Office of Internal Audit and Investigations
2022 ANNUAL REPORT

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Item 11: UNICEF Office of Internal Audit and Investigations 2022 annual report to the Executive Board
Reference documents: E/ICEF/2023/AB/L.4 and Add.1
2022-2025 OIAI Strategy

INTERNAL AUDIT
Agent of Change and Trusted Adviser

- Close the ‘Coverage Gap’
- Sharpen focus on most significant risks
- Grow consulting services
- Communication

Technology and data analytics

Innovation and Staff Development

INVESTIGATIONS
Trustee for Integrity

- Focus on fraud risk through detection and investigation
- Skill sets
- Systems and tools
- Framework and procedures
- Conflict resolution through least intrusive response

DETECT  DETER  PREVENT

Promote Accountability, Integrity and Ethical Behaviour

Developments in 2022

- Self-assessment by OIAI of its independence
- Investigative caseload continues to expand
- Addressing challenges from increasing donor requests
- Phased transition to in-person audits and investigations
- Preparation for opening third office in Nairobi
- Methodology for estimating future non-post budgets
- Additional staff added to internal audit section
OIAI confirms:

- Provision of an annual opinion (in accordance with Executive Board decision 2015/11)
- Independence and absence of management interference
- Adequacy and effective utilization of resources
- Compliance with Executive Board decision on public disclosure (decision 2012/13)
- Compliance with the applicable professional standards
- Coordination with other assurance providers and participation in professional networks
Annual opinion

In line with Executive Board decision 2015/11 and based on the scope of work undertaken in 2022, the UNICEF framework of governance, risk management and controls was generally adequate and effective.

BASIS FOR OPINION

- Independent risk-based workplanning and prioritization based on available resources
- 92 per cent of the audit reports resulted in an overall satisfactory rating
- Satisfactory implementation rate of agreed actions
- Non-discovery of material deficiencies in the overall organization’s framework of governance, risk management and control
Internal audit overview

- 27 reports issued: 25 audits (16 country offices, 9 cross-cutting) and 2 advisories
- Country offices audited constituted 16% of 2022 planned programme expenditures
- 92 per cent of the audit reports resulted in an overall satisfactory rating

- 20% “high-priority” agreed actions
- No open agreed actions older than 18 months
- Only 4% of agreed actions older than 12 months
Internal audit overview

### Observation Categories: Country Office Audits

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Programme management</td>
<td>48%</td>
</tr>
<tr>
<td>Governance and accountability</td>
<td>24%</td>
</tr>
<tr>
<td>Supply and logistics</td>
<td>15%</td>
</tr>
<tr>
<td>Financial management</td>
<td>5%</td>
</tr>
<tr>
<td>Human resources</td>
<td>3%</td>
</tr>
<tr>
<td>Resource mobilization</td>
<td>2%</td>
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<tr>
<td>Safety and security</td>
<td>2%</td>
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</tbody>
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#### Key Thematic Audits and Advisory Services

- **Audits**
  - Country Office audits included Syria, Bangladesh, DRC and Haiti
  - Enterprise risk management thematic audit
  - Supply system strengthening thematic audit

- **Advisory services**
  - Risk management in Afghanistan Country Office
  - Digitization and automation opportunities
Investigations overview

773 investigations cases managed in 2022, representing a 19 percent increase compared to 2021

**NEW CASES IN 2022**
- 435 new cases registered (15% increase over 2021)

**CASES CLOSED IN 2022**
- 374 cases closed (21% higher than 2021)
- 52% cases closed within 9 months

**Non-case-specific activities in 2022**
- Guidance and advice to staff on possible misconduct and wrongdoing, including alternative measures for resolution
- Contribution to policy initiatives (e.g., revisions to standard contract terms) and outreach communications
- Delivery of presentations on sexual exploitation and abuse to implementing partners
- Participated in several anti-fraud-related organizational initiatives
- Donor engagement and reporting (briefings, reporting exercises and evaluations)

**Fraud and financial irregularities** 44%
- Prohibited conduct 9%
- Sexual misconduct 25%
- Other wrongdoing 21%
- Retaliation 1%

**Investigation report** 14%
- Referral made to another UNICEF office or other entity 21%
- Closed after assessment, including assessment of investigations conducted by third parties and cases closed for lack of consent 59%
- Closure report 5%
- Advisory memorandum 1%
Enablers

DATA ANALYTICS

INPUTS → OUTPUTS → IMPACTS

Data Analytics Strategy

- Information Dashboards
- Risk Intelligence
- Management Reports

- Enhanced risk visibility and wider coverage
- Automated risk assessment and refresh
- Proactive engagement with leadership
- Efficiency gains and capacity development
- Support to OIAI advisory services

COMMUNICATIONS

- Periodic Newsletters
- Cross-cutting themes
- Redesigned audit report templates
- Spectrum tool to support integrity framework
## ROADMAP FOR 2023

### 1. RISK FOCUS
- Expanded analytics to strengthen audit work planning
- Support strengthening UNICEF’s risk management

### 2. DECENTRALIZATION CONTINUES
- Third OIAI office in Nairobi effective Q3-2023
- 30% OIAI staff based outside New York from 2024

### 3. INTERNAL AUDIT
- Increase in number of engagements
- Additional thematic coverage
- Evaluation of additional sources of assurance

### 4. INVESTIGATIONS
- Establish investigations task force devoted to complex fraud cases
- Move towards consistency in interactions with donors
- Expand use of alternative conflict resolution mechanisms
Thank you.