fraught with relatively higher risks, it is also imperative to recognize the underlying opportunities to make significant improvements in programme delivery. The organization should therefore adequately clarify its risk appetite, sustain funding commitments, and monitor results and learning while implementing its innovation strategies. The AAC supports the importance of having a lean yet effective and autonomous innovation unit, and of embedding a culture of innovation throughout the organization. It has also shared resources on the innovation industry for suitable consideration by the global Office of Innovation.

(e) ***Operational efficiency and effectiveness:*** The Committee was periodically updated on the progress of the following management initiatives that are designed to enhance organizational efficiency and effectiveness.

(i) ***Global Shared Services Centre (GSSC):*** In each of its three meetings in 2016, the AAC reviewed the progress of implementation of the GSSC. The areas covered included risk management of the phased transition of selected processes relating to financial management and accounting, master data management, human resources, payroll and the information technology service desk. The Committee was apprised of the smooth and timely transition of those processes, and also took note of the Centre's recruitment and training strategies. The AAC appreciates the vision of the GSSC to be a centre of excellence for the global delivery of efficient services, which will enable business process simplification and continuous improvement within a culture of customer service. Going forward, the Centre will need to progress to its next phase of maturity by completing process mapping (together with field offices and business process owners) that includes key risks and controls, and facilitates process redesign, where appropriate. UNICEF Management needs to ensure that it can measure and report on the value generated by the Centre, so that the originally intended benefits of efficiency enhancements accrue to the country offices while also serving as an important pillar of the organization's second line of defence.

(ii) ***Human resources reforms:*** The significance of the management of human resources, especially in a knowledge- and service-intensive workforce, cannot be overemphasized. The Committee met with the Division of Human Resources (DHR) twice in the year and discussed the progress of key reforms administered by the Division. The three pillars of the reform agenda revolved around improving the ability to attract top talent; effective performance management focused on results and how they are achieved; and enhanced human resources capacity to support clients in a spirit of partnership. The AAC was also updated on the progress of the rotation and mobility exercise, which is a cornerstone for building a versatile and adaptable workforce to meet the organization's programme challenges. The revisions to the policies and procedures for simplifying recruitment by transferring authority and accountability to recruiting offices (for non-senior staff); and the introduction of a new staff performance management system (ACHIEVE) for enhancing its effectiveness (including linking performance to increments and providing opportunities for high performers) are steps in the right direction. This should also enable DHR to provide additional insights into strategic workforce planning and to empower other offices. It is now important for DHR to ensure successful implementation of these initiatives, learn early lessons and strengthen the systems so that they stabilize and mature. Finally, the Committee also looks forward to the results of the next independently administered Global Staff Survey planned for 2017. The survey was last done in 2014.

(iii) ***Information technology:*** The Committee met the Chief Information Officer twice in 2016 and received updates on the strategic direction of ICTD and the progress being made on its implementation. The Division's strategy focuses on providing a more integrated approach for service delivery, which emphasizes collaboration and better alignment with field operations; developing information and communications technology (ICT) standards and policies; and ensuring that the technology infrastructure and architecture are supportable, consistent and as cost-efficient as possible. The Committee also discussed ICT governance structures, project portfolio management and coordination with resources in field offices. The Committee is of the view that ICTD now needs to demonstrate that it is a trusted partner of headquarters divisions and regional and country offices, and that it can contribute to their programme goals and objectives integrating both innovation and scale. In 2017, the Committee will continue to focus on ICT governance, security and data reliability, and will also look forward to the OIAI review of these issues.

(iv) *Regulatory Framework:* The AAC noted that the policy on the Regulatory Framework was finally issued in June 2016. The policy sets out the instruments governing the operations of UNICEF and the procedures and accountabilities for developing and maintaining the regulatory instruments. However, as at the end of 2016, the new regulatory framework library, designed to serve as the only authoritative institutional repository for policies, procedures and guidance, had not yet been launched. Despite the initial complexities in creating a unifying framework, it has the potential to simplify the policy architecture, enabling easy access and enhancing risk-informed decision-making.

14. The Committee believes that following the roll out and early implementation of the aforementioned initiatives, close and effective management monitoring of their progress and making the adjustments necessary for refinement are crucial in order to yield better results and achieve the intended objectives. Together, these initiatives will advance the cause of business simplification, clarify the “tone at the top” and enhance systems for accountability. The AAC looks forward to further briefings in 2017 on the progress made and results achieved compared to the intended objectives.

15. *Enterprise risk management:* As in previous years, the AAC continued to monitor the UNICEF ERM framework and practice. While risk-management efforts occur daily across the organization, the Committee continued to advise on the need for a demonstrable system of near-real-time strategic and operational risk identification, analysis, response and reporting. The matters discussed in this area during the year are summarized below.

