

Internal Audit of the
PUBLIC PARTNERSHIP DIVISION

MAY 2023

Report 2023/07

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EXECUTIVE SUMMARY

The Office of Internal Audit and Investigations (OIAI) conducted an audit of the UNICEF Public Partnerships Division (PPD), covering the period from January 2021 to June 2022. The audit field work was conducted remotely, from 23 June to 15 February 2023, in accordance with the International Standards for the Professional Practice of Internal Auditing. The overarching objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over a selection of significant risk areas of PPD including oversight, risk management, advocacy, contributions management and leveraging resources.

The Public Partnerships Division engages in evidence-based policy advocacy and resource mobilization to support children across the globe. In collaboration with other Divisions, country offices (COs) and regional offices (ROs), it mobilizes and manages partnerships, including government and intergovernmental partners, UN pooled funding mechanisms, Global Programme Partnerships, International Financial Institutions (IFIs) and innovative financing mechanisms. The audit of PPD was informed by a very competitive funding landscape due to global crisis and recession, declining official development assistance and constrained fiscal space to fund social services for children. Specifically, amongst others, the audit sought to evaluate significant risks to PPD:

- Achieving public fundraising targets.
- Mobilizing sufficient flexible funding for key aspects of UNICEF's strategic plan for which there has been limited earmarked funding.
- Effective and efficient management of public partners contributions.
- Development of catalytic partnerships that can achieve higher level goals at scale.

Overall Conclusion

Based on the audit work performed, OIAI concluded that the assessed governance, risk management or control processes were **Partially Satisfactory, Major Improvement Needed**, meaning that the weaknesses or deficiencies identified could have a materially negative impact on the performance of the audited entity, area, activity or process. (See the Appendix for [definitions of the conclusion ratings](#).) Management has agreed to take actions, of which three are high priority, to manage the residual risks identified

	Satisfactory
	Partially Satisfactory, Improvement Needed
➡	Partially Satisfactory, Major Improvement Needed
	Unsatisfactory

Summary of Observations and Agreed Actions

OIAI noted several areas where the office's controls were adequate and functioned well. For example:

- During the four years of the 2018-2021 Strategic Plan (SP), PPD in collaboration with and support to regional and country offices, mobilized US\$ 20.5 billion from public sector partners. This represented 46 percent increase compared to the target of US\$ 14.1 billion, and 74 percent of total income.
- PPD regularly shares with the ROs and the global partnership network list the latest developments, insights and/or intelligence related to the changes in political situation in donor countries (e.g., elections and their implications on the funding) and engagement strategies. In

2021, it also developed the PPD Emergencies Platform with the aim to better support ROs/COs resource mobilization efforts with public partners in humanitarian context. This is a “live” platform with a rich content, including latest news, useful information and resources on resource mobilization and partnerships from the humanitarian perspective. The sharing of information and the platform help the regional and/or country offices prepare pertinent funding proposals that consider donor landscape changes. PPD had also built strong working relationships with public resources partners. Three of the top twenty public resource partners interviewed by the audit team indicated that PPD focal points were readily available for support and were responsive to their queries and requests for information and/or clarification related to their partnership with UNICEF.

- A survey of 10 regional and country offices indicated PPD provided adequate guidance and capacity building on providing donors with the recognition and visibility in the programmes that they support.

The audit also made a number of [observations](#) related to the management of the key risks evaluated. In particular, OIAI noted:

- Many parts of the organization routinely interact with public sector donors in the context of the negotiation and management of contribution agreements. There is a need to review and revise the 2019 UNICEF policy on resource mobilization that sets out the roles and responsibilities in line with existing regulatory framework. PPD stated that the divisions Director is authorized to sign agreements with donors on behalf of the Executive Director and s/he can sub-delegate this authority to heads of offices as needed. However, there was no formal delegation of authority by PPD or evidence of how such authority was monitored to enforce compliance with delegated authority. The 2019 policy was not complemented by any procedures or guidance setting out the protocols for negotiating with donors, day-to-day management of donor relationships (or an escalation mechanism to resolve conflicting views in case of disagreement between the stakeholders). Thus, there was an elevated risk that offices across UNICEF may agree to unachievable, inconsistent or unrealistic commitments and conditionalities in contribution agreements to be signed with donors.
- Between 2019 and 2021, staff positions in PPD had only increased by two while the total public income expected to be mobilized by the office had increased from US\$ 4.7 billion to US\$ 5.9 billion and the number of grants managed increased from 2,354 to 2,750. PPD indicated that it is not able to effectively manage its portfolio with the resources allocated to the division. Key staff posts for advocacy and communication were vacant reducing the office’s capacity to engage with donors and a customer management system had not been deployed. The lack of resources creates a risk that planned contributions from the public sector to achieve the strategic plan will not be met.
- PPD did not have an advocacy plan that explained how the advocacy priorities will be pursued and what specific results would be expected. In the absence of an up to date advocacy plan, there is a risk that PPD will not achieve its objectives of influencing policy decisions and budgets.

