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UNICEF management response to the report of the United Nations Board of Auditors

Summary

Pursuant to paragraph 7 of UNICEF Executive Board decision 2018/3, the present report provides a management response to the key findings and recommendations of the report of the Board of Auditors for the year ended 31 December 2021, which is contained in document (A/77/5/Add.3). This report should be read in conjunction with the note by the United Nations Secretary-General on the concise summary of the principal findings and conclusions contained in the reports of the Board of Auditors for the annual financial period 2021 for the United Nations funds and programmes (A/77/240). This report also takes into consideration comments made by the Advisory Committee on Administrative and Budgetary Questions (A/77/574) and the Fifth Committee in their respective reviews of the report of the Board of Auditors.

Consistent with paragraph 3 of UNICEF Executive Board decision 2022/7, UNICEF has further harmonized its reporting format with other United Nations funds and programmes on the management response to the report of the Board of Auditors and the implementation of the recommendations, as appropriate.^a

The UNICEF Executive Director and senior management value the Board of Auditors' recommendations and attach great importance to their implementation. The above commitment resulted in a very high rate of implementation as at the end of 2021, which has been commended by the Board of Auditors.

^(a) The harmonized template was discussed with the United Nations Development Programme, the United Nations Capital Development Fund, the United Nations Population Fund, the United Nations Office for Project Services, and the United Nations Entity for Gender Equality and the Empowerment of Women.

* E/ICEF/2023/1.



I. Overview

1. UNICEF has received an unqualified audit opinion from the United Nations Board of Auditors on its financial statements for the year ended 31 December 2021, marking the tenth consecutive year for the organization. This accomplishment is significant as it demonstrates the commitment of UNICEF to adherence to International Public Sector Accounting Standards (IPSAS), good internal controls, transparency, and accountability in the management of resources.

2. The report of the Board of Auditors for the year ended 31 December 2021 [A/77/5/Add.3](#) identifies scope for improvement in the areas of the United Nations General Assembly authorization of financing instrument, management of implementing partners, private sector fundraising reports, information and communications technology (ICT), programme management, supply chain, inventory management, and payroll management. In this context, the Board of Auditors issued 23 recommendations, including 7 main (high-priority) recommendations, which are further elaborated upon in the present management response.

3. In 2021, the organization successfully implemented 84 per cent (2020: 74 per cent) of the 44 outstanding recommendations that were open at the beginning of the financial year. UNICEF aims to implement approximately 70 per cent of the recommendations currently open by the end of the first quarter of 2023, including some of the five from 2019 and 2020. UNICEF looks forward to the Board of Auditors' assessment of the management actions and their closure during audit of the 2022 financial statements.

4. UNICEF governance mechanisms and the accountability framework continue to ensure transparency and fiduciary accountability in the management of resources. UNICEF continues to strengthen its risk management, updating and revising key processes and making them nimble and fit for purpose to effectively support programme implementation. UNICEF issued its second statement on internal control for the financial year ended 31 December 2021. This is a key accountability document requiring every office to conduct, on an 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.

5. In 2021, UNICEF continued to manage the impacts of the coronavirus disease 2019 (COVID-19) pandemic in its operations in more than 190 countries and territories. The organization experienced the same significant challenges as many other public, private and United Nations agencies, in terms of logistics. Flexible working arrangements continued to be availed to staff. Technology was leveraged to support the different work modalities through inbuilt system controls, electronic approvals, and so on.

6. UNICEF continues to be among the top 10 ranking organization of the Publish What You Fund Aid Transparency Index by the International Aid Transparency Initiative (IATI). According to the latest Aid Transparency Index,¹ published in July 2022 by IATI, UNICEF is the highest-ranked United Nations agency.

7. In 2021, UNICEF concluded the 2018–2021 Strategic Plan and registered record high voluntary contributions of \$8.29 billion (2020: \$7.30 billion), driven by increased support to the pandemic response. While the other resources of the voluntary contributions increased significantly, the regular resources portion reduced to 17 per cent in 2021. UNICEF management and staff continue innovating for

¹ International Aid Transparency Initiative, Aid Transparency Index, available at www.publishwhatyoufund.org/the-index/2022/.

operational improvements and organizational resilience to fulfil the mandate of the organization and achieve better results for children.

