

**Economic and Social Council**

Distr.: Limited  
18 April 2022

Original: English

**For decision**

**United Nations Children's Fund**

Executive Board

**Annual session 2022**

14–17 June 2022

Item 9 of the provisional agenda\*

**Management response to the UNICEF Office of Internal Audit and Investigations 2021 annual report to the Executive Board***Summary*

This document presents the management response to the UNICEF Office of Internal Audit and Investigations 2021 annual report to the Executive Board. The report summarizes the various actions that UNICEF has taken to implement the recommendations related to risk areas at headquarters, regional and country levels. It also provides insights into cases of fraud and misconduct investigated by the Office of Internal Audit and Investigations, and the actions taken, including on recovery of funds lost due to fraud. The document highlights the collective efforts taken by UNICEF divisions and offices to implement the recommendations, including the actions on recommendations outstanding for more than 18 months.

Section IX of this document contains elements of a draft decision for consideration by the Executive Board.

\* [EICEF/2022/9](#).



## Contents

|  | <i>Page</i> |
|--|-------------|
| I. Overview .....  | 3           |
| II. Public disclosure of internal audit reports .....  | 4           |
| III. Management actions and plans to address the overall internal audit results .....          | 4           |
| IV. Management actions and plans to address the recommendations to country offices .....       | 5           |
| V. Management actions and plans to address the recommendations of thematic and joint audits .. | 8           |
| VI. Management comments on advisory engagements .....  | 9           |
| VII. Management actions on investigations results, financial loss and recovery .....           | 9           |
| VIII. Management comments on the UNICEF Audit Advisory Committee annual report for 2021 ..     | 11          |
| IX. Draft decision .....   | 13          |
| Annex  |             |
| Updates on open agreed actions older than 18 months as at 31 December 2021 .....               | 14          |

## I. Overview

1. This report has been prepared by the management of UNICEF in response to the UNICEF Office of Internal Audit and Investigations (OIAI, or the “Office”) 2021 annual report to the Executive Board (E/ICEF/2022/AB/L.5) and its addendum (E/ICEF/2022/AB/L.5/Add.1). The report includes updates on actions taken or planned by UNICEF management to address the risks and main recommendations identified in the audits undertaken by OIAI in 2021. It also indicates the efforts being made to improve partnership integrity and increase the potential for recovery of losses related to reported cases of fraud or presumptive fraud, in line with UNICEF Executive Board decisions 2018/3 and 2019/6.

2. The assurance work conducted by OIAI in 2021 concluded that the UNICEF framework of governance, risk management and controls is generally adequate and effective. Management welcomes the satisfactory opinion, sustained over the past six years, while recognizing that ongoing efforts on the enhancement of policies, procedures and systems will continue to strengthen the governance, risk management and control environment at UNICEF.

3. Management notes that a total of 20 reports on UNICEF activities were issued in 2021, including 3 advisory reports. Of the 17 assurance reports issued by OIAI, 100 per cent resulted in generally satisfactory conclusions (i.e., “unqualified”, or “moderately qualified” opinions), which demonstrates management’s commitment to improving processes and a robust control environment at UNICEF.

4. Management appreciates the efforts by OIAI to better utilize data analytics capabilities and the use of remote audits to improve coverage of its 2021 risk-based audit plan, despite the impacts of the coronavirus disease 2019 (COVID-19) pandemic. The Division of Financial and Administrative Management has leveraged its access to the OIAI cloud-based audit assurance platform (TeamMate+) and implemented a strategic plan for periodic follow-up of agreed actions and support to offices to facilitate prompt implementation of OIAI audit recommendations. Management is pleased to report that the two outstanding recommendations contained in the OIAI report were subsequently assessed by OIAI and closed after 31 December 2021.

5. Management welcomes every organizational effort to strengthen the audit and investigations work and is delighted that the OIAI office in Budapest became fully operational in 2021, with the support of the approved additional staff resources. Management looks forward to supporting the operating modalities of OIAI in 2022, including the potential for an additional office, considering the lessons learned and opportunities from the past years.

