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**UNICEF Office of Internal Audit and Investigations 2022
annual report to the Executive Board***Summary*

This report summarizes the activities of the Office of Internal Audit and Investigations for the period 1 January to 31 December 2022. The addendum to this report ([E/ICEF/2023/AB/L.4/Add.1](#)) provides information on the investigations cases that were closed by UNICEF during that period.

As requested by the Executive Board in its decision 2015/11, and in relation to internal audit activities, this report includes: (a) an opinion, based on the scope of work undertaken, on the adequacy and effectiveness of the organization's framework of governance, risk management and controls; (b) a summary of work and the criteria that support that opinion; (c) a statement of conformance with the internal audit standards to which UNICEF adheres; and (d) a view on whether resourcing of the function is appropriate, sufficient and effectively deployed to achieve the desired internal audit coverage. The report provides an overview of the status of management implementation of internal audit recommendations and reflects the harmonization practices agreed with other oversight functions of the United Nations funds and programmes on audit and investigation matters. Updates on other requests from the Executive Board also are covered in this report.

Section XIV of this document presents a draft decision for consideration by the Executive Board. The management response to this report is presented in document [E/ICEF/2023/AB/L.5](#).

* [E/ICEF/2023/9](#).



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I. Overview

1. In 2022, the Office of Internal Audit and Investigations (OIAI, or the “Office”) focused on continuing to expand the value and impact it brings to UNICEF, and to strengthening its role as a trusted adviser to the Executive Director, senior leadership and staff across the organization. The Office strives to build and help to maintain a framework of integrity and robust risk management to ensure UNICEF resources are used efficiently and only for their intended purposes to assist children around the world.

2. The Office confirms that during 2022 it was free from management interference in determining the scope of its internal audits and investigations, performing its work and communicating its results. The Office also responded to Executive Board decision 2022/15 by (a) sharing its assessment on the independence of the Office along with suggestions and pathways to further strengthen its independence, and (b) in August 2022, providing its first closed briefing to the Executive Board.

3. Pursuant to Executive Board decision 2015/11, OIAI is pleased to report that, based on the scope of work undertaken in 2022, the UNICEF framework of governance, risk management and controls was generally adequate and effective. The criteria for this opinion include the risk-based audit plans, the results of internal audits and advisory services, the status of implementation of internal audit agreed actions, and the non-discovery of any material deficiencies by the audits completed.

4. Twenty-seven internal audit reports were issued in 2022. These included 16 country office audit reports, 9 audit reports on cross-cutting activities, and 2 advisory reports. The overall conclusions of 92 per cent of the internal audit reports issued in 2022 were either “satisfactory” or “partially satisfactory, improvement needed”.¹ As at 31 December 2022, no agreed action identified in an audit had been open for more than 18 months. The Office published 23 of the 27 audit reports issued in 2022; 2 advisory reports were not subject to publication; and 2 reports were withheld from publication in conformance with the criteria set by the Executive Board.

5. Pursuant to Executive Board decision 2022/15, this report summarizes key internal control issues from audit findings and the status of investigations in sections IX and XII. It identifies increasing donor conditionalities as a potential risk to the ability of OIAI to exercise its independent mandate, which may warrant the specific attention of the Executive Board.

6. In 2022, the Investigations Section handled 773 cases, a 19 per cent increase over 2021. The number of cases closed increased by 21 per cent compared with 2021.

7. In 2023, OIAI will open an office in Nairobi, its second office outside of New York, and will propose to the UNICEF management a revised methodology to determine the adequacy of future non-post budgets, minimizing the need for discretionary allocations, thus further preserving OIAI independence.

8. The OIAI data analytics programme continued to grow in 2022. This increased operating efficiencies and facilitated higher risk coverage through its development of customized and automated risk assessments and tools for proactive risk identification,

II. Mandate

9. The mission of OIAI, as reflected in its [Charter](#), is to provide independent and objective assurance, investigative and consulting services through internal audits and investigations. The Office promotes accountability, proper risk management, integrity

¹ See annex I for the definitions of the four audit conclusions.

and ethical behaviour in all activities undertaken by UNICEF to promote the rights and well-being of every child.

10. Internal audits evaluate the adequacy and effectiveness of the UNICEF framework of governance, risk management and controls. In this regard, internal audits aim to support the:

- (a) Achievement of the organization's strategic objectives;
- (b) Adequacy and effectiveness of risk identification and prioritization, determination of risk tolerance, and efficiency and effectiveness of actions required to mitigate residual risks;
- (c) Reliability and integrity of financial and operational information;
- (d) Effectiveness, economy and efficiency of operations and programmes;
- (e) Safeguarding of assets;
- (f) Compliance with applicable regulations, rules, policies, procedures and contracts.

11. The Office is also responsible for assessing and conducting investigations into possible misconduct or wrongdoing within and associated with UNICEF. This includes allegations of fraud, corruption and other forms of misconduct and wrongdoing involving UNICEF staff and non-staff personnel, institutional contractors, implementing partners and other third parties.