II. Introduction

8. The United Nations Board of Auditors concluded that the overall financial position of UNICEF remained sound and that no significant issues were identified from their review of the 2021 financial statements. In 2021, UNICEF sustained several ongoing organizational initiatives on technological enhancements, aimed at simplification and strengthening of processes, risk management, and internal controls. Senior management also led the revision of key processes and policies to strengthen oversight responsibilities, and further developed guidelines to support offices with standardization and quality baselines.

9. The Board of Auditors, in recognition of the solid commitment of UNICEF to continue to enhance management control of its operations, has identified opportunities for further improvements in areas summarized in the 23 recommendations issued for 2021, with 7 classified as main (high priority) and 16 as other (medium priority). UNICEF is committed to implementing all of the recommendations, prioritizing the main ones.

10. The responses contained in the present report have taken into consideration comments made by the Advisory Committee on Administrative and Budgetary Questions ([A/77/574](#)) in their respective reviews of the report of the Board of Auditors, as well as the note by the United Nations Secretary-General on the concise summary of the principal findings and conclusions contained in the reports of the Board of Auditors for the 2021 annual financial period ([A/77/240](#)).

11. UNICEF has committed to implementing remediation actions on all recommendations at the latest by the end of the fourth quarter of 2023. Through the leadership of the Office of the Comptroller, management looks forward to having the implemented recommendations assessed for closure by the Board of Auditors during the audit of the 2022 financial statements of UNICEF.

12. As referred to in the summary section of the present document, the format of this management response to the report of Board of Auditors and implementation of recommendations have been harmonized as agreed with other United Nations funds and programmes. The harmonized reporting format presents the recommendations organized per financial year and thematic area used by the Board of Auditors in its report. Each recommendation is presented followed by the management response, action plan and status of execution.

III. Status of recommendations for the year ended December 2021

13. The following section describes the management response to the 23 recommendations issued by the Board of Auditors for the financial period ended 31 December 2021. Tables 1 and 2 below summarize the status of implementation of the main recommendations and all recommendations for 2021 by thematic area, as per the Board of Auditors report.

Table 1
Status of main recommendations for 2021, by thematic area

<i>United Nations Board of Auditors report thematic area</i>	<i>Total</i>	<i>Closure requested</i>	<i>Under implementation</i>
Financing instrument ^a	2	2	-
Management of implementing partners	3	1	2
Private sector fundraising reports	1	-	1
Information and communications technology	1	-	1
Total	7	3	4
Percentage	100%	43%	57%

^(a) General Assembly authorization of the UNICEF/World Bank instrument to facilitate sustained investment in private sector fundraising.

Table 2
Status of all recommendations for 2021, by thematic area

<i>United Nations Board of Auditors report thematic area</i>	<i>Total</i>	<i>Closure requested</i>	<i>Under implementation</i>
Financing instrument ^a	2	2	-
Management of implementing partners	3	1	2
Private sector fundraising reports	3	-	3
Information and communications technology	2	-	2
Programme management	5	1	4
Supply chain ^a	4	4	-
Inventory management ^b	2	-	2
Payroll management	2	1	1
Total	23	9	14
Percentage	100%	39%	61%

^(a) End-user monitoring of supplies.

^(b) Inventory costing.

14. The following paragraphs report on the status and management action plans for all recommendations issued by the Board of Auditors for 2021.

A. Financing instrument²

Main recommendations (high priority)

15. **In paragraph 33 of its report, the Board of Auditors recommended that UNICEF obtain specific authority from the General Assembly in the event of borrowing funds from any source external to the organization.**

Business unit responsible	Division of Financial and Administrative Management
Status	Closure requested
Priority	High
Target date	Not applicable

16. UNICEF management is committed to pursue the specific authorization of the United Nations General Assembly any time that the organization seeks to borrow funds from an external source, based on the endorsement of the Executive Board. In light of this commitment, and because no further action is required at this time, a request to the Board of Auditors for closure is the adequate step to follow, as the recommendation refers to future compliance, relating to an event that may or may not happen.