6. Management recognizes the challenges of an increase in the number of allegations of fraud and misconduct as compared to 2020. Management teams continue to redouble efforts to support offices, understand the underlying causes, address any systemic weaknesses and initiate recovery of related financial losses. While noting that the number of cases closed in 2021 increased by 22 per cent over 2020, management advocates for OIAI to continue strengthening the capacity to improve investigation turnaround times, to enable management to leverage the advantages that early resolution provides in terms of initiating recoveries from those implicated. In this regard, management welcomes that an external quality assessment of the investigation function was conducted in late 2021 and looks forward to working together with OIAI on the opportunities for improvements identified.

7. Management notes that, in 2021, UNICEF issued its first statement on internal control for the financial year ending 31 December 2020. This is a key accountability

document that requires every office to conduct, on annual basis, an internal control self-assessment and issue an attestation to the Comptroller on the health of internal controls in their office, confirming the presence and operational effectiveness thereof. This is an important exercise that will help to improve the effectiveness of the internal control environment and accountability for fraud risk management.

## **II. Public disclosure of internal audit reports**

8. Management values the continued public disclosure by OIAI of internal audit reports, pursuant to Executive Board decision 2012/13, with consideration for requests to redact or withhold reports, under certain conditions, from the Executive Director and the Member States. Management continues to support this disclosure effort through timely clearance of reports for publication, thus facilitating continued accountability and transparency to stakeholders.

9. Management affirms that, as at 31 December 2021, 17 assurance reports issued in 2021 had been published: 16 for country offices and 1 for a thematic audit.

## **III. Management actions and plans to address the overall internal audit results**

10. In implementing Executive Board decision 2017/10 on the prioritization of the implementation of actions in areas of recurring risks, management values the insight from OIAI and notes the four areas for the 2021 reporting period that constitute 88 per cent of all agreed actions stemming from the country offices audits, as follows: (a) programme management; (b) governance and accountability; (c) supply and logistics; and (d) financial management.

11. Management acknowledges that 15 per cent of the actions agreed in the audit reports issued in 2021 were rated as high priority. This is within the same range as in previous years (13 per cent in 2020 and 16 per cent in 2019), understanding that those recommendations call for priority action to reduce exposure to higher risks, while not adversely impacting the organization's overall framework of governance, risk management and controls.

12. Management welcomes that the OIAI process of assessment has identified both areas of improvement and good practices. Nonetheless, management continues to focus the review of internal audits reports on noted areas for improvement and recurring themes to plan for enhancement of processes and scaling up of good practices.

13. During 2021, OIAI issued 16 audit reports for country offices and 1 thematic audit report, with a total of 152 recommendations. Management is pleased to note that 100 per cent of those reports resulted in generally satisfactory conclusions ("unqualified", or "moderately qualified"). This is an improvement from 2020, when 94 per cent of reports were found to be generally satisfactory and 6 per cent were rated as "strongly qualified".

14. In its annual report, OIAI notes that unqualified or moderately qualified ratings are considered satisfactory and that these ratings assure management that the relevant controls and processes are generally established and functioning as intended, with only relatively minor remediation actions needed.

15. The efforts of management to expedite actions towards the closure of any outstanding recommendations has been reinforced in 2021. The Division of Financial and Administrative Management implemented a strategic plan related to agreed actions and supported offices to facilitate prompt implementation of

recommendations. This resulted in only two long outstanding agreed actions open as at 31 December 2021 (as compared to 15 in 2020). Management has since implemented the two long outstanding recommendations and OIAI subsequently assessed and closed them, although after the year end.

#### **IV. Management actions and plans to address the recommendations to country offices**

16. Management notes that the scope of the assurance activities conducted by OIAI in 2021 covered 16 country offices, which accounted for 29 per cent of the allotted expenditure for country and regional offices in 2021. These audits resulted in 140 agreed actions. Management confirms that, as at 31 December 2021, the 16 assurance reports issued in 2021 had been published.