III. Internal audit assurance opinion for 2022

A. Overall opinion

12. UNICEF management is responsible for designing and maintaining governance, risk management and control systems and processes to achieve organizational objectives. The Office is responsible for independently assessing the adequacy and effectiveness of those systems and processes. It also relies on management to proactively identify and communicate materialized risks, potential control failures, irregularities and regulatory non-compliance that could be material to the control environment. In the opinion of OIAI, based on the scope of the work undertaken in 2022, the UNICEF framework of governance, risk management and controls was generally adequate and effective.

B. Basis of opinion

13. The overall opinion for 2022 is based on the following factors:

- (a) Risk-based planning and prioritization of assurance activities by OIAI that took into consideration available internal audit resources;
- (b) Conclusions of the internal audits completed during the year;
- (c) Implementation rate of actions agreed to mitigate the risks identified;
- (d) The fact that there were no material deficiencies identified in any of the completed audits that indicated the organization's overall framework of governance, risk management and controls might individually or collectively diminish the achievement of significant outcomes globally.

C. Implementation of the risk-based workplan

14. The internal audit workplanning process for 2022 was guided by the requirement to develop a risk-based workplan that is flexible and adaptable to emerging risks and maximizes OIAI value to UNICEF efforts to deliver results for children. The workplan provides the basis for OIAI to address a requirement of Executive Board decision 2015/11 to provide an overall assurance opinion on the adequacy and effectiveness of the UNICEF framework of governance, risk management and controls.

15. The 2022 internal audit workplan included 22 engagements spanning 7 country offices, and 11 cross-cutting activities and processes deemed as high risk and 4 country offices deemed as medium risk.

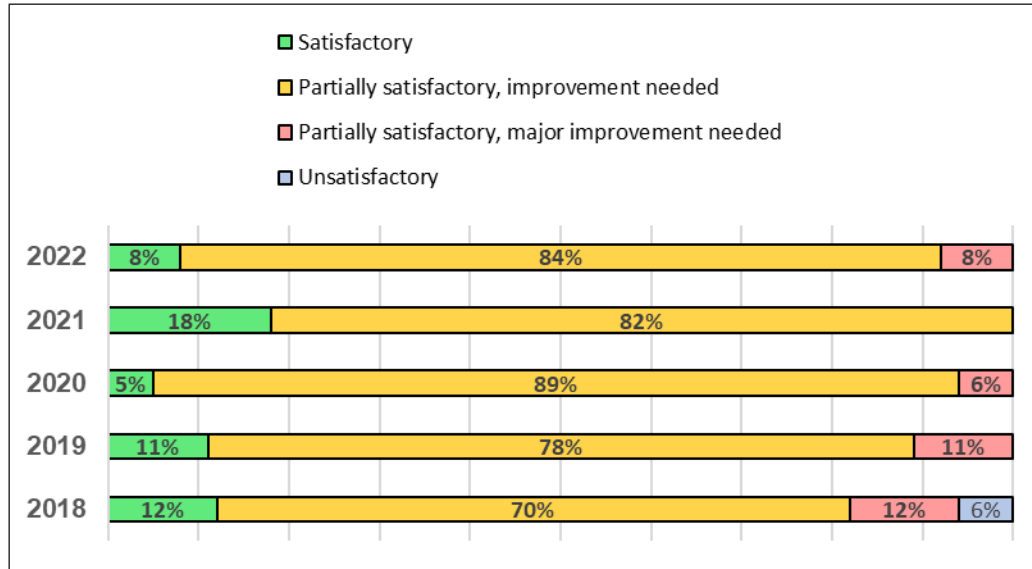
16. The Office exceeded that goal, issuing 27 internal audit reports in 2022, including 16 country office reports, 9 reports on cross-cutting activities and processes and 2 advisory reports. A complete list of the internal audit reports issued in 2022 is included in annex I. The 16 country offices audited account for 16 per cent of UNICEF allotted expenditure for country and regional offices in 2022. The nine thematic audits and two advisory engagements provided assurance and proposed improvements to concerned governance, risk management and control processes. The overall assurance opinion presented here is based on all 27 reports.

D. Conclusions of internal audit engagements completed

17. A four-tier scale for rating the conclusions in its internal audit reports is used by OIAI. The first two tiers – “satisfactory” and “partially satisfactory, improvement needed” – signify a generally satisfactory conclusion, or the presence of inconsequential deficiencies. The third tier – “partially satisfactory, major improvement needed” – signifies the presence of weaknesses that could have a materially negative impact on the performance of the audited areas. The fourth tier – “unsatisfactory” – signifies the presence of fundamental deficiencies that require remediation to avoid severe adverse consequences for the audited areas, or for UNICEF, or both.

18. In 2022, 92 per cent of the internal audit engagements completed concluded that the assessed governance, risk management or control processes were satisfactory or partially satisfactory. Figure I provides details on the audit report conclusion ratings for 2018 to 2022.