The table below summarizes the key actions management has agreed to take to address the residual risks identified and the ratings of these risks and observations in respect of the assessed governance, risk management and control processes. (See the [definitions of the observation ratings](#) in the Appendix.)

OBSERVATION RATINGS		
Category of Process	Area or Operation and Recommended Action	Rating
Governance	Management of risks in negotiating and managing contribution agreements (Observation 1): PPD will update all relevant policy documents to ensure the adequacy of the regulatory framework to define roles, responsibilities and accountabilities in the negotiation and management of contribution agreements. PPD to formalize the terms of sub-delegation of authority from the Director PPD to other UNICEF staff members and implement a monitoring system to obtain reliable assurance of compliance with PPD's sub-delegation of authority.	High
	Resources allocated to PPD (Observation 2): PPD should prepare a business case for presentation to the Executive Director to review PPD's funding model or consideration of a cost recovery process to cover resources gaps so as to meet its mandate and strategic plan expectations	High
Risk management	Risk management (Observation 7): Prepare, implement and monitor an annual risk assessment.	Medium
Control processes	Results-based fundraising (Observation 4). PPD, DAPM and PG work together to identify the strategic planned results areas that require flexible funding and equip PPD with information to make compelling investment cases to donors.	Medium
	Advocacy (Observation 5). PPD update its advocacy framework and incorporate in its workplan advocacy priorities to contribute to global advocacy results taking into consideration the available resources.	High
	Knowledge and information management (Observation 6). Strengthen knowledge and information management by ensuring that the PPD intranet page and the donor mapping tool are updated with correct information and that any information links lead to the appropriate and updated.	Medium

Management is responsible for establishing and maintaining appropriate governance, risk management and control processes, and implementing the actions agreed following this audit. The role of the OIAI is to provide an independent assessment of those governance, risk management and control processes.

The Public Partnerships Division works to strengthen UNICEF's position as a partner of choice for children's rights among governments and public actors around the world. The Division engages in evidence-based policy advocacy and resource mobilization to support children across the globe through the implementation of UNICEF's Strategic Plan 2022-2025 and the Agenda 2030. In collaboration with other Divisions, country offices (COs) and regional offices (ROs), PPD mobilizes and manages partnerships, including government and intergovernmental partners, UN pooled funding mechanisms, Global Programme Partnerships, International Financial Institutions (IFIs) and innovative financing mechanisms.

PPD also manages relationship with all government representations to the UN in NY, including programme country governments, and plays a role in supporting access and relationships to implement UNICEF programmes, including in humanitarian emergencies.

Within the overall framework of UNICEF's Strategic Plan 2022-2025, as a co-leader of the Resource Mobilization enabler and contributing to the Partnerships and Engagement and Advocacy and Communications change strategies, PPD (jointly with PFP) aims to contribute to two main results:

- **Income:** Public and private sector income growth is sustained and further accelerated to raise US\$ 25.9 billion (cumulative 2022-2025) to support UNICEF's contribution to delivering the Strategic Development Goals (SDGs).
- **Influence:** Strategic partnerships and engagement is expanded with public sector, private sector, and civil society to achieve child rights and sustainable results for children at scale.

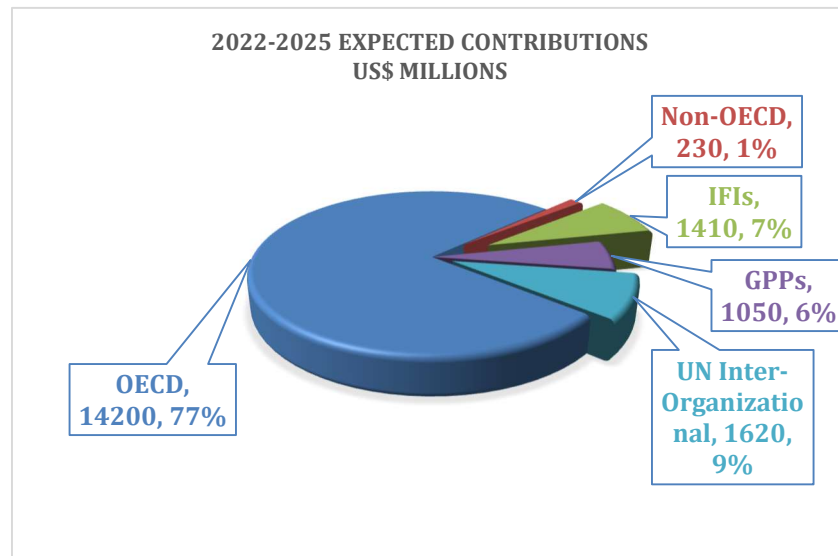
Context of key risk areas covered in the audit