17. UNICEF management has informed the Board of Auditors that the pilot with the World Bank is currently pending the results of a preliminary review to inform the Executive Board's decision on whether to proceed with this type of project in the future.

18. **In paragraph 34, the Board of Auditors recommended that UNICEF comply in a strict manner with current regulations, whenever using financing instruments for fundraising that may raise a financial liability.**

Business unit responsible	Division of Financial and Administrative Management
Status	Closure requested
Priority	High
Target date	Not applicable

19. UNICEF does and will comply in a strict manner with current regulations, whenever using financial instruments for fundraising that may raise a financial liability. As explained in paragraph 16 above, UNICEF will pursue specific authorization from the United Nations General Assembly, based on the endorsement of the Executive Board, any time that the organization seeks to borrow funds from an external source. Considering that this recommendation refers to future compliance, relating to an event that may or may not happen, UNICEF is requesting closure by the Board of Auditors.

B. Management of implementing partners

Main recommendations (high priority)

20. **In paragraph 47, the Board of Auditors recommended that the Division of Data, Analytics, Planning and Monitoring develop guidance on the action points for follow-up, in order to ensure that the actions taken have been properly completed in eTools.**

² End-user monitoring of supplies.

Business unit responsible	Division of Data, Analytics, Planning and Monitoring
Status	Closure requested
Priority	High
Target date	Not applicable

21. UNICEF confirms that the review of “UNICEF procedure for country and regional office CSO [civil society organization] implementing partnerships”, guidance and tools has been finalized and resulted in the development of the “UNICEF procedure on programme implementation: work planning, partnerships and risk management”, which consolidates in one source of reference the several procedures that were formally separated. The document has been officially published in the UNICEF Regulatory Framework Library and disseminated by the Deputy Executive Director, Programmes, to all staff via a global message. The new procedure includes a handbook that provides detailed guidance on the follow-up of action points to all staff.

22. In paragraph 48, the Board of Auditors recommended that the Division of Data, Analytics, Planning and Monitoring assess whether ineligible expenditures reported in an action point should be impaired through the regional harmonized approach to cash transfers focal point, in line with UNICEF policy.

Business unit responsible	Division of Data, Analytics, Planning and Monitoring
Status	Under implementation
Priority	High
Target date	First quarter of 2023

23. UNICEF management confirms that the Division of Data, Analytics, Planning and Monitoring is currently working with the Division of Financial and Administrative Management to analyse the linkages between the financial findings in the eTools platform and the impairments of direct cash transfers recorded. The outcome of this project is expected to contribute directly to the revision of the implementing partnership guidance documents, to be issued and rolled out by the end of 2022.

24. In paragraph 49, the Board of Auditors recommended that UNICEF make sure that the actions taken by the South Sudan and Yemen country offices appropriately address the findings and recommendations resulting from closed assurance activities.

Business unit responsible	South Sudan and Yemen country offices
Status	Under implementation
Priority	High
Target date	First quarter of 2023

25. Management confirms that the South Sudan and Yemen country offices are taking actions to review the unsolved action points from assurance activities identified in 2021. As of November 2022, the South Sudan Country Office has resolved 80 per cent of the action points that were the subject of the auditors’ findings, while the remaining points are still being pursued, with expected resolution by the first quarter of 2023. The Yemen Country Office has also created a harmonized approach to cash transfers (HACT) task force, chaired by the Deputy Representative, Operations, to ensure follow-up by concerned sections and adequate treatment of recommendations from assurance activities prior to closure in the eTools platform.

C. Private sector fundraising management

Main recommendations (high priority)

26. **In paragraph 60, the Board of Auditors recommended that the Private Fundraising and Partnerships Division require National Committees and country offices to improve the number of reports submitted in a timely manner, in accordance with the reporting calendars.**

Business unit responsible	Private Fundraising and Partnerships Division
Status	Under implementation
Priority	High
Target date	Second quarter of 2023

27. UNICEF confirms that progress has been achieved in terms of improvement of timeliness of reporting of the Quarterly Financial Scorecard, audited financial statements and certified revenue and expenditure reports by National Committees and country offices. An average progress of 7 per cent improvement has already been registered for all reports and this will continue in the coming months.