(a) The AAC was provided with the management results of the 2015 UNICEF risk and control self-assessment and apprised of plans for: issuing a simplified ERM policy in 2017; discussion of Strategic Plan risks by the GMT from the global and field perspective (at the inception of the Strategic Plan and during its midterm review); annual operational assessments by the regional offices; and merging office-level annual management plans and risk assessments into one exercise. The Committee remains interested in efforts by UNICEF to operationalize ERM through a framework of policies, systems and capacity development. This would help UNICEF (and the Committee) to make an objective and holistic assessment of the adequacy and operating efficacy of its ERM. The development of the new Strategic Plan and integrated budget for 2018-2021 provides an opportunity to further refine the ERM strategy, provide commensurate resources for the risk management function, and integrate ERM with performance management and accountability. These efforts will also require sustained belief and commitment by senior management.

(b) The Committee noted that the UNICEF GMT serves as the senior staff risk management committee. It was pleased to learn that, for the first time (in February 2016), the GMT discussed a consolidated summary of the decentralized risk and control self-assessments, resulting in 45 corporate risks across all offices (the 6 top risks are under the review of the GMT, and an additional 39 are related to business owners). The Committee has requested management to provide a high-level summary of the organization’s top strategic and operational risks for 2017-2018, linked to accountabilities.

(c) The AAC had useful discussions on the “three-lines-of-defence model”<sup>3</sup>, with an emphasis on the UNICEF second line of defence. The Committee encouraged UNICEF to continue to strengthen its second line of defence, especially through the regional offices, the Division of Financial and Administrative

---

<sup>3</sup> The Institute of Internal Auditors defines “three lines of defence” as a model to provide a simple and effective way to enhance communication on risk management and control by clarifying essential roles and duties. Management control is the first line of defence, various risk control and compliance functions established by management are the second line, and independent assurance is the third.

Management (DFAM), FRG, GSSC, DHR, ICTD and PD. The articulation of the specific but complementary roles and responsibilities in this context for the stated offices, together with effective linkages and implementation of ongoing management initiatives and plans like the Regulatory Framework, anti-fraud strategy, and results-based budgeting and management, will help to strengthen the organization's second line of defence. Strengthening capacity at all levels through training and development will also be important. The Committee requested a management mapping of the UNICEF second line of defence in 2017, which references its key offices, their roles and links with the other lines of defence.

(d) In two of its three meetings in 2016, the Committee reviewed the progress in implementing the harmonized approach to cash transfers (HACT), given its significance as a principal risk management tool in UNICEF programme implementation. Despite the notable proportion of cash transfer issues out of the total number of issues identified in the reports of OIAI and the United Nations Board of Auditors, the Committee appreciates the progress being made through measures to strengthen HACT implementation, and particularly in improvements to monitoring and quality assurance mechanisms.

16. The Committee was also pleased to learn that senior management was actively considering drafting a concept paper on "value for money", in the UNICEF context, to address donor interests and to provide a standard taxonomy for UNICEF staff in applying efficiency and effectiveness principles in ensuring best use of the organization's resources for children.

17. The inaugural meeting of the representatives of the United Nations system oversight committees, hosted by the Independent Audit Advisory Committee of the United Nations, was held on 28 November 2016. The meeting was attended by 26 representatives from 19 oversight committees of United Nations systems organizations (including Mr. Alan Siegfried, Vice-Chair, UNICEF AAC). The meeting highlighted cross-cutting concerns in United Nations system organizations about risk management, especially as relates to fraud and corruption, new and emerging risks relating to digital transformation and cybersecurity, and embedding a more mature risk management culture across the system.

18. The AAC had recommended in its 2013 annual report that UNICEF Management adopt a statement of internal control that would each year present an overall management assertion regarding internal control. In its response to the AAC report, UNICEF Management noted that it would give serious consideration to this suggestion and that UNICEF was working within the United Nations system on common standards for statements of internal control. While United Nations-wide efforts take shape, the AAC has noted for Management that a strong risk management system in UNICEF would be a key factor in supporting such a statement.

19. Many of the aforementioned initiatives, actions and plans cumulatively strengthen the UNICEF first and second lines of defence to ensure that the intended benefits materialize across the organization in an efficient, effective and coherent manner. The Committee looks forward to learning more about the impacts made by these initiatives.

#### **IV. Independence, Effectiveness and Objectivity of the Oversight Functions**

20. The AAC review of the functioning of the UNICEF oversight system comprises reviews of the effectiveness of the internal and external auditors, as well as that of the Evaluation Office and the Ethics Office. Such review was also informed by interactions with executives responsible for financial, management and programme accountability. The results of the AAC review of the oversight functions follows.