More specifically, the key functions of PPD are:

- **Strategy:** strategic direction for global public partnerships, upholding of standards & principles, and quality.
- **Partner intelligence:** monitoring and analytics of ODA trends, public sector partner data to inform organization strategy and decision-making.
- **Leveraging:** advocate at global level with public partners to prioritize children in policies, programmes and resource allocations.
- **Relationship management:** cultivate trust of public sector partners, provide visibility, manage risk.
- **Field support and contribution management quality assurance:** provide guidance to HQ divisions, ROs and COs in public sector fundraising, negotiate and clear all public sector agreements and amendments, and provide support on donor reporting and risk management related to conditionalities.

During the four years of the 2018-2021 Strategic Plan (SP), US\$ 20.5 billion were mobilized from public sector partners, which represented 74% of total UNICEF income. The funding requirement for UNICEF 2022-2025 Strategic Plan are estimated at US\$ 25.9 billion. The public sector, comprising of Organization for Economic Cooperation and Development (OECD) governments, non-OECD Governments, International Financial Institutions, Global Programme Partnerships and UN inter-organizational arrangement are the main source of the expected income, accounting for US\$ 18.5 billion (71%) of total income. The breakdown of the expected contributions is shown in the chart below.

Of the expected contributions from the public sector, at least 12% is regular resources (RR) with advocacy for Member States to meet funding compact commitments of at least 30 per cent of core resources (regular resources) by 2023 and increases in thematic funds¹.



PPD has four offices in New York, Brussels, Tokyo and Seoul, as well as outposted staff in five additional locations - Beijing, Berlin, Geneva, London and Washington D.C. Positions outposted in capitals of donor partner countries are expected to enable PPD to cultivate and leverage technical and working relationships with key strategic donor partners where this was assessed by PPD to have the greatest return on investment. The two offices located in Brussels and Tokyo also serve representational functions with the EU and Government of Japan respectively.

As of 15 February 2023, there were 123 approved positions, of which 65, i.e., 53%, were based in New York, and 36 vacant posts.

¹ UNICEF 2022-2025 Strategic Plan

AUDIT OBJECTIVES AND SCOPE

The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over a selection of significant risk areas of the Public Partnerships Division, set out in the table below. These areas were selected based on the OIAI assessment of inherent risks² during the audit planning process.

KEY RISK AREAS	INHERENT RISK (for audit planning purposes)
Risk management process	The office may not effectively identify and assess the risks to the achievement of its results and take effective measures to manage significant risks.
Mobilization of flexible funding	Decrease in the ratio of flexible funding (regular resources) to total income may result in higher transactional costs UNICEF activities being donor driven, and failure to achieve the Strategic Plan goals.
Partnership management	Inadequate mapping and analysis of public partners' interests to UNICEF's strategic objectives and priorities may result in non-achievement of 2022-2025 strategic plan results.
Partnership model	A partnership model that focuses on programme implementation, fundraising and advocacy more than developing catalytic partnerships that can achieve higher level goals at scale is a risk to the achievement of the Strategic Plan goals.
Contributions management	If UNICEF fails to manage contributions as required, partners may become reluctant to provide further funding.
Advocacy	Advocacy activities may be conducted on an ad hoc basis without clear objectives, coordination mechanisms and supporting evidence, failing to ensure the efficient and effective promotion of children's rights.
Roles and responsibilities	Lack of clarity of roles and deliverables within the partnership cone (PPD, PFP and DOC) risks inefficiencies (duplications, overlaps, gaps) and being perceived by the partners as a fragmented Organization.
Adaptation of the business model	Insufficient investment in the long-term structural changes towards a digital, mobile, and platform-dominated environment; thus, investment in digital fundraising is a risk that UNICEF fundraising model will not be relevant anymore.

The audit was conducted remotely between 23 June and 15 February 2023, in accordance with the International Standards for the Professional Practice of Internal Auditing. For the purpose of sampling for transactions testing, the audit covered the period from January 2021 to June 2022. It involved a combination of methods, tools and techniques, including interviews, data analytics, document review, tests and validation of preliminary observations.