Other recommendations (medium priority)

28. **In paragraph 74, the Board of Auditors recommended that the Private Fundraising and Partnerships Division duly develop and approve private sector plans in coordination with the country offices and in compliance with the applicable timeline.**

Business unit responsible	Private Fundraising and Partnerships Division
Status	Under implementation
Priority	Medium
Target date	Second quarter of 2023

29. UNICEF management confirms that the Private Fundraising and Partnerships Division is currently developing a new procedure on “The planning, monitoring and reporting of private sector fundraising activities in country offices” to review the existing timelines and align them to the respective accountabilities at the country, regional and headquarters offices. As part of the new procedure, private sector plans for the following year will be required to be approved by 31 December and the Division is currently working to have all of the Private Sector Plans for 2023 approved by 31 December 2022.

30. **In paragraph 75, the Board of Auditors recommended that the Private Fundraising and Partnerships Division elaborate formal documentation for meetings held with regional offices and/or country offices and distribute it among stakeholders.**

Business unit responsible	Private Fundraising and Partnerships Division
Status:	Under implementation
Priority	Medium
Target date	Second quarter of 2023

31. UNICEF management confirms that work is in progress for this recommendation. The Private Fundraising and Partnerships Division has held

bimonthly calls with the Regional Support Centres to share information, including communications on the Private Sector Plans. These meetings have been formally documented by the Private Fundraising and Partnerships Division, and the Regional Support Centres have been informed and updated.

D. Information and communications technology

Main recommendations (high priority)

32. **In paragraph 85, the Board of Auditors recommended that UNICEF strengthen and describe the monitoring of conflicting roles assigned when segregation is not possible, to ensure that compensating control mechanisms are effective.**

Business unit responsible	Division of Financial and Administrative Management
Status	Under implementation
Priority	High
Target date	Second quarter of 2023

33. UNICEF management is currently reviewing the process of documenting compensating controls with a view to strengthening the mechanism and making it more effective.

Other recommendations (medium priority)

34. **In paragraph 93, the Board of Auditors recommended that UNICEF ensure that comprehensive testing of the information and communications technology business continuity and disaster recovery plan is carried out regularly, including necessary simulation exercises at defined intervals, as the Board previously recommended (see [A/75/5/Add.3](#), chapter II, paragraph 244).**

Business unit responsible	Information and Communication Technology Division
Status	Under implementation
Priority	Medium
Target date	Fourth quarter of 2023

35. UNICEF management confirms that a full disaster recovery exercise will be conducted after the current transition of the data centres to Valencia, Spain, and Brindisi, Italy, is completed. UNICEF reiterates that the organization has increased reliance on its “best-in-class” global cloud service providers for core ICT services, which has provided a paradigm shift to UNICEF Information Technology disaster recovery. The vendors’ very resilient services mitigate, to a great extent, the former risk of catastrophic loss of services. However, UNICEF plans to conduct the full ICT disaster recovery exercise after the transition at the end of 2023.

E. Programme management

Other recommendations (medium priority)

36. **In paragraph 109, the Board of Auditors recommended that UNICEF headquarters make the necessary arrangements in order to maintain its emergency preparedness plans and minimum preparedness standards up to date and approved.**

Business unit responsible	Office of Emergency Programmes
Status	Under implementation
Priority	Medium
Target date	First quarter of 2023

37. UNICEF confirms that the Office of Emergency Programmes is currently updating the headquarters preparedness plan in close collaboration with other divisions, with the objective of having a final approved plan by the end of 2022.

38. In paragraph 110, the Board of Auditors recommended that UNICEF strengthen its emergency preparedness planning process with the lessons learned from COVID-19, in order to anticipate possible hazards.

Business unit responsible	Office of Emergency Programmes
Status	Under implementation
Priority	Medium
Target date	First quarter of 2023

39. UNICEF management has continued to consolidate and apply the COVID-19 lessons learned relevant to preparedness planning to ensure improved response readiness. The Office of Emergency Programmes has already put into practice the results from some of the lessons, including enhanced geospatial risk analysis and pandemic preparedness initiatives. The Office will document in a summary paper the lessons learned from COVID-19 in terms of preparedness by the end of 2022.