17. Management's efforts to prioritize the implementation of agreed actions were demonstrated by the reported implementation rates on agreed actions for the previous two years, 95 per cent of agreed actions for 2020 and 99 per cent of those for 2019. Similarly, 90 per cent of all the open items had been outstanding for less than 12 months by the end of 2021.

18. Management further acknowledges the impact of the COVID-19 pandemic and notes that the first audit report to a country office was published in May 2021 and that 11 reports were issued in the last quarter of 2021. These reports contain 63 per cent of the high-priority actions and 72 per cent of the 140 agreed actions for country offices in 2021. Plans to implement these recommendations are already in place and the implementation of agreed actions is in progress, despite the timing of the reports and the challenging global operational context. The following provides a summary of the actions being taken.

##### **A. Programme management**

19. Management notes that actions related to programme management represented 46 per cent of the 140 actions agreed to by country offices audited in 2021. Management appreciates the continued attention given to the adequacy and effectiveness of planning, partnership development, monitoring, programme assurance activities, donor reporting and evaluation, as incorporated in all 16 audits of country offices in 2021.

20. In 2021, UNICEF continued the journey started in early 2020 for organizational improvements through the Reimagining Business Models exercise. Consultations were undertaken with more than 5,000 staff members to identify how to better achieve results for children and prepare UNICEF for future years. The recommendations from phase I approved by the Executive Director are currently being implemented, including an update of the accountability framework, review of internal governance structures and decision-making processes, internal allocation processes for financial resources, simplification of programme planning and establishment of global technical teams and multifunctional teams. Phase II of the project was also completed after extensive consultations with staff. It resulted in the identification of five significant changes to position UNICEF strongly in the medium term: (1) planning for results at scale; (2) partnering for resources; (3) agile, empowered country presence; (4) empowered people; and (5) knowledge, learning and data for action.

21. The proposed actions will be implemented within or alongside existing improvement initiatives and the organizational groups that have been established will continue to oversee and advise on the implementation of activities and coordination across improvement efforts.

**1. Planning**

22. Management notes the opportunities in one of the audited offices to strengthen programme planning by identifying baseline data and target populations before establishing and mobilizing partnerships for interventions. Management is committed to ensure early identification of reliable data sources and the establishment of baseline and other key indicators, as well as enhancements to the workplanning process.

23. In country offices where recommendations related to planning were made, management will work to refine and simplify the workplanning and annual review processes to ensure quality assurance and clarity of purpose, content and partner endorsement and participation.

24. In addition, UNICEF has further simplified the reporting of indicators to now cover country programme reporting in addition to reporting on the Strategic Plan. This simplification eliminates duplication, better articulates the country-level contributions to global results and provides a user-friendly experience for data collection and reporting.

**2. Partnership**

25. Management appreciates the recommendations of OIAI to promote the sustainability of interventions and enhance collaboration with non-governmental organizations, including management of partnership risk and the increase in the open selection of civil society partners. UNICEF management continues to strengthen partnerships by selecting partners that have the capacity to achieve the agreed results and by using properly documented competitive processes.

26. In 2021, ongoing efforts were made to strengthen the capacities of selected implementing partners, including through remote training. However, there were challenges given the priority given to the COVID-19 pandemic response. Offices where opportunities for improvement were highlighted have committed to review partnership types and determine steps to be taken to enhance their partnerships strategy, including by engaging in more strategic partnerships with civil society organizations that have greater capacity. UNICEF management has also committed to supporting offices to ensure the consistent use of eTools to its full potential for the management of partnerships and tracking of data and expenses.

**3. Monitoring**

27. Management acknowledges the recommendation to develop a field monitoring plan that ensures adequate coverage of programme monitoring visits in countries and reviews the quality of work done by third-party monitors, and to carry out visits to high-risk partners for reasonable assurance of programme implementation.