² Inherent risk refers to the potential adverse event that could occur if management takes no actions, including internal control activities. The higher the likelihood of the event occurring, and the more serious the impact should the event occur, the greater the need for adequate and effective risk management and control processes.

OBSERVATIONS AND MANAGEMENT ACTION PLAN

The key areas where actions are needed are summarized below.

1. Management of risks in negotiating and managing contribution agreements

High

Reflecting the importance of partnerships to achieving UNICEF's mandate, many parts of the organization (PPD, the Programme Group, EMOPS, DFAM, OIAI, Legal etc., regional offices and country offices) routinely interact with public sector donors in the context of the negotiation and management of contribution agreements. OIAI noted the need for a review and revision (as needed) to the 2019 UNICEF policy on resource mobilization that sets out the roles and responsibilities in line with existing regulatory framework - especially the new Regulatory Framework policy that was issued in 2021. PPD stated that it has a role of convener of all relevant stakeholders in respect of the negotiation of contribution agreements with donors and is ultimately responsible and accountable for preparing and signing contribution agreements with public sector donors. PPD also stated that the Director of PPD is authorized to sign agreements with donors on behalf of the Executive Director and s/he can sub-delegate this authority to heads of offices as needed. OIAI was not provided with any formal delegation of authority by PPD or evidence of how such authority was monitored to enforce compliance with delegated authority, although PPD stated that it will address this upon issuance of the Delegation of Authority policy. Additionally, the 2019 UNICEF policy on resource mobilization was not complemented by any procedures or guidance setting out the protocols for negotiating with donors, day-to-day management of donor relationships (e.g., reporting of misconduct) or an escalation mechanism to resolve conflicting views in case of disagreement between the stakeholders. There was thus an elevated risk that offices across UNICEF may agree to unachievable, inconsistent or unrealistic commitments and conditionalities in contribution agreements to be signed with donors. PPD stated that this risk is largely mitigated because PPD provides the final quality assurance of all public sector agreements and does not authorize the issuing of grants in such circumstance.

Regarding the fulfilment of commitments and conditionalities for donor notification, PPD stated it was currently collaborating with relevant offices on the development of tools that would clarify the roles and responsibility as well as used by relevant stakeholders to efficiently track donor-notification obligations, ensure matters that may warrant notification to relevant donors are centrally collected and the individual funding sources for those matters are efficiently identified. As of the date of the audit, this work was still in progress, and needs to be finalized, implemented and monitored. In the absence of these tools, there was an elevated risk to the timely and accurate fulfilment of commitments and conditionalities for donor notification in contribution agreement.

AGREED ACTION 1

The Public Partnership Division has agreed:

- i. In consultation with PFP, as well as relevant HQ stakeholders as appropriate, update all relevant policy documents, including the 2019 Resource Mobilization Policy to ensure the adequacy of the regulatory framework to define roles, responsibilities and accountabilities in the negotiation and management of contribution agreements with public sector donors.
- ii. Once the new Delegation of Authority policy is issued, formalize the delegation of authority from the ED to the Director of PPD to sign approved public sector donor contribution agreements, formalize the terms of sub-delegation of authority from the Director PPD to other UNICEF staff members and implement a monitoring system to obtain reliable assurance of compliance with PPD's sub-delegation of authority and accountabilities for noncompliance with the terms of that delegation.
- iii. Taking into consideration available staffing resources, in order to facilitate timely and accurate fulfilment of commitments and conditionalities for donor notification in contribution agreement, in consultation with all relevant stakeholders, PPD will 1) complete development and implementation of tools that can be used by relevant stakeholders to efficiently track donor-notification obligations, and 2) determine how to ensure that individual funding sources for specific matters can be efficiently identified.

Staff Responsible: Risk Manager

Implementation Date: December 2024

2. Resources allocated to the Public Partnerships Division

High

The resources allocated to PPD had almost stagnated while the expected income from public partners had significantly increased and the public aid landscape became more complex and more competitive. This is a risk that the planned contributions from the public sector to achieve the strategic plan will not be met.

The funding requirement for UNICEF 2022-2025 Strategic Plan is estimated at US\$ 25.9 billion. According to the UNICEF Resource mobilization strategy, the public sector is expected to be the main source of income, accounting for 71 percent of total income, i.e., 18.5 billion.

Between 2019 and 2021, total public income had increased by 25 percent, the number of grants managed by PPD by 7 percent and the number of service gateway requests by 59 percent.