## A. External Audit

21. *Review of the 2015 financial statements and management letters:* The draft 2015 financial statements were submitted for review and comment by the AAC in April 2016, following which the Committee held a teleconference with DFAM to discuss the Committee's substantive written feedback. The Committee subsequently also received a written response from DFAM acknowledging and clarifying the AAC comments. The AAC is pleased to note that the financial statements received an unqualified audit opinion from the United Nations Board of Auditors.

22. *United Nations Board of Auditors' recommendations:* At each meeting in 2016, the AAC reviewed the recommendations of the external auditors that had been accepted by management and the progress on their implementation. As of November 2016, five of the 18 outstanding recommendations were for audits conducted prior to 2015. These related to analysing operational costs being funded by the programme budget; enhancing the capacities of implementing partners in programmatic areas; applying justified budget assumptions for the multi-year/rolling workplans; improving the completion rate of activities under the Integrated Monitoring and Evaluation Plan; and instituting a process to capture data and monitor the outcomes of assurance activities in a comprehensive manner. The AAC has been informed that actions are under way to complete the implementation of all of these recommendations in 2017. The Committee also reviewed the implementation progress for recommendations from the 2015 report relating to procurement, recruitment efficiencies, evaluation activities, budgeting and timely submission of donor reports.

23. *Meetings with the United Nations Board of Auditors:* During its March 2016 and July 2016 meetings, the AAC had private sessions with the United Nations Board of Auditors. The Committee appreciates the candid discussions and looks forward to continued and more frequent interactions with the Board.

## B. Internal Audit

24. *Review of the implementation of the OIAI workplan:* At each of its meetings in 2016, the Committee was apprised of the status of progress of the 2016 OIAI workplan, which was risk-based, and it also reviewed the rationale for the changes to the risk-based workplan. The Committee noted that the level of resourcing was reasonable relative to the work planned to be undertaken. The AAC also reviewed the OIAI draft workplan for 2017, which covers both the audit and investigations functions of OIAI.

25. *Review of quarterly OIAI activity reports:* At each of its 2016 meetings, the AAC reviewed the quarterly OIAI activity reports, paying particular attention to the progress of the workplan and status of open agreed actions from internal audit reports. The AAC would like to commend OIAI for the comprehensive nature of its activity reports and the summary analysis of findings and recommendations contained therein.

26. *Review of OIAI Annual Report and Annual Opinion:* The Committee held discussions with the Director, OIAI on the results and the annual opinion in the 2015 Annual Report, with reference to the corresponding criteria laid down in the Executive Board decision. The Committee noted that Executive Board decision 2015/11 requested OIAI to include in future annual reports "[a]n opinion, based on the scope of work undertaken, on the adequacy and effectiveness of the organization's framework of governance, risk management and control." At its first meeting in 2016, the Committee reviewed the draft opinion and the rationale for its overall conclusions. The Committee advised OIAI that further background information on its 2015 audit work might provide additional context for the overall opinion.

27. *Public disclosure of internal audit reports:* The AAC continued to monitor the process of publication of internal audit reports and received a status update at each of its meetings. The Committee examined the reasons for the redaction or non-disclosure of applicable internal audit reports, and their conformance with the criteria specified in the relevant Executive Board directives. The AAC notes that most audits were disclosed without unreasonable delays and encourages OIAI and management to continue to focus on ensuring timely and appropriate actions on matters of disclosure of internal audit reports.

28. *Follow-up on the recommendations of the external quality assurance of the internal audit function:* The AAC was satisfied that OIAI had completed its implementation actions for all recommendations from the external independent review of OIAI (conducted in 2013) in the first quarter of 2016. An outstanding action for the AAC relates to proposing revisions to its Charter to reflect its role in providing input to the annual performance evaluation of the OIAI Director. In 2017, the Committee will also consider the need for a broader review of its current Charter and identify and propose specific areas requiring revision, if any, to enhance its effectiveness.

29. *Advisory support:* The Committee endorsed the OIAI strategic direction and approach for 2017 and beyond and advised: rationalization of the workplan, taking into account key risks, resources and complexity; early involvement in upstream strategic organizational initiatives while ensuring independence and objectivity; and formalizing a system for recording and reporting thematic lessons learned from investigations.

30. *Meetings with the Director, OIAI:* During each of its three meetings in 2016, the AAC had private sessions with the Director, OIAI. The Committee appreciates the candid discussions and looks forward to a continued and constructive engagement in 2017.