40. In paragraph 125, the Board of Auditors recommended that UNICEF update the minimum preparedness standards for headquarters and the regional offices.

Business unit responsible	Office of Emergency Programmes
Status	Under implementation
Priority	Medium
Target date	First quarter of 2023

41. Management is currently exploring the best approach to the update to preparedness standards. The course of action will be defined by the end of 2022 and updates will be finalized in 2023.

42. In paragraph 126, the Board of Auditors recommended that UNICEF headquarters provide further training to regional offices, with the goal of strengthening the oversight and quality control exercised by the regional offices.

Business unit responsible	Office of Emergency Programmes
Status	Under implementation
Priority	Medium
Target date	First quarter of 2023

43. In 2022, the UNICEF Office of Emergency Programmes has strengthened engagement with regional offices through the regular and systematized bimonthly Horizon Scan process, which helps to identify rising risks and strengthen preparedness and quality control, especially for hazards of high likelihood. These processes are more impactful and allow for the different regional offices to better guide and support their respective portfolios of country offices.

44. In paragraph 137, the Board of Auditors recommended that the Middle East and North Africa Regional Office and the Mozambique Country Office make the necessary arrangements in order to approve and update the documents and steps that comprise the emergency preparedness planning process into the emergency preparedness platform in due time.

Business unit responsible	Middle East and North Africa Regional Office and Mozambique Country Office
Status	Closure requested
Priority	Medium
Target date	Not applicable

45. UNICEF management confirms that the pertinent information was updated and approved in the emergency preparedness platform. The Mozambique Country Office's emergency preparedness platform was approved by the Country Representative in February 2022 and the preparedness score was at 81 per cent at that time. The Middle East and North Africa Regional Office's platform was approved in June 2022 and the preparedness score was at 100 per cent at that time.

F. Supply chain

Other recommendations (medium priority)

46. In paragraph 145, the Board of Auditors recommended that the Mozambique Country Office apply the end-user monitoring review for supplies delivered by implementing partners, in agreement with the Mozambique Country Office standard operating procedure for end-user monitoring of supplies.

Business unit responsible	Mozambique Country Office
Status	Closure requested
Priority	Medium
Target date	Not applicable

47. UNICEF management confirms that a comprehensive guidance note to operationalize the standard operating procedure for end-user supply monitoring in Mozambique has been prepared and completed. An e-tool for data collection, analysis and reporting has also been developed and tested, using the KoBoToolbox toolkit. With these two building blocks, the Mozambique Country Office sets the basis for monitoring visits and the scheduled monitoring in November and December to conduct end-user supply monitoring, with a team of colleagues from the programme, field and supply sections.

48. In paragraph 146, the Board of Auditors recommended that the South Sudan Country Office, in coordination with the Eastern and Southern Africa Regional Office, finalize the end-user supply monitoring process review and adopt a procedure to strengthen the end-user monitoring of supplies delivered by implementing partners.

Business unit responsible	South Sudan Country Office and Eastern and Southern Africa Regional Office
Status	Closure requested
Priority	Medium

Target date	Not applicable
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49. UNICEF management confirms the implementation of this recommendation as the South Sudan Country Office, with the support of the Eastern and Southern Africa Regional Office, has undertaken several activities comprising the revision of the standard operating procedure for field monitoring and end-user monitoring, the delivery of an orientation and briefing session on the revised standard operating procedure for all concerned offices, the development and piloting of an end-user monitoring checklist, and the training of field monitors including implementing partners on the checklist and inventory management.

50. In paragraph 154, the Board of Auditors recommended that the South Sudan Country Office monitor its supply plans and update them in line with the programmatic needs.

Business unit responsible	South Sudan Country Office
Status	Closure requested
Priority	Medium
Target date	Not applicable

51. The South Sudan Country Office confirms that a quarterly monitoring and update of its supply plan has been established. The 2022 supply plan for the South Sudan Country Office was monitored, reviewed, and updated in June 2022 in line with programme needs.

52. In paragraph 155, the Board of Auditors recommended that the Programme Section of the South Sudan Country Office, with the support of the Supply Section, continue to strengthen its monitoring of the procurement process.