PPD identified the insufficient human resource capacity as one of the potential challenges to the achievement of its set results. Although public sector fundraising represents more than 70 percent³ of UNICEF's income, PPD is considered as a cost center and allocated, in 2020 and 2021, only an equivalent of 0.5 percent of public sector income generated each year. In April 2021, it requested the PBR to approve the establishment of 11 new positions to tap into the growth potential of promising public resource partners such as the

International Financial Institutions and the European Union and to explore new financing opportunities such as innovative financing and Public-Private Partnerships. However, the PBR endorsed only two additional posts and one position to be equally cost-shared with another Division (DFAM). The PBR documents shared with audit did not indicate why the request was

³ 74 percent of 2018-2021 strategic plan income and expected 71 percent of 2022-2025 strategic plan requirement.

turned down. Audit was informed that attracting additional OR to fund PPD's functions remains a challenge because donors consider that PPD positions perform core functions and should not be funded by additional OR. For example, due to the lack of Other Resources (OR) funding, PPD could not fill four approved staff posts.

Between 2019 and 2021, the PPD position authorization table (PAT) showed that staff positions had only increased by two (from 102 to 104 approved positions). During the same period, the total public income expected to be mobilized by PPD had increased from US\$ 4.7 billion to US\$ 5.9 billion (25 percent increase) and the number of grants managed by PPD had increased from 2,354 to 2,750 (17 percent increase). Also, the number of service gateway requests for new grant creations, amendments, no cost extensions and changes in reporting schedule had increased from 2,264 to 3,600 (59 percent increase) in the same period. Overall, the resources allocated to PPD had almost stagnated while the expected income from public partners had significantly increased, the public aid landscape became increasingly complex with more conditionalities, and the proportion of core funding, continued to decrease with more earmarked funding that requires more resources to manage and to report on.

To address this situation, PPD took measures to improve the efficiency, as well as requested additional changes through two PBRs and through the Headquarter Efficiency Initiative, where existing positions were reassigned to strengthen teams with significant gaps. For example, there was a consolidation of all IFIs teams - D.C. based IFIs and Regional Development Banks - into one team to decrease fragmentation as well as to increase capacity, four positions are being proposed for abolishment to generate savings to be repurposed for the establishment of additional posts in a lower cost location). However, even with the efficiency gains, without additional resources PPD has informed audit that it would not be able to meet its objectives. It indicated that:

- Because of capacity constraints, OR income for the period 2022-2025 is projected to be lower than initially planned by US\$ 600 million.
- It does not have resources to hire external expertise to map its work processes and to update the technology it uses to further gain efficiencies and focus on exploring new opportunities for fundraising and influencing.
- In order to compensate for capacity gaps, it uses temporary staff (15 in 2022) and consultants (8 contracts issued in 2022 as of July), thus generating higher transactional costs and increasing the division's workload which does not make the current model sustainable.
- Additional resources could strengthen the field support mandate of PPD such as organizing global partnerships network meetings with the regional advisors and select CO partnerships managers to leverage the expertise of field expertise and amplify regional and country level conversations about partnership.
- Investment in advocacy capacity and resources was not commensurate with the strategic plan commitments. The PPD team responsible for advocacy has a portfolio that includes advocacy, as well as donor visibility and communication and consists of only five professional positions. The lack of staff resources results in lost opportunities to mobilize resources. For example, lack of funding for advocacy positions in PPD Brussels office resulted in lost opportunities to influence major public sector partners. (See also observation below on advocacy).
- PPD had requested the programme budget review to approve a budget of US\$ 4.7 Million for the roll-out of a global customer relationship management (CRM) system for public sector partnerships using Salesforce (called UNISON enabler) over the 2022 -2025 Strategic Plan period. This software was expected to ensure real-time information and intelligence sharing across the organization. The enabler would provide added value to overall resource mobilization and partnerships management throughout the organization by bringing headquarter divisions, National Committees, regional and country office teams closer

together. It promotes real-time information for analytics and informed decision making, reduces duplication and simplifies processes and offers a single point of reference for donor profiles, due diligence, visibility of ongoing discussions and communication between offices and donors. It has potential to connect to the donor reporting portal, enhancing full life-cycle management of partnerships. Thus, it could enhance efficiency and effectiveness. However, the request for funding was not approved.