### **C. Evaluation Office**

31. The Committee received a briefing from the Director of the Evaluation Office at its July 2016 meeting. The Committee also noted the Executive Board decision regarding the evaluation function (and related management updates; decision 2016/7), in particular to accelerate progress towards achieving the target of allocating a minimum of 1 per cent of UNICEF overall programme expenditures to evaluation, and to improve the rate of implementation of agreed evaluation recommendations. The AAC also reviewed the updated plans for the external peer review of the evaluation function, and requested to be informed of the progress of key milestones relating to the planned review (i.e. development of the Terms of Reference, selection of a peer reviewer, draft and final results). The Committee emphasized the need for strengthened internal mechanisms, tools and processes that will provide the Evaluation Office with a comprehensive global picture of all evaluations planned and completed, and will enable more effective monitoring and oversight to the organization.

### **D. Ethics Office**

32. The Committee received briefings from the Principal Adviser, Ethics during its March 2016 and December 2016 meetings. The Committee was informed about the efforts of the office to increase awareness of the importance of ethics and culture at all levels of the organization, and to continue to measure employee comfort levels with raising concerns without fear. The Committee looks forward to being updated on the results of the different interventions undertaken (trainings, workshops, etc.) to enhance an ethical culture within UNICEF. The Committee also envisages a role for the Ethics Office in enabling support to organizational efforts to enhance the ethical climate as a preventive mechanism for fraud risk management.

## **V. Reporting to the Executive Director and the Executive Board**

### **A. Executive Board**

33. The Chair of the AAC attended the annual session of the Executive Board in June 2016, at which the 2015 annual report of the Committee was presented along with the OIAI 2015 annual report. The Chair was available to respond to questions or comments from the Board related to the AAC annual report, if required.

### **B. Executive Director of UNICEF**

34. The AAC submitted a summary of strategic advice to the Executive Director at the end of each of its three meetings in 2016, which it hopes provided a focus on the most-pressing subjects that arose from each meeting. These memorandums supplement the minutes of each meeting, which are also provided to the Executive Director. The AAC appreciated the presence of the Executive Director at its July 2016 meeting, and the insights shared on the organizational strategic outlook and risks. The AAC shared the results of its 2015 self-assessment with the Executive Director, whose conclusions were largely positive. The Committee also identified the areas for augmenting its effectiveness, including: ensuring, together with Management, that the role of the AAC is better understood by UNICEF managers; increasing deliberations on management efforts relating to fraud prevention; and contributing to an evaluation of leadership of the audit and investigations oversight function.

## **VI. Conclusions and the Way Forward**

35. The Committee met thrice in 2016 and met its mandate in providing advice to the Executive Director in multiple areas, including governance effectiveness, enterprise risk management maturity, and accountabilities and results-based management. During the year, the AAC also submitted its annual report for 2015 to the Executive Board.

36. The AAC will finalize a three-year workplan for 2017-2019 to guide its activities and meet its responsibilities in accordance with its Terms of Reference. The Committee is also pleased to accept the invitation from UNICEF management to visit other headquarters locations and some country and/or regional offices in the coming years. This will enable the Committee to obtain a more direct assessment of the organization's decentralized field operations.

37. The AAC appreciated the opportunity to meet with the Deputy Executive Director (Management) at all three meetings in 2016 and is grateful for the support, information and insights shared by the incumbent, who also serves as the most important senior management liaison for the AAC. The Committee is grateful for the time spent with the Executive Director and the Deputy Executive Director (FRG) and intends to continue interaction with FRG, due to its central role in accountability and governance systems.

38. The Committee is also appreciative of the work of all other UNICEF staff members who prepared reports or made presentations at its meetings.

39. Finally, the AAC would like to thank Mr. Paul Manning, Director, OIAI, for his support to its work and the constructive interaction in 2016. The Committee is also particularly grateful for the professional support it receives from Mr. Sunil Raman in managing the AAC Secretariat.

**Annex**

**Audit Advisory Committee Membership and Schedule of Meeting Attendance in 2016**

<b>Name</b>	<b>March 2016</b>	<b>July 2016</b>	<b>December 2016</b>	<b>Comments</b>
Ms. Lesedi Lesetedi	Attended	Attended	Attended	Current Chair, Member since February 2013. Reappointed for service until 2019.
Mr. Alan Siegfried	Attended	Attended	Attended	Member since May 2012. Reappointed for service until 2017.
Mr. Kamlesh Vikamsey	Attended	Attended	Attended	Member since October 2015 – tenure till 2018.
Ms. Amalia Lo Faso	Attended	Attended	Attended	Member since February 2016 – tenure till 2019.
Mr. Jose Urriza	N/A	N/A	Attended*	Member since August 2016 – tenure till 2019.
Ms. Mary Ann Wyrsh	Attended	Attended	N/A	Ms. Wyrsh’s second term ended in July 2016.
Mr. John Fitzsimon	Attended	Attended	N/A	Mr. Fitzsimon’s second term ended in July 2016.

\* Participated fully by videoconference.  
N/A = Not applicable.