

## **Agenda Item 10**

### **UNICEF financial reports and audited financial statements for 2021 and report of the Board of Auditors**

Thank you Chair.

I am speaking on behalf of the European Union as a donor.

We take note of the unqualified audit opinion from the Board of Auditors on the 2021 financial reports and statements and the Management response. We welcome UNICEF's continued commitment to promote a culture of integrity, transparency and accountability in delivering results for children.

We welcome the continued reduction of open audit recommendations and encourage UNICEF to implement the remaining recommendations without delay. We would also ask for reassurance that UNICEF will start immediately addressing the 23 recommendations listed by the Board of Auditors for 2021. We welcome UNICEF's objective to implement 70 per cent of the recommendations currently open by the end of the first quarter of 2023 and urge you to pay specific attention to the seven high priorities, notably those concerning financial instruments.

We strongly support the audit's recommendations concerning the management of implementing partners, in particular with regard to the South Sudan and Yemen country offices, and encourage UNICEF

to make sure that staff will be properly instructed and trained to follow its new procedure on programme implementation and eTools.

In terms of programme management, we call on UNICEF to swiftly address the weaknesses identified in its emergency preparedness plans. Adequate emergency preparedness is key for the timeliness and quality of the response to a humanitarian crisis. We note with particular concern that the emergency preparedness plans of 77 country offices were overdue by one to 3.5 years. We are also concerned that risk analyses for 102 country offices are overdue by six months to 3.5 years. We would welcome information from UNICEF on the steps and timeline to remedy this. We also support the Board of Auditors' recommendations that UNICEF builds on the lessons learned from the COVID-19 pandemic to strengthen its emergency preparedness planning process, in order to better anticipate possible pandemic hazards.

Based on the recommendations regarding the South Sudan and Mozambique offices, which have already been addressed, we encourage UNICEF to make sure that its country standard operating procedure for end-user monitoring of supplies, including verifications regarding delivery and appropriate use by intended beneficiaries, is systematically implemented wherever implementing partners receive supplies from UNICEF.

We note that the number of fraud or presumptive fraud cases reported by UNICEF in 2021 has increased with respect to 2020 (114 cases against 82) as well as the cases of fraud or presumptive fraud relating to cash-based transfer project cases (453 against 395). While the increase in numbers might be linked to a more thorough investigation process, it

represents a very significant financial loss. We therefore strongly encourage UNICEF to pursue and maximise its efforts to prevent fraud, in particular by strengthening its anti-fraud awareness activities and training. In this respect, we would appreciate information if UNICEF plans to undertake joint initiatives with other UN agencies, addressing implementing partners' staff to promote ethics, integrity and anti-fraud measures.

We join the Board's expressed concerns regarding the weaknesses found on the segregation of duties. The latter being a cornerstone of internal control and anti-fraud mechanisms, it is essential to ensure sound financial management. We take note that UNICEF is currently reviewing its process and we hope that the recommendation from the Board will be implemented without delay.

Last but not least, we would like to reiterate that the EU, in the context of its zero tolerance policy, remains fully committed to the fight against any form of fraud and corruption and expects all its partners to align with it. In that regard, we wish to kindly remind UNICEF that a proactive communication is expected to donors as soon as the allegations concern activities they are supporting.

Thank you.