The lack of resources to hire staff and deploy an operational customer relationship management system put at risk the effectiveness of resources mobilization by PPD. Moreover, it prevents the office from being able to ‘protect’ existing public funding (through quality assurance, oversight and field support of current funding) as well as being able to dedicate necessary time and effort in securing new opportunities. For example, in the past three years, lack of funding for two posts for advocacy and communication (formerly supported by allocations from PFP and DGCA) had reduced Brussels’ office capacity to engage EU institutions, influence their budgeting and allocation process for additional resources for children. The climate change is one of the top priorities of EU agenda, with a commitment to spend 35 percent of its budget on climate related issues. Because of lack of relevant expertise, the audit was informed that UNICEF is not considered a player in this area, is not involved in the related discussions and has no seat at the table on climate finance. An evaluation of UN-EU cooperation showed that UNICEF received the smallest funding in the area of digitalization centered on e-services and digital skills—it received 12 percent of the funding compared to two UN agencies that received 16 and 18 percent of the funds. UNICEF did not receive any funding in the area of the Green Deal while three UN Agencies received 18, 24 and 25 percent of the funds.

Discussions with PPD suggested that to ensure that the resourcing of PPD is commensurate with its mandate and strategic plan expectations, UNICEF should invest in the division by either changing its funding model or by capitalizing on the growing trend of OR and using cost recovery to cover PPD’s resources gap. In view of the challenges noted above, the division’s request for additional resources appears reasonable.

AGREED ACTION 2

PPD has agreed to prepare a business case for consideration by the Executive Director regarding the resourcing of the Division so that it can meet its mandate and strategic plan expectations for policy advocacy and resource mobilization. The business case could propose a funding model that includes cost recovery for the division and/or allocation of specific resources to meet the division’s staffing requirements.

Staff Responsible: Director, PPD, Finance Manager and Sr. Adviser SAPO
Implementation Date: 31 December 2022

3. Results-based management

Medium

With an incomplete results matrix, PPD will not be able to objectively assess progress made against planned results and identify gaps that need to be addressed.

As part of the preparation of the 2022-2025 OMP, PPD developed a results matrix with outcomes, outputs and results indicators. A review of the results matrix noted that 43 out of 95 indicators

43 results indicators out of 95 in the results matrix were still missing data for baselines and/or targets.

were still pending finalization/input of baseline and/or target data. Examples of the pending data included the amount of thematic funds that should be raised, and the number of OECD-DAC partners expected to increase their ODA for child-focused SDGs. The missing baselines were expected to have been established by quarter four of 2021 but were not yet determined as of June 2022. The office stated that it did not complete the related surveys planned at the end of 2021 because of

competing priorities. Furthermore, certain indicators could not be informed as PPD staff need a common understanding and agreement of how they could be measured. For example, for the indicator “Percentage of grants processed within deadlines”, a benchmark was yet to be agreed upon.

Completing the missing elements of the results matrix, will allow PPD to objectively assess progress made against planned results and identify gaps that need to be addressed in the following workplans.

AGREED ACTION 3

PPD has agreed to prioritize the completion of the missing elements of the results matrix and ensure that it is uploaded in the Results Assessment Module for the periodic assessments of status of achievement of planned results.

Staff Responsible: Planning Manager

Implementation Date: 31 July 2023

4. Results-based fundraising

Medium

Linking results that the Organization aims to achieve to resource mobilization continues to be a challenge, particularly for flexible funds. Without clear linkages, it is difficult to advocate for more flexible funding, which is critical to UNICEF's ability to achieve its mandate.

PPD need other parts of the Organization, to provide the necessary information they need to be able to articulate more clearly the link between requested flexible resources and results to be achieved.

PPD stated in its 2021 annual report that one of the challenges it faces in resources mobilization was the existing donor landscape that expected recipients of donor funds to demonstrate value for money and return on investment by linking resources to results. It informed audit that linking results to resource mobilization of flexible funding was a particular challenge. This challenge was also confirmed by the audit's survey of regional offices. One Regional office said that often there was lack of clear linkage of requested funds and planned programme results. Another Regional Office said that there was need

for more support in aligning donor proposals with the priorities of key public donors and governments.

PPD informed audit that donors often ask for identification of ‘funding gaps’ – i.e., how much does UNICEF need to achieve certain results, especially how much is required in flexible funding. The request is challenging because UNICEF does not have a corporate results-based budgeting model or system. Currently, the budget formulation process for the strategic plan starts with the development of funding scenarios based on past trends and analysis of the global environment. The methodology used consisted of mapping the 2018-2021 strategic plan to the 2022-2025 strategic plan in order to use historical data and trends while giving special consideration to COVID related expenses. The budget estimation/ projections per Goal Area were further refined in collaboration with 35 of the largest Country Offices whose annual planned amounts accounted for 85% of UNICEF total programme expenses, based on their country programmes and emerging national needs and priorities.