Business unit responsible	South Sudan Country Office
Status	Closure requested
Priority	Medium
Target date	Not applicable

53. UNICEF management confirms that the South Sudan Country Office has taken various measures to strengthen the monitoring of the procurement process, including the development of a comprehensive supply plan for the period 2021–2022 for all essential commodities to avoid non-compliance with programme execution.

G. Inventory management

Other recommendations (medium priority)

54. In paragraph 165, the Board of Auditors recommended that the Supply Division verify that the documentation utilized for the calculation of the current replacement cost is aligned with the methodology to calculate the actual cost that the entity would incur to acquire the asset at the reporting date.

Business unit responsible	Supply Division
Status	Under implementation
Priority	Medium
Target date	First quarter of 2023

55. UNICEF management expects to complete the implementation of this recommendation as part of the 2022 year-end accounts closure exercise. The UNICEF Supply Division will be undertaking the verification of the documentation and alignment of methodology by the first quarter of 2023.

56. In paragraph 166, the Board of Auditors recommended that the Supply Division update its methodology indicating minimum criteria and necessary supporting documentation whenever the calculation of the current replacement cost is determined through discussions with product experts.

Business unit responsible	Supply Division
Status	Under implementation
Priority	Medium
Target date	First quarter of 2023

57. UNICEF management will ensure that all the documentation maintained is comprehensive to represent the method of calculation of the current replacement cost, and to update the methodology to specifically indicate the minimum supporting documentation required whenever the calculation of the current replacement cost is determined through discussions with and intelligence from product experts. Steps are expected to be completed as part of the 2022 year-end accounts closure exercise, by the first quarter of 2023.

H. Payroll management

Other recommendations (medium priority)

58. In paragraph 177, the Board of Auditors recommended that the Global Shared Services Centre resolve the pending third-party reconciliation requests in accordance with the UNICEF policy.

Business Unit responsible	Global Shared Services Centre
Status	Under implementation
Priority	Medium
Target date	First quarter of 2023

59. UNICEF Global Shared Services Centre is currently reviewing the process of impairing and write-off of staff balances in consultation with the Division of Financial and Administrative Management to effectively put in place a mechanism that addresses outstanding balances from third-party reconciliations on separated staff.

60. In paragraph 178, the Board of Auditors recommended that the Global Shared Services Centre identify underlying reasons for overpayments by country offices and explore solutions to reduce them and raise the awareness of those UNICEF offices with regard to the management of personal advances and recoveries accountabilities to avoid financial losses.

Business unit responsible	Global Shared Services Centre
Status	Closure requested
Priority	Medium
Target date	Not applicable

61. UNICEF management confirms that the Global Shared Services Centre has identified the underlying reasons for overpayments and accordingly has implemented the required system controls to ensure restricted access to updates to human resources records for the separated staff after their last working day, thus minimizing the financial implications to the organization. In addition, further awareness about the management of personal advances and recoveries has been raised through webinars, global communication and the definition of accountabilities.

IV. Status of recommendations from prior financial periods

62. In the annex to its report for the year ended 31 December 2021, the Board of Auditors also provides a summary on the status of implementation of recommendations from previous financial periods. Below are the details of the action plans and expected completion target dates for those recommendations reported as outstanding to date by the Board of Auditors.

Table 3
Status of outstanding recommendations from prior years

<i>United Nations Board of Auditors report thematic area</i>	<i>Total</i>	<i>Closure requested</i>	<i>Under implementation</i>
Budget management	1	-	1
Financial management	1	-	1
VISION system and inSight dashboard	3	1	2
Total	5	1	4
Percentage	100%	20%	80%

Report of the Board of Auditors for the year ended 31 December 2020

63. In paragraph 106 [2020], the Board recommended that UNICEF headquarters take measures to strengthen the process of technical closure of financially closed grants and provide training, as required, to offices to develop a better understanding of the information systems and applications.