Figure I
Audit report conclusions, 2018–2022²



E. Implementation rate of agreed actions

19. The Office continuously assesses progress made by management in managing the risks identified by audits. It is still too early for agreed actions stemming from the 2022 audit engagements to be fully implemented, but based on historical performance, OIAI remains confident that management will implement them in a timely fashion. As at 31 December 2022, 100 per cent of agreed actions from the audit engagements completed in 2020 and 86 per cent of agreed actions from 2021 engagements had been implemented. No agreed action had been pending implementation for more than 18 months as at 31 December 2022 (see table 1).

Table 1
Length of time agreed actions have been outstanding, as at 31 December 2022

Priority of agreed action	Total outstanding agreed actions from audit reports (2021–2022)	Time agreed actions have been outstanding (from issuance of the final audit reports)		
		<12 months	12–18 months	>18 months
High	17	16	1	0
Medium	83	80	3	0

F. Material deficiencies

20. The internal audit work of OIAI involves root cause analyses that include consultations with the relevant management of the audited areas to identify and agree on appropriate actions for effective and efficient management of risks identified by the audit engagements. The actions are then rated as high, medium or low priority, depending on the materiality of the potential impact should the risk materialize. Only

² Pursuant to the harmonization of definitions of internal audit report conclusions, the Office revised its four-tier report conclusions in 2022. The previous conclusions were titled unqualified; moderately qualified; strongly qualified; and adverse.

high- and medium-priority actions are included in an audit report; low-priority actions are informally communicated to the audited entity.

21. Twenty per cent of the 184 agreed actions in the internal audit reports issued in 2022 were rated as high priority (see annex I). While the deficiencies that required these high-priority actions were considered material, in the view of OIAI, individually or collectively, these deficiencies are unlikely to adversely impact the achievement of expected global outcomes.

IV. Independence

22. In accordance with the OIAI mandate:

(a) The OIAI Director continued to report and be accountable to the Executive Director on the planning and execution of the work of the Office;

(b) The OIAI Director maintained direct communication with the Executive Director, including concerning the staffing and budget required to achieve the OIAI mission;

(c) The Audit Advisory Committee continued to provide independent advice to the Executive Director on the work of OIAI;

(d) The Office independently reported to the Executive Board on its findings and concerns.

23. The Office has initiated discussions with both the senior leadership in UNICEF and the leadership of many of the other United Nations oversight offices to find systemic solutions to the risks to its independence emanating from multiple and varying donor conditionalities, which impose disclosure and other requirements on OIAI that are incongruent with its mandate, or cause an inordinate strain on its resources, or both. The Office has been advised that UNICEF is initiating discussions with key donors to review their expectations.

24. The Office confirms that during 2022 it was free from management interference in determining the scope of its internal audits and investigations, performing its work and communicating its results.

V. Professional standards

25. Internal audit work is conducted by OIAI in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

26. The Office maintains an internal quality assurance and improvement programme for its audit function, which includes engagement-level quality assurance, ongoing internal self-assessments, feedback from clients and external quality assessment. The most recent external quality assessment, completed in 2019,³ awarded OIAI the highest rating possible.

27. The Office conducts investigations in accordance with the Uniform Principles and Guidelines for Investigations, and in conformity with the due process principles set out in the applicable framework.

³ Available at www.unicef.org/auditandinvestigation/documents/iia-external-quality-assessment-eqa-unicef-internal-audit-2019.

28. An external quality assessment of the investigations function, completed in January 2022⁴, found that the investigations function was in conformity with the Uniform Principles and Guidelines for Investigations and complied with the OIAI Charter and other UNICEF legislative instruments.

29. Pursuant to Executive Board decision 2018/12, annex II includes a report on OIAI 2022 performance against key indicators and targets.

VI. Professional network

30. During 2022, OIAI remained an active member of Representatives of the Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions and the United Nations Representatives of Investigative Services.

31. In June 2022, OIAI participated in the 22nd Conference of the International Investigators hosted by the European Investment Bank.

32. The Office communicated with representatives of the Board of Auditors to coordinate workplanning and avoid overlaps in assurance coverage. To promote collaboration, OIAI engaged in discussions with other internal oversight functions within UNICEF and with donor oversight bodies.

VII. Hybrid working modalities

33. In 2022, OIAI implemented a travel strategy that allowed for a tailored approach to meet the needs and parameters of each engagement. Decisions on the working modality were made on a case-by-case basis as part of the engagement planning process. Options for engaging third-party consultants or guest auditors to perform on-site audit work under remote supervision by OIAI also were considered.

34. Regardless of the modality chosen for each assignment, the principles that underpinned all work undertaken included quality and timeliness, the provision of credible evidence-based assurance to stakeholders, UNICEF reputational considerations, and the health, well-being and safety of all employees.

VIII. Resources

35. In 2022, the OIAI budget was \$14.1 million. The Office spent 99.5 per cent of the available budget by year-end and the most significant expenditures were staff salaries (87 per cent), consultants (5 per cent) and travel (3 per cent).

36. As at 31 December 2022, OIAI had 53 authorized posts (with 8 vacancies) and 1 Junior Professional Officer post. Those posts included the Director (who is supported by an Adviser); a Deputy Director, Audit; and a Deputy Director, Investigations; 26 posts in the Internal Audit Section; and 24 posts in the Investigations Section.