In the past two years, PPD has worked closely with PFP in an effort to pool resources and expertise across the two Divisions to accelerate mobilisation of flexible funding through improved communication to partners. However, PPD and PFP need other divisions, including the programme group and DAPAM, to provide the necessary information needed to be able to clearly articulate the link between flexible resources and results and the impact of funding gaps on UNICEF’s ability to achieve its strategic goals.

AGREED ACTION 4

PPD, DAPM and PG should work together to identify the strategic planned results areas that require flexible funding (RR and Thematic) and help equip PPD with information it needs to make compelling investment cases to donors that demonstrate added value of flexible funding and their link to desired programme results.

Staff Responsible: Sr. Adviser SAPO

Implementation Date: 30 June 2024

5. Advocacy

High

Lack of a division-wide advocacy strategy/plan risked that advocacy activities will be ad hoc and/or counterproductive which could result in a failure to achieve the division’s objective of influencing policy decisions and budgets that support children.

PPD’s priority strategies for the 2022-2025 strategic plan require focused and targeted advocacy around UNICEF’s global priorities (learning crisis, vaccine affordability and equity, mental health, and climate, environment).

Investment in advocacy capacity and resources was not commensurate with the strategic plan commitments.

PPD did not have an advocacy plan that explained how the advocacy priorities will be pursued and what specific results would be expected. While there was an advocacy and communication framework for public partnerships engagement prepared in 2017 for the 2018-2021 strategic plan, it had not been updated for the 2022-2025 strategic plan.

In the absence of an up-to-date advocacy plan, there is a risk that PPD will not achieve its

mandate of influencing policy decisions and budgets. As an example, the audit met with the focal point of a key public resource partner who described a virtual visit that had been organized for a group of decision-makers (members of parliament), where UNICEF focused its message mainly on the necessity to increase the regular resources component of their contribution. This was perceived by the partner as UNICEF being more concerned about the funding than results such as increase in the number of children vaccinated, number of children with access to clean water, children saved from acute malnutrition etc. The partner felt that a more balanced presentation of the results of the partnership in terms of reach and quality of the interventions achieved through both core and other resources would have been more effective in convincing the decision-makers to increase all types of funding. PPD informed audit that there are strong opportunities to work with other Divisions such as the Programme Group, Division of Global Communication and Advocacy (DGCA and PFP to optimize existing advocacy frameworks and identify synergistic approaches to achieving global advocacy results.

AGREED ACTION 5

PPD, with the input of other Divisions as necessary, has agreed to update its advocacy framework and incorporate in its workplan, advocacy priorities to contribute to global advocacy results, taking into consideration the available resources.

Staff Responsible: Sr Advisor Advocacy & Visibility Hub

Implementation Date: December 2023

6. Information management

Medium

Gaps in information management may result in inefficiencies and in setting wrong precedents such as acceptance of inadequate donors' conditionalities.

PPD supports the engagement of public resource partners by country offices and regional offices in the areas of strategic engagement, intelligence and insights gathering, negotiation of agreements, development of proposals, donor reporting, and closure of grants. The support included guidance, tools, communication platforms and templates. The audit noted the following areas for improvement:

There is lack of capacity on knowledge management in PPD.

PPD intranet page. The PPD intranet page is a knowledge repository and collaborative platform that is a valuable source of information for country and regional

offices' engagement with public resource partners. A review of this website noted that in some instances, the required information was not available. For example, the intranet pages of seven out of 11 PPD teams and outposts did not include links that explain what they do and the support that PPD could provide to country and regional offices' efforts to mobilize resources from public partners. Further, the audit noted that the PPD intranet page hyperlinks did not always lead users to the relevant information. For example, links to donor profiles and visibility guidelines in Seoul office did not lead to any useful information on its work. Lack of accurate and updated information can result in inefficiencies and negatively impact UNICEF's reputation. From discussion with one PPD team, the audit noted that responsibility regarding updating of PPD website intranet was not clearly assigned or understood.

The root cause for these issues appears to be a lack of clarity across the PPD teams on what information should be included in the PPD intranet page as well as how often to update the page and who was responsible for doing so.

Donor mapping tool. PPD uses a donor mapping tool to match resource partners' key interests with UNICEF's priorities. This information is useful to country and regional offices in making funding proposals to donors. The tool had information on 80 public resource partners. The audit noted that it did not indicate the thematic/geographical interests for 16 (20 per cent) partners. For another 50 (approximately 62 per cent) partners, the risks and conditionalities of the partners were not recorded. In addition, the focal points were not identified for 19 resource partners. These gaps risked that funding requests made to donors will not be pertinent and may be rejected because they would not be in line with the donors' interests and demands. This could ultimately impact the efficient mobilization of resources by for example, accepting donor funds with multiple reporting requirements. This occurred because PPD did not periodically review and update the donor mapping tool and there was lack of understanding how various PPD teams are expected to work with PPD communication team to ensure completeness of this tool.