28. In 2021, OIAI identified good practices such as the comprehensive training of consultants and the creation of monitoring templates. The Office also noted an opportunity to further improve the planning and coordination of monitoring activities in one office, in order to maximize the benefits accruing from such visits. The affected office has committed to enhance its planning for programme monitoring.

29. Management continues to support offices to strengthen the oversight of planned monitoring activities, including the use of third-party monitoring, where applicable.

**4. Harmonized approach to cash transfers**

30. Management acknowledges the recommendations on strengthening direct cash transfers through enhanced monitoring, quality assurance processes and capacity-building of implementing partners. Offices have committed to ensure programmatic visits recommendations address weaknesses and improve the monitoring of ineligible

expenditures and regular follow-up on action points. UNICEF headquarters is working on guidance on the most efficient and effective ways for country offices to track ineligible expenses that are pending adequate justification or recovery from implementing partners.

31. Management also acknowledges the need to identify alternative forms of assurance when on-site visits are not possible due to travel restrictions; and to carry out programme visits for all high-risk partners to bring assurance risks within an acceptable risk-tolerance level. In the context of the COVID-19 pandemic, UNICEF issued a guidance note on implementing partnership management to provide offices with the flexibility to allow remote monitoring and assurance and adopt a risk-based approach for the prioritization of activities. Management has committed to further support offices to improve the quality of programmatic visits and to follow-up on the resulting recommendations.

## **5. Donor reporting**

32. Management noted the recommendation to strengthen the preparation of donor and annual reports to ensure that all key results reported are supported by adequate evidence. In 2021, UNICEF offices committed to enhance training of staff to further strengthen results reporting. The Donor Reporting Portal, launched at the end of 2020, has proven to be a very useful tool that facilitates a quicker turnaround time for the delivery of donor reports.

## **6. Evaluation**

33. Management acknowledges the recommendation to strengthen evaluations by allocating adequate financial resources and capacities. UNICEF management has committed to reinforce the synergies between country offices, regional offices and headquarters to secure sufficient resources for timely and essential evaluations and expedite the completion of planned evaluations.

34. The Evaluation Pooled Fund, to help reach the 1 per cent of programme expenditure benchmark established by the Executive Board, has been approved as a direct budgetary appropriation in the UNICEF integrated budget, 2022–2025. Management will continue making efforts to ensure adequate resourcing of the evaluation function.

## **B. Governance and accountability**

35. Management notes that actions related to governance and accountability represented 22 per cent of the 140 actions agreed to by the country offices audited in 2021. Management also notes and appreciates the recommendation to incorporate contextual and situational analysis into risk and fraud risk assessments and the need to build the capacities of non-governmental organization partners to prevent sexual exploitation and abuse through actions such as integrating key questions into the templates for programmatic visits.

36. Concerned offices have committed to prioritize updating their annual risk assessments, and to include emerging risks, and to prepare action plans to mitigate identified weaknesses and report them in the enterprise Governance, Risk and Compliance (eGRC) platform. Offices have also committed to accelerate the implementation of prevention of sexual exploitation and abuse action plans and to cover related questions during programmatic visits, to further increase awareness of the reporting mechanisms among communities.

37. In addition, UNICEF management is currently updating the 2009 accountability system to provide an update to the Executive Board in September 2022. The updated framework will capture elements of organizational change that have evolved to

strengthen oversight within UNICEF and reflect feedback collected throughout the organizational improvement process, especially through consultations during the Reimagine Business Models exercise, as well as observations from the 2020 OIAI advisory report that reviewed the UNICEF accountability framework.

### **C. Supply and logistics management**

38. Management notes that actions related to supply and logistics management represented 11 per cent of the 140 actions agreed to by the country offices audited in 2021. Management welcomes that OIAI has recognized several good practices by country offices in 2021, such as updated procurement plans for goods and services, regular monitoring of inventory levels and preparation of weekly distribution plans and use of the programmatic monitoring visits to assess the distribution and use of supplies provided to implementing partners.