37. In addition to its headquarters in New York, OIAI now has an office in Budapest and a third OIAI office is expected to be opened in Nairobi in 2023.

38. The OIAI non-post budget has remained largely flat in recent years, despite the growth of the Office and UNICEF. Management has supported ad hoc non-post budget requests on a discretionary basis. To minimize the impact of budgeting on OIAI operational independence and ensure sufficient funding for staff and activities, OIAI

⁴ Available at www.unicef.org/auditandinvestigation/documents/2021-external-quality-assessment-eqa-unicef-investigations-function.

is developing a more objective methodology to calculate future non-post budget needs.

IX. Internal audit results

39. In 2022, OIAI issued 27 engagement reports (see annex I).

A. Distribution of audit conclusions

40. The distribution of audit conclusions across the UNICEF regions is shown in Table 2 below.

Table 2

Distribution of audit conclusions, by region and thematic area, 2022^a

<i>Audited area</i>	<i>Number of audits</i>	<i>Satisfactory conclusions</i>	<i>Partially satisfactory, improvement needed conclusions</i>	<i>Partially satisfactory, major improvement needed conclusions</i>	<i>Number of adverse conclusions</i>
A. Country office audits (by region)	16	0	15	1	0
Eastern and Southern Africa	2	0	2	0	0
Middle East and North Africa	4	0	4	0	0
West and Central Africa	4	0	4	0	0
Europe and Central Asia	0	0	0	0	0
Latin America and Caribbean	3	0	2	1	0
South Asia	1	0	1	0	0
East Asia and the Pacific	2	0	2	0	0
B. Thematic/ headquarters audits	9	2	6	1	0
TOTAL (A+B)	25	2	21	2	0

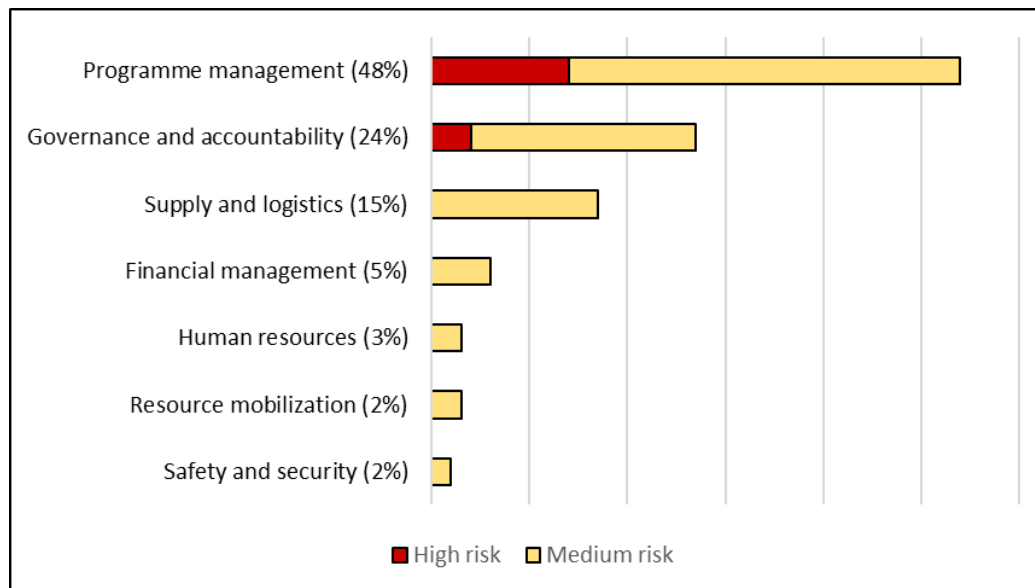
^a Two advisory reports issued that do not include standard conclusions have not been included in this table.

B. Significant results from internal audits of country offices

41. In 2022, OIAI audited 16 country offices across six UNICEF regions, focusing on key risks identified with management during the engagement planning process.

42. Country office audits sought assurance of the adequacy and effectiveness of governance, risk management and controls implemented to ensure the achievement of organizational objectives. The audits identified both good practices and areas for improvement. Actions needed to address any shortcomings were agreed on with management. Figure II provides a summary of the agreed actions.

Figure II
Country office audit agreed actions, 2022, by area, prioritized by risk level



43. The subsequent paragraphs describe the agreed actions in the relevant audit reports that are intended to mitigate risks in the top four areas identified in the country office audits (covering 92 per cent of agreed actions).

