

## Executive Board of UUNICEF

### First Regular Session 2023

#### Agenda Item 10

#### Recommendations of the Board of Auditors

Madame President,

We make this statement on behalf of Australia, Austria, Belgium, Bulgaria, Canada, Czechia, Denmark, Finland, Georgia, Germany, Greece, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Republic of Moldova, Kingdom of the Netherlands, New Zealand, Poland, Spain, Sweden, Switzerland, Türkiye, The United Kingdom, The United States and my own country Norway.

We welcome the unqualified opinion that UNICEF received on its financial statement for the year 2021. We welcome that the Board of Auditors did not identify significant errors, omissions or misstatements. However, we note that the Board identified scope for improvement in certain areas.

We would like to highlight the importance of the UN Board of Auditors as “the third line of defense”, whose independent role and work is critical for ensuring transparency and trust between the agencies and their respective executive boards. We would also like to thank the Board of Auditors for their insightful recommendations, which provide valuable guidance for UNICEF in further strengthening of its structures and systems, as well as for informing Executive Board decisions, overall governance and providing assurance to the wider community of stakeholders.

We also thank UNICEF for its continued work for improvement and for its management response and updates on the status of implementation of recommendations.

Concerning the recommendations from the Board of Auditors, we note with concern the identified weaknesses related to closure of action points, delays in reporting activities and segregation of duties, but welcome taken and planned actions by UNICEF. On closure of action points related to implementing partners we note that the Advisory Committee emphasizes in its report that the risk of fraud and corruption is critical related to implementing partners. The proper and timely follow-up of assurance activities are of importance to reduce this risk. We note with appreciation that UNICEF has co-led a collaboration of six other United Nations agencies to develop online training on fraud awareness addressed to implementing partners in nine languages. Moreover, UNICEF has conducted in-country fraud training, jointly with other agencies.

Further we note that the Board of Auditors concluded in line with the UN Office of Legal Affairs on the need to get General Assembly Authorization on loans. We note that UNICEF management is committed to pursue the specific authorization of the General Assembly any time that the organization seeks to borrow funds from an external source and that this will be based on the endorsement of the Executive Board. We also note that UNICEF does and will continue to comply in a strict manner with current regulations, whenever using financial instruments for fundraising that may raise a financial liability. We know that other UN agencies look to UNICEF as an example on innovative financing. We want to ensure

that they can also look to UNICEF for the correct procedures in establishing and following up on such mechanisms.

Lastly, we note that the number of recommendations remains consistent with the previous year with 23 recommendations for 2021 and 22 recommendations for 2020. These numbers are a significant decrease, approximately 50%, from the number of recommendations noted in 2019, which were 55. Last year the drop was explained by the fact that the Audit team was new and therefore spent more time to understand the client and that it therefore should not be regarded as either an improvement or change in audit methodology. We would appreciate your guidance on how to interpret this year's recommendations number since it is still approximately 50% lower than the 2019 number.

Going forward we want to emphasize the importance of a strong focus on further strengthening the systems of risk management and internal control and implementing actions. Strong systems of internal controls are essential to assuring the accomplishment of goals and objectives, address and minimize risks, promote operational efficiency, ensure accuracy of records, and encourage adherence to policies, rules, regulations and laws. We welcome that UNICEF has several ongoing organizational initiatives on technological enhancements, aimed at simplification and strengthening of processes, risk management, and internal controls. We believe that these are important and necessary steps in the right direction.

Thank you, Madame President.