AGREED ACTION 6

PPD has agreed to strengthen information management by ensuring that the PPD intranet page and the donor mapping tool are updated with correct information and that any information links lead to the appropriate and updated information.

Staff Responsible: Partnerships Officer, Planning Manager in close coordination with the PFP Knowledge Management and UNISON teams.

Implementation Date: 31 December 2023

7. Risk management

Medium

The office's risk assessment was incomplete which could result in inadequate management of key risks to the achievement of planned results.

The Public Partnerships Division had identified in its office management plan the main challenges to meeting its resource mobilization targets. These included insufficient human resources to operate in an increasingly competitive official development assistance space and deal effectively and efficiently with increasing donors' preference to earmark funds and include conditionalities. The office had developed a strategy for engaging the top 30 public partners selected based on an analysis of public income forecast. The strategy included assumptions and risks; however, the office had not identified appropriate measures to mitigate and manage these risks.

An effective risk assessment is comprehensive and uses accurate risk ratings.

In 2022, the office prepared a risk register that incorporated risks identified in the office management plan. This was an improved progress compared to 2021 and represented a foundation that the office could build on to further improve the management of risks. For example, the risk register which only includes risks and the controls, could be developed into a risk assessment plan by including risk tolerances, inherent and residual risk ratings, a qualification of the effectiveness of the control and mitigation measures to address the residual risks as applicable, and by assigning an owner for each risk. In the absence of this information, there was

no objective criteria to assess the impact of the identified risks on the Division's priorities and hence the level of resources and efforts that should be allocated to mitigate and manage each risk. Lack of qualification of the effectiveness of the controls established resulted in the Division not having a tracking mechanism to assess if the established controls were effective or needed strengthening or replacement.

The audit further noted that the controls established to manage risks did not systematically cover all the root causes of the related risk. This might result in unmitigated residual risks. For example, for the risk "Late or poor-quality donor reports cause donors to have less confidence in UNICEF's programming and results in less funding" the corresponding control was that "PPD provides guidance on best practices in drafting and submitting reports to public sector donors". Even though country offices were provided with guidance, PPD still needed to screen donor reports to make sure that budgets, themes and references are in line with the signed agreements, for which PPD did not have the required capacity.

AGREED ACTION 7

PPD has agreed to strengthen its risk assessment and management by preparing, implementing and monitoring an annual risk assessment as per the organizational guidelines. It should also review and analyse the mitigation measures to ensure that they cover all the root causes.

Staff Responsible: Risk Manager

Implementation Date: 31 December 2023

APPENDIX





Definitions of Audit Observation Ratings

To assist management in prioritizing the actions arising from the audit, OIAI ascribes a rating to each audit observation based on the potential consequence or residual risks to the audited entity, area, activity or process, or to UNICEF as a whole. Individual observations are rated as follows:

Low	The observation concerns a potential opportunity for improvement in the assessed governance, risk management or control processes. Low-priority observations are reported to management during the audit but are not included in the audit report. Action in response to the observation is desirable.
Medium	The observation relates to a weakness or deficiency in the assessed governance, risk management or control processes that requires resolution within a reasonable period of time to avoid adverse consequences for the audited entity, area, activity or process.
High	The observation concerns a fundamental weakness or deficiency in the assessed governance, risk management or control processes that requires prompt/immediate resolution to avoid severe/major adverse consequences for the audited entity, area, activity or process, or for UNICEF as a whole.

Definitions of Overall Audit Conclusions

The above ratings of audit observations are then used to support an overall audit conclusion for the area under review, as follows:

Satisfactory		The assessed governance, risk management or control processes were adequate and functioning well.
Partially Satisfactory, Improvement Needed		The assessed governance, risk management or control processes were generally adequate and functioning but needed improvement. The weaknesses or deficiencies identified were unlikely to have a materially negative impact on the performance of the audited entity, area, activity or process.
Partially Satisfactory, Major Improvement Needed		The assessed governance, risk management or control processes needed major improvement. The weaknesses or deficiencies identified could have a materially negative impact on the performance of the audited entity, area, activity or process.
Unsatisfactory		The assessed governance, risk management or control processes were not adequately established or not functioning well. The weaknesses or deficiencies identified could have a severely negative impact on the performance of the audited entity, area, activity or process.

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