39. Management also notes the opportunities to ensure timely and accurate recording of supply information and an integrated approach to planning distribution so as to ensure timely delivery to end users. Management further notes opportunities to ensure that programmatic monitoring visits assess the accuracy of supply records and the quality and usefulness of programme supplies.

40. In the affected offices, the country management teams have agreed to establish clear accountabilities for their supply systems to ensure staff are aware of their roles within the supply chain. Similarly, offices are strengthening their supply management by ensuring that programmatic visits assess the accuracy of supply records, improve partners' capacity to manage programme supplies and enhance their reporting and documentation.

### **D. Financial management**

41. Management acknowledges that actions related to financial management represented 9 per cent of the 140 actions agreed to by the country offices audited in 2021. Management takes note that the agreed actions related to alignment of country programme budgets with activities and results, and to strengthening management of direct cash transfers.

42. UNICEF offices have committed to action plans that enhance controls around disbursements of cash transfers so that they are appropriately approved, supported and released in a timely manner. Management is currently working on updating the ezHACT application, which will simplify processes, including the use of the electronic funding authorization and certificate of expenditure form and the reduction of steps for the processing of cash transfers. Concerned offices have also been engaged to identify and address the root cause or causes of delays in processing requests and to ensure that implementing partners provide adequate supporting documentation on activities reported.

## **V. Management actions and plans to address the recommendations of the thematic and joint audits**

43. Management values the results and recommendations reported by OIAI in relation to the audit of the management of non-governmental implementing partnerships, which was issued in December 2021. Management welcomes the identification of several areas that are working well in terms of the risks evaluated. The introduction of eTools to manage and analyse data on UNICEF implementing partners and the use of the United Nations Partner Portal for partner selection were among the efforts commended by OIAI. Similarly, the audit confirmed the existence



of indicators that were specific, measurable, achievable and results-oriented in the agreements signed between country offices and implementing partners and recognized them as critical elements in evaluating the results of the partnerships.

44. Management also notes that OIAI identified areas where the management of key risks could be enhanced, such as: verification that programme documents are aligned with the country programmes and mainstream gender considerations; increased competitive selection of partners and expanded use of the United Nations Partner Portal; improvement of the quality of programmatic visits and follow up on recommendations; and guidance on tracking ineligible expenses.

45. UNICEF management, through the Division of Data, Analytics, Planning and Monitoring, will work with country and regional offices to ensure appropriate actions that will address the weaknesses identified during the audit. This includes exploring ways to better support offices for the consistent use of eTools and enhanced tracking of expenses that require adequate justification or recovery from implementing partners.

## **VI. Management comments on advisory engagements**

46. Management welcomes the three advisory engagements undertaken by OIAI to promote improvements in governance, risk management and control processes at UNICEF.

47. The West and Central Africa Regional Office requested OIAI to review their oversight role for country offices to support them in the management of risks and controls as part of the risk management structure. The results from the collaborative advisory engagement are helping to establish an improved risk and compliance function at regional and country offices, including a community of practice.

48. The South Africa Country Office asked OIAI to review diversity in contracting due to the concerns on perceptions of racial and regional discrimination in procurement of services shown in the 2020 staff survey. The outcomes of the advisory engagement have helped the office to assess the appropriateness and effectiveness of its action plans to address the concerns identified, including the establishment of indicators on diversity of procurement services to monitor progress.

49. Advisory services were also performed by OIAI for the Somalia Country Office related to a review of overtime and danger pay entitlements. The results of the review allowed the office to implement corrective measures, including regular reconciliations and monitoring of trends, to identify errors or irregularities and to take prompt corrective actions as needed.

## **VII. Management actions on investigations results, financial loss and recovery**

50. Management welcomes the recent approach by OIAI of coordinating, in some instances with other United Nations investigation services, to assist with its investigations at the country and regional levels, as well as to support other United Nations investigations services with their own activities.