1. Programme management

44. Actions to mitigate the risks related to programme management represented 48 per cent of actions agreed by country offices in 2022. Key actions included:

(a) *Humanitarian cash disbursements*: Strengthen beneficiary data transfer processes; expedite contracting of new financial service providers; support partners in safeguarding beneficiary data;

(b) *Donor relations*: Improve grant coordination, including timely, efficient and effective communication with donors; convene a donor and grant management task force;

(c) *Partnerships*: Develop partnership strategies to promote the sustainability of interventions and enhance collaboration with non-governmental organizations; enhance partnership risk management, particularly for partners with high financial risks; increase open selection of civil society partners to obtain the best value;

(d) *Implementing partners*: Define accountabilities for delivery and facilitate the mapping of sector workplans; develop contingency programme documents that can be quickly activated when emergencies arise;

(e) *Monitoring and reporting*: Develop a programme monitoring framework that ensures that monitoring activities are consolidated, tracked and followed; ensure feedback received is incorporated into monitoring matrices and plans; ensure full consistency and alignment of the planned country programme results with joint workplans;

(f) *Harmonized approach to cash transfers (HACT)*: Prioritize recording, monitoring and timely implementation of minimum HACT assurance activities and corresponding recommendations for each partner; identify indicators of fraud or questionable expenditures and their root causes; ensure refunds are pursued in a timely manner.

2. Governance and accountability

45. Strong governance, accountability and risk management in a decentralized organization such as UNICEF are critical. Actions to mitigate the risks related to governance and accountability made up 24 per cent of agreed actions globally in 2022, including:

(a) *Risk management organizational structure*: Conduct a cost-benefit analysis of the structure; document the roles, responsibilities and accountabilities of field offices;

(b) *Risk management*: Focus on risk monitoring and oversight and establish appropriate arrangements to facilitate effective identification, assessment and mitigation of emerging risks;

(c) *Risk assessment*: Ensure the risk assessment process assesses the likelihood and impact of all key risks, including risks related to fraud, sexual harassment and child safeguarding, and that it ensures appropriate mitigation measures are in place;

(d) *Prevention and detection of sexual exploitation and abuse*: Streamline processes for ensuring the remediation of gaps in the prevention and detection of sexual exploitation and abuse; accelerate the establishment of a comprehensive community-based complaint mechanism across all implementing partners and interventions.

3. Supply and logistics management

46. The Office assessed UNICEF supply and logistics management, procurement and contracting functions in country offices, noting both good practices and areas for improvement. Actions to mitigate risks related to supply and logistics management made up 15 per cent of actions agreed by country offices in 2022, including:

(a) Strengthen supply planning protocols to determine transactional procurement strategies; establish and monitor lead times and track actual actions against planned actions; revise the supply end-user monitoring framework to ensure adequate planned coverage;

(b) Prepare distribution plans for all programme supplies held in UNICEF warehouses and monitor their implementation; review the current volume and nature of pre-positioned supplies and ensure that they are distributed before they expire; ensure that implementing partners' actions to improve their supply logistics capacity are validated and completed and their capacity gaps are addressed;

(c) Strengthen the internal supply planning process to ensure the timely delivery of supplies to end users; conduct end-user monitoring reviews for supplies delivered by implementing partners;

(d) Ensure milestones for payments in contracts are measurable and invoices are aligned with the terms of the contract and reflect the service provided; ensure institutional contracts have time-bound deliverables linked to payment terms, and contracts for which the total value exceeds the Contract Review Committee threshold are submitted to the Committee for review; ensure timely closure of contracts and conduct performance evaluations of each contract;

(e) Improve bid solicitation documents to adequately reflect all specifications and consider increasing the capacity of the supply and evaluation teams by joining with other United Nations agencies to supplement the bid evaluation process; improve the conduct of due diligence of construction projects; ensure potential local vendors are screened against the United Nations consolidated sanctions list.

4. Financial management

47. Actions to mitigate the risks related to financial management represented 5 per cent of the actions agreed by country offices in 2022, including:

(a) Comply with UNICEF requirements for the use of direct payments and reimbursements; ensure direct cash transfers to high- and significant-risk partners are approved before transfers are made; ensure that partners prepare accurate and timely payee lists;

(b) Update custodian information for all assets; revise the standard operating procedure for fleet management;

(c) Ensure that funding and authorization certificate of expenditure forms are correctly completed; establish measures to mitigate delegation-related risks.

C. Significant results from thematic audits

1. Enterprise risk management

48. Over the past decade, the scale, range and complexity of UNICEF operations have increased significantly. UNICEF income has doubled to more than \$8 billion, with a significant increase in staffing. In these constantly changing circumstances, a systematic, transparent approach to risk management is critical if UNICEF is to achieve its strategic goals effectively and efficiently. An enterprise risk management (ERM) framework, while led from the top of the organization, lays the foundation for effective risk management at all levels of UNICEF and guides strategic decision-making. With clear leadership from senior staff, ERM equips all staff to anticipate and respond appropriately to uncertainties, within well-established boundaries, ensuring the most efficient delivery of planned results.