Business unit responsible	Division of Financial and Administrative Management
Status	Under implementation
Priority	Medium
Original target date	Fourth quarter of 2021
Revised target date	First quarter of 2023

64. UNICEF management has revised the frequency of the review of grants for technical closure from an annual to a quarterly basis, which has resulted in grants being technically closed quicker with reduction and closer follow-up of pending long-outstanding cases. UNICEF has also issued a new grants management procedure that provides further detailed guideline on the several aspects of grant management, including the process of closure of grants. A global webinar to train offices and UNICEF staff on the financial closure of grants took place in October 2022, and further discussion with the Board of Auditors is expected during the 2022 audit to determine if any additional evidence is required to close this recommendation by the first quarter of 2023.

Report of the Board of Auditors for the year ended 31 December 2019

65. **In paragraph 72 [2019], the Board of Auditors recommended that UNICEF adopt a mission-mode approach to ensure the successful and expedited implementation of the budget formulation tool.**

Business unit responsible	Division of Financial and Administrative Management
Status	Under implementation
Priority	High
Original target date	First quarter of 2021
Revised target date	Second quarter of 2023

66. UNICEF management decided to suspend the implementation of the budget formulation tool following the identification of performance issues. The design of the former budget formulation tool included complex and heavy programme management elements, not directly related to the budget management that impacted the speed of performance. The system was architected with the intention to digitize and integrate country office budget management, but it was later found to be complex for country offices during the pilot stages and right after the first wave of adoption.

67. The Division of Financial and Administrative Management is currently reviewing the budget planning processes and the need to develop an in-house solution that supports a less complex and user-friendly process as one of the organizational highest priorities.

68. **In paragraph 199 [2019], the Board of Auditors recommended that UNICEF take measures to implement the data warehouse strategy as a priority, especially because this is identified as a critical need to build a long-term sustainable platform.**

Business unit responsible	Information and Communication Technology Division
Status	Under implementation
Priority	Medium
Original target date	Third quarter of 2021
Revised target date	Second quarter of 2023

69. The UNICEF Information and Communication Technology Division confirms that implementation of this recommendation is in progress, as the identification of a strategic data warehouse platform has been completed and a new data hub in line with the strategic data warehouse platform is in place to support the COVID-19 Vaccine Global Access (COVAX) Facility dashboards. Management is currently working to enhance data presentation capabilities and to migrate data from the current data warehouse to the new platform.

70. **In paragraph 204 [2019], the Board of Auditors recommended that UNICEF take steps to get an appropriate level of penetration testing done on the critical applications and networks, through which these applications are accessed, which would help to identify the security vulnerabilities and result in urgent action to patch.**

Business unit responsible	Information and Communication Technology Division
Status	Under implementation
Priority	High
Original target date	Fourth quarter of 2020
Revised target date	Fourth quarter of 2023

71. UNICEF management confirms that a full exercise will be completed after the transition of the UNICEF headquarters data centres to Valencia and Brindisi, planned for the second quarter of 2023. Currently, UNICEF data centres are protected by firewalls and security services provided by external vendor companies that are leaders in security services. The Information and Communication Technology Division issued a procedure on local ICT security operations in 2021 to provide guidance on penetration testing to all offices, which clearly recommends yearly penetration tests for large offices, where possible.

72. In paragraph 230 [2019], the Board of Auditors recommended that UNICEF explore the creation of a mechanism to prevent the creation of multiple payment requests for the same payment under the same grant and take steps to complete the process of data cleaning through necessary action on pending unverified payment requests as a priority.

Business unit responsible	Division of Financial and Administrative Management and Information and Communication Technology Division
Status	Closure requested
Priority	Medium
Original target date	Second quarter of 2021
Revised target date	Not applicable

73. UNICEF management confirms that eZHACT 2.0 has been rolled out effective August 2022. This new version of the HACT manager functions from the Fiori application, and it eliminates the creation of multiple requests, as transactions (for example, for changes of funding source and reprogramming transactions) are executed from the original “Funding authorization and certificate of expenditures” form.

V. Conclusion

74. The successful and continued reduction of open audit recommendations, accompanied by the UNICEF unqualified audit opinion for the 2021 financial statements, reflects the commitment of management and staff in country offices and divisions of UNICEF around the world to continue strengthening operations and the delivery of the UNICEF mandate in the midst of different global challenges in 2021. Management is highly committed to the implementation of all of the recommendations received from the Board of Auditors and to, overall, build capacities among staff and partners to continue to innovate and become more responsive to the needs of children globally.