51. Management supports the introduction of a new reporting protocol to ensure that all allegations of sexual exploitation and abuse are reported to OIAI, including the OIAI responsibility to report to the Executive Office of the Secretary-General allegations of sexual exploitation and abuse related to UNICEF against an identifiable perpetrator and victim. This enhances transparency and further demonstrates

management's efforts and commitment to ensure that such activities are not tolerated at UNICEF.

52. Management also advocates for OIAI to continue strengthening its capacities to improve the timeliness within which it concludes all investigations. This would allow management to leverage the advantages that early resolution provides, in terms of taking remedial actions such as initiating recoveries from implicated individuals and entities, or other appropriate sanctions. In this regard, management welcomes the outcomes of an external quality assessment of the investigation function conducted in late 2021 and looks forward to working together to strengthen the areas requiring improvements.

53. The total financial loss on the 23 fraud cases substantiated by OIAI amounted to \$1,298,405, of which \$87,111 has been recovered. Management notes that in one of the cases, accounting for 41 per cent (\$533,174.56) of the aggregate financial loss, a key implementing partner fell victim to fraud. The said implementing partner has accepted responsibility for the loss and has agreed to fully reimburse UNICEF. About 82 per cent (\$628,594) of the remaining financial loss relates to cases OIAI concluded in the second half of 2021. While remedial measures have already been implemented in those cases, including barring the implicated partners in the United Nations Partner Portal, efforts are still under way to recover the lost funds.

54. Further, through investigations carried out by contracted independent firms for project-specific cases in the Yemen Emergency Cash Transfer project, the substantiated loss due to fraudulent transactions amounted to an equivalent of \$77,901, of which \$76,084 (98 per cent) was recovered. UNICEF continues to encourage beneficiaries and communities of this project to report any suspicion of fraudulent activities, emphasizing the project's zero tolerance on fraud in the messaging disseminated to beneficiaries.

55. To further strengthen internal controls and accountability in offices, UNICEF issued its first statement on internal controls as part of the 2020 annual financial statements, which is a key accountability document. Every year, heads of offices are required to conduct an annual internal control self-assessment and issue an attestation to the Comptroller regarding the health of internal controls in their offices. This exercise increases accountability across offices and helps to support an internal control system that is aligned with each office's risk profile, thus providing reasonable assurance on the achievement of objectives.

56. UNICEF will continue to promote ethics, integrity and anti-fraud measures in all its operations through training, meetings and other mediums. Whenever possible, UNICEF collaborates with other United Nations agencies to conduct joint training for implementing partners to enhance partnership integrity. In 2021, the UNICEF office in Zambia, working in partnership with the United Nations Population Fund, the World Food Programme and the United Nations Development Programme, hosted joint training and learning sessions for over 300 implementing partners from 46 different organizations on fraud, corruption, key assurance activities and protection from sexual exploitation and abuse. Similar sessions were organized in other offices to maintain and enhance the momentum already formed on fraud-awareness initiatives and ensure that a zero tolerance policy is enforced by all.

### **Disciplinary measures and other actions taken by UNICEF**

57. As noted in its annual report, OIAI is responsible for conducting necessary investigations, while the Division of Human Resources, Administrative Law Unit or other relevant units are responsible for taking any appropriate action based on the OIAI findings.

58. Management notes that 36 matters were referred to either the Administrative Law Unit, the Office of the Executive Director, or the Division of Human Resources for consideration of disciplinary or other action in 2021. These matters were acted upon and reported in the UNICEF internal annual report on disciplinary measures and other actions in response to misconduct. The specific actions taken in 2021 are summarized as follows:

- (a) Ten staff members were dismissed or separated from service;
- (b) One staff member was demoted;
- (c) Nine staff members lost steps in grade;
- (d) Two staff members were censured;
- (e) Five staff members had separated from UNICEF during or prior to the investigation or disciplinary process, and appropriate action was taken to record these cases for accountability purposes;
- (f) Nine cases were found not to establish misconduct.