49. The pace of ERM implementation at UNICEF has increased significantly in the last few years. For example, UNICEF developed an ERM strategy and policy, established a Senior Management Risk Committee and rolled out an online risk reporting tool (the enterprise Governance, Risk and Compliance platform). Risk assessment and mitigation have become an integral part of activities such as situation analysis and development of programme strategy notes that underpin country office planning and programme delivery. The following actions were among those agreed to after the OIAI audit:

(a) Clarify the roles, responsibilities and accountabilities for ERM governance and oversight, including those of the Executive Board, the Executive Director, the Office of the Executive Director and the Global Management Team, as well as the composition and terms of reference of the Senior Management Risk Committee;

(b) Periodically report to the Executive Board on the development and implementation of ERM;

(c) Prioritize the recruitment of a Chief Risk Officer and reposition the ERM Secretariat (led by the Chief Risk Officer) so that it attains the functional independence and authority required to achieve its objectives;

(d) Finalize the UNICEF risk appetite statement and ensure its communication and operationalization, including at the field level and in all strategic decision-making;

(e) Develop a long-term ERM vision based on stakeholder consultations.

2. Supply systems strengthening and management of key supply areas

50. The Office noted several areas where supply-related controls were adequate and functioned well. For example: UNICEF worked with other partners to launch the Cold Chain Equipment Optimization Platform to upgrade existing cold chain equipment in 56 countries. UNICEF developed a supply chain maturity scorecard used in identifying strengths and weaknesses in Governments' supply systems. UNICEF also developed a nutrition strategy and established a match fund to incentivize national Governments to increase investment in the procurement of nutrition supplies. Management agreed to take specific actions to manage the residual risks in those areas, including:

(a) Develop and implement a partnership and resource mobilization strategy and plan for an increase in essential nutrition supplies;

(b) Clarify and monitor accountabilities for working with national Governments regarding the allocation of funds for the procurement of essential nutrition commodities needed to help to address child wasting;

(c) Create a compendium of guidance that can be used by offices to engage with government-led supply chain mechanisms, with partners and national supply systems that are relevant to the procurement of supplies;

(d) Implement appropriate monitoring, oversight and reporting mechanisms in regional offices to ensure the development of consistent procurement and distribution plans, timely delivery of supplies to implementing partners, and to obtain assurance that programme supplies reach the last mile.

D. Significant results from advisory engagements

51. As part of its internal audit practice, OIAI provides independent objective advisory services to promote improvements in UNICEF governance, risk management and control processes. An advisory engagement is not an audit and is not intended to provide assurance on the office or processes reviewed. Advisory reports are not made public. The key advice rendered in the two advisory engagements issued in 2022 is summarized below.

1. Digitization

52. While the coronavirus disease (COVID-19) pandemic constrained human interactions, OIAI decided to undertake a review to identify opportunities and provide recommendations for further digitization and automation across UNICEF. The review noted several positive initiatives towards digitization and automation of business processes across the organization, and made several observations and recommendations to help to bridge the gaps in digitization and automation. These included:

(a) UNICEF should consider developing a road map to optimize the use of existing digital and holistic solutions to handle reviews and approval workflows across business processes at all levels.

(b) External stakeholders interact with UNICEF business processes but often have limited access to its systems. Process and risk owners should scale up systems to increase efficiency and minimize manual data entry.

(c) While there are plans to digitize annual planning activities, the organization should consider linking planning activities and dependent workplans to ensure digital tools are fully leveraged and used consistently across the organization. UNICEF should accelerate the roll-out of the improved budget formulation tool,

ensuring there are linkages to the programme planning processes, and extend digital solutions to facilitate real-time cash flow analyses.

(d) UNICEF should develop an integrated tool to handle talent acquisition that will eliminate manual tracking of the recruitment process.

2. Afghanistan Country Office

53. UNICEF has refocused its activities in Afghanistan amid significant changes in the risk profile of the operating environment. Accordingly, the UNICEF Afghanistan Country Office requested an advisory engagement to ensure key risks to the mission were being identified and addressed, and that adequate controls were in place to manage such risks and ensure residual risks were consistent with the agreed risk appetite. Observations related to the management of risk included:

(a) Changes in the leadership of the Afghanistan Country Office elevated risk to the achievement of UNICEF strategic objectives for the office.

(b) Risk management structures that include the appropriate skills, including the second line of defence, needed to be strengthened.

(c) The modalities for interacting with the de facto authorities needed to be clarified and communicated to ensure consistency across the Afghanistan Country Office.

(d) A mapping of the varied donor conditionalities was needed to assist the Afghanistan Country Office to identify and implement effective and efficient mechanisms for fulfilling these obligations.

X. Disclosure of internal audit reports

54. Pursuant to Executive Board decision 2012/13, all internal audit reports issued in 2022 were published in full and without redactions. Two reports were withheld from publication due to the sensitive nature of the reports. All internal audit reports disclosed to date can be accessed from the OIAI website.⁵ Advisory reports are not subject to public disclosure.

XI. Investigations results

55. The Investigations Section assesses and investigates reports of possible misconduct and wrongdoing that involve UNICEF resources, staff and non-staff personnel as well as implementing partners, institutional contractors and other third parties. The results of the fact-finding activities of the Investigations Section are transmitted to the appropriate offices to guide UNICEF management in deciding on administrative, disciplinary, or other actions to be taken, as appropriate. The Investigations Section also follows and reviews investigations of fraud and of sexual exploitation and abuse involving implementing partner personnel that are conducted by implementing partners with internal investigation capacity or by other third-party investigative entities.

56. The Investigations Section is led by a Deputy Director of Investigations, who oversees three units: an Investigation Unit and a Strategy, Intake and Analysis Unit both of which are based in New York, and an Investigations Unit based in Budapest.

57. All reports of possible misconduct and wrongdoing received are reviewed by the OIAI intake team, which, together with Investigations Section management, provides guidance to staff and managers regarding the range of options available to

⁵ See www.unicef.org/auditandinvestigation/internal-audit-reports.

resolve matters, including informal and alternative resolution mechanisms, with the goal of proceeding as expeditiously and effectively as possible. The intake team also assesses allegations and collects additional information to determine whether a full investigation should be initiated. Matters determined to be outside the purview of OIAI may be referred to another office or entity. In cases where allegations are substantiated, the outcome is documented in an investigation report, in cases where allegations cannot be substantiated consistent with the burden of proof, the findings are documented in a closure report.

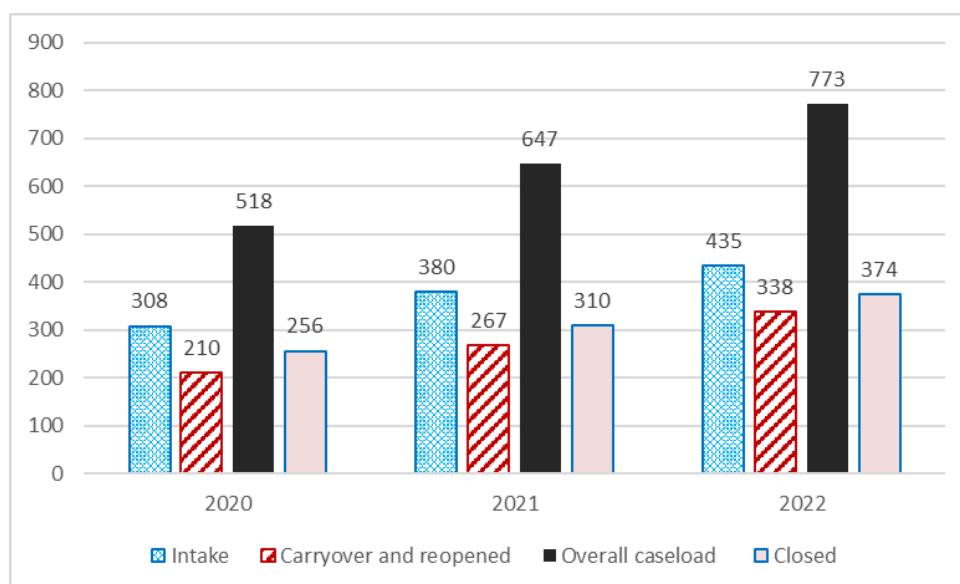
58. In 2022, the Investigations Section primarily conducted investigations remotely, but in the second half of the year, progressively began undertaking more investigations in the field. In some cases, the Investigations Section coordinated with other United Nations investigation services to assist with its investigations in the field. The Section also assisted other United Nations investigation services with their activities.

59. Figures III and IV and table 3 below provide a snapshot of OIAI case activity. Allegations have been grouped by category. For the purpose of harmonization of data with other United Nations funds and programmes, the prohibited conduct category includes harassment, abuse of authority and discrimination, but excludes sexual harassment, which is grouped together with sexual exploitation and abuse and sexual assault in the sexual misconduct category.

A. Case management

60. In 2022, a record number of matters requiring attention by the Investigations Section were reported to OIAI, and OIAI also resolved a record number of matters. There was a 15 per cent increase in complaints of misconduct and wrongdoing registered as new cases (435) over the prior year, representing an increase of 41 per cent since 2020 (see figure III). More broadly, the Section received an increased number of inquiries requiring further review and action. More than 14,000 emails were received on the Investigations Section email hotline, representing an increase of approximately 180 per cent compared to 2021. Yet staffing levels in the Investigations Section have remained steady over the past several years.

Figure III
Investigations intake, completion and caseload comparison, 2020–2022



61. The Investigations Section managed 773 cases in 2022 (see table 3), including 337 cases carried over from the previous year, 435 new cases opened and 1 case that was reopened.

Table 3
Investigations cases handled in 2022

<i>Status of cases</i>	<i>Number of cases</i>
Carry-over as at 1 January 2022	337
Intake during 2022	435
Reopened from previous year	1
Total cases during the year	773
Closed during year	374
Cases ongoing as at 31 December 2022	399

62. The 773 cases represented a 19 per cent increase from 2021. Notwithstanding its growing caseload, the Investigations Section has significantly improved its efficiencies in bringing cases to resolution. A total of 374 cases were closed by the end of 2022, a 21 per cent increase over 2021.

63. Whenever possible, OIAI strives to complete assessments within 90 days and investigations within nine months. This time frame serves as a guide rather than a target, given that individual cases may remain open for many valid reasons. It also avoids implementing a metric that could incentivize inadequate investigations, minimize due process-related considerations, or result in premature closing of investigations. The Office remains focused on prioritizing the most critical cases and improving the efficiency and effectiveness of its case resolutions.