## **VIII. Management comments on the UNICEF Audit Advisory Committee annual report for 2021**

59. UNICEF appreciates the work of the Audit Advisory Committee, which contributes to the effective, independent advisory oversight of the organization. Management welcomes the Audit Advisory Committee 2021 annual report to the Executive Board and the advice provided to the Executive Director. As highlighted in the Committee's meetings with the Executive Director, management has been prioritizing the UNICEF response to the COVID-19 pandemic. Amid competing priorities, UNICEF also embarked on the design of its quadrennial strategic plan and several change management initiatives. The dedicated staff of UNICEF have been working relentlessly to ensure that no child is left behind.

60. Management appreciates the Committee's acknowledgement in its 2021 annual report of the consideration given by UNICEF in response to the Committee's advice. In meetings with the Executive Director, a discussion was held on the Executive Director's preference for fewer overall themes with targeted strategic advice that is innovative and forward-thinking, and for the avoidance of repetitive advice or reiteration of advice based on plans shared by various divisions.

61. UNICEF is pleased to hear that the Committee appreciates the dedication and hard work of the UNICEF secretariat that supports the work of the Committee. As recognized in the report, UNICEF is a pioneer in providing support and service to the Committee through the Committee secretariat. In this same way, the Committee should be assured that adequate resources have been allocated to support its pro bono work. The Committee should also consider utilizing a mixed working modality approach, adapting to the new context in which UNICEF operates and supporting UNICEF sustainability goals in reducing its global travel footprint.

62. Management welcomes the Committee's advice. The following paragraphs highlight management's actions in response to a selection of the Committee's key advisories:

63. **COVID-19 Vaccine Global Access (COVAX) Facility:** UNICEF appreciates the Committee's recognition of the critical role UNICEF plays in the COVAX Facility. As the procurement coordinator and one of the procurement agencies of the initiative (alongside the Pan American Health Organization), UNICEF is proud of what it has achieved with its partners, with donors and with countries. In an unprecedented effort,

COVAX delivered 1.2 billion vaccines to 144 countries within 12 months.<sup>1</sup> UNICEF has also been delivering syringes, safety boxes, cold chain equipment, oxygen supplies and other tools that not only help to respond to COVID-19, but also strengthen health systems over the long term.

64. UNICEF is closely monitoring the results and risks of its participation in the COVAX Facility, while also recording and promoting shared lessons from the response to COVID-19. Management appreciates the Committee's reminder that UNICEF should consistently advocate for and maintain the "single audit principle" in this context. UNICEF also welcomes the advice for continued robust risk management that will keep addressing reputational and operational risks related to the COVAX Facility.

65. **Strategic Plan, 2022–2025:** In the context of the UNICEF Strategic Plan, 2022–2025, UNICEF has set ambitious, yet realistic targets to deliver on the Sustainable Development Goals. These align with organizational improvements that will boost efficiency and effectiveness and allow UNICEF to deliver on its mandate. UNICEF is one of the leading agencies participating in system-wide improvements and reforms.

66. **Accountability framework:** Accountability and transparency are at the forefront of all UNICEF programme interventions, partnerships and operations. As mentioned above, the 2009 UNICEF accountability framework is being updated and will reflect feedback collected throughout the Reimagine Business Models exercise as well as observations from the 2020 OIAI advisory report on the UNICEF accountability framework. UNICEF also looks forward to the report of the review by the Joint Inspection Unit on accountability frameworks in the United Nations system organizations.

67. **Programmes, innovations and advocacy:** UNICEF grew its digital supporter base from 55 million in 2018 to 160.2 million in 2021. By the end of 2021, web platforms had reached 132 million users and there were 213 million unique page views. Through UNICEF communication and engagement efforts, the volunteer base grew to 12.6 million in 2021, with 96 per cent 24 years old or younger. These volunteers gained transferable skills while contributing to a range of issues – from the pandemic response to clean air and prevention of child marriages. Children were engaged in 114 countries through the U-Report, Voices of Youth and Generation Unlimited platforms. UNICEF voice leadership on children's issues demonstrates effectiveness in its communication and programmatic interventions.

68. **Supporting staff through change at UNICEF:** UNICEF management has implemented several measures to ensure the ongoing organizational changes are implemented in line with UNICEF core values and with due consideration to the professional and personal circumstances of staff. Management has designed a staff support strategy as a reference guide to assist managers and staff members to navigate the options available and minimize the impact of the changes.

69. **Innovative financing:** UNICEF management has a robust system of tracking and monitoring the application of funds and return on investments as they relate to the World Bank financing bonds. Performance is already tracked and reported to the World Bank as part of the conditions of the forward flow agreement. The performance of the investment was the basis that triggered the repayment condition.

70. Management further notes that the World Bank instrument was approved as a pilot project by the Executive Board. The approval was given with acknowledgement

---

<sup>1</sup> UNICEF, One year on: COVAX gains momentum to drive vaccine equity, 24 February 2022, [www.unicef.org/supply/stories/one-year-covax-gains-momentum-drive-vaccine-equity](https://www.unicef.org/supply/stories/one-year-covax-gains-momentum-drive-vaccine-equity).

that there is no specific provision in the UNICEF Financial Regulations and Rules allowing for such instruments, but with defined risks parameters, mitigation measures and adequate legal protection of UNICEF interest relating to the instrument. UNICEF is taking the necessary steps, under the guidance and oversight of the Executive Board, to ensure that the appropriate authorizations from governing bodies, including the General Assembly, are obtained, and that the Financial Regulations and Rules are updated so that financing instruments with debt implications can be pursued on an ongoing basis.

**71. Information technology and cybersecurity:** UNICEF management appreciates the Committee's advice on information technology and cybersecurity, especially as it relates to the change management process during the Information and Communication Technology Division (ICTD) transition to Valencia, Spain, co-locating with the United Nations Information and Communication Technology Facility. UNICEF worked closely with United Nations Department of Operational Support to facilitate a smooth move and appreciates the support provided. Management is pleased to note that, due to extensive workplanning and a thorough process, no disruptions were faced by UNICEF during the ICTD transformation process.

72. Further, management has already standardized and mainstreamed Microsoft Azure as the main cloud provider, with many services delivered and/or in progress for UNICEF offices globally. A review has been initiated by ICTD of the current data warehouse, moving towards a solid enterprise data and analytics strategy, with an initial hybrid arrangement that will eventually be in the cloud over the next 18 to 24 months.

73. Management notes that the UNICEF cybersecurity programme includes capabilities that bring the organization to a cybersecurity baseline considered minimum for an organization of its stature. Policies and standards on information security are currently under review and a revised version covering all issues related to information and cybersecurity will be published in the near future.

74. Management has allocated resources to digital investments and has also received offers of free digital solutions from private sector partners. Regarding the Committee's comment on the unfunded demand for digital investments for the partnerships cone, management reiterates that UNICEF has adopted a phased approach based on priorities and balanced investments in the existing fundraising architecture. The urgent funding requirements have already been addressed through phased coverage for the quadrennium.

## IX. Draft decision

### *The Executive Board*

*Takes note* of the UNICEF Office of Internal Audit and Investigations 2021 annual report to the Executive Board ([E/ICEF/2022/AB/L.5](#)), its addendum ([E/ICEF/2022/AB/L.5/Add.1](#)) and its management response ([E/ICEF/2022/AB/L.6](#)), as well as the UNICEF Audit Advisory Committee 2021 annual report to the Executive Board, and welcomes the overall opinion of the adequacy and effectiveness of the organization's framework of governance, risk management and control.

## **Annex**

### **Update on open agreed actions older than 18 months as at 31 December 2021**

There were two audit recommendations that remained unresolved for more than 18 months as at 31 December 2021. However, the two recommendations were implemented after year end and were subsequently assessed and closed by the Office of Internal Audit and Investigations.

---