64. Of the 374 cases closed in 2022, OIAI completed assessments of 195 (52 per cent) within 90 days (see figure IV). Of the 65 cases closed following investigation, 26 (40 per cent) were finalized within nine months (see figure V).

65. The speed of closure is impacted by several factors, including the nature of the case, its prioritization (e.g., all cases involving sexual misconduct are prioritized) and its complexity (e.g., cases of fraud involving external parties generally take longer to resolve).

Figure IV
Percentage of assessments closed within 90 days in 2022, by case type

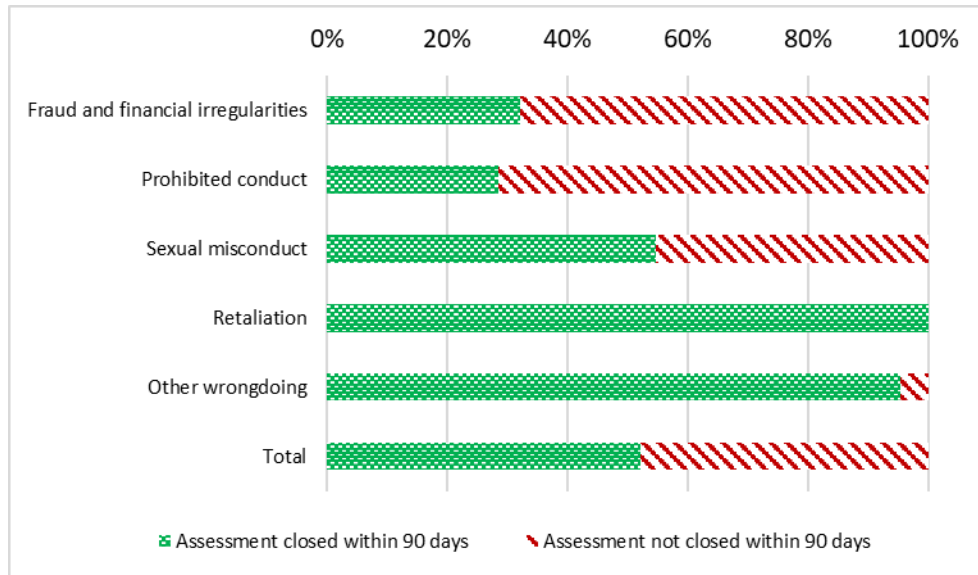
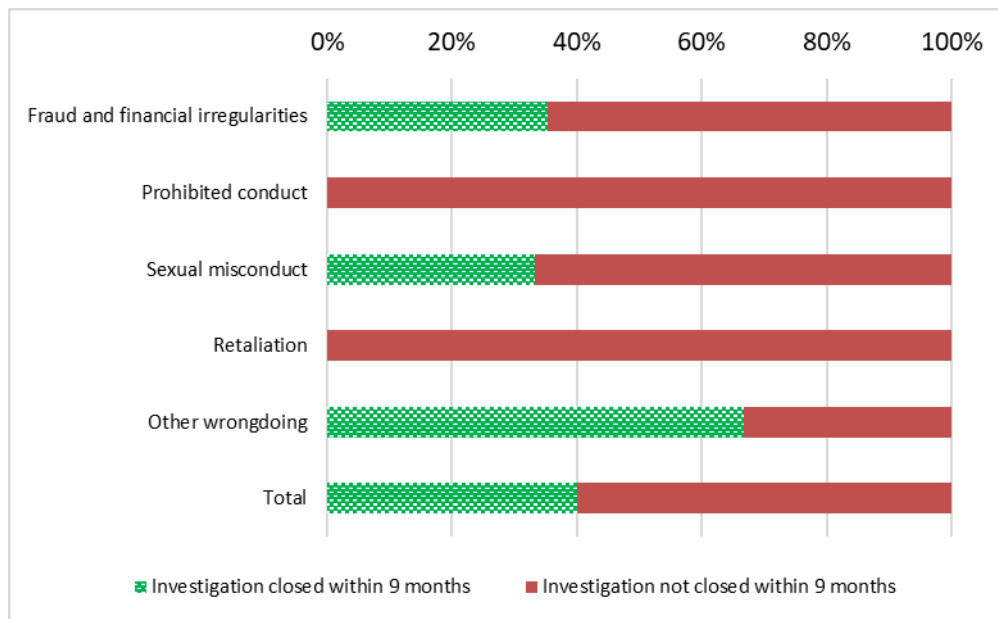


Figure V
Percentage of investigations closed within nine months in 2022, by case type^a



^a There was only one retaliation investigation in 2022, which was closed in 322 days.

B. Analysis of allegations received

66. Figure VI and table 4 categorize the 435 cases opened in 2022, by type. The largest category of such cases was fraud and financial irregularities (193 cases), followed by sexual misconduct (110 cases), with both categories showing an increase from 2021. The increase in sexual misconduct cases (95 in 2021; 110 in 2022) reflects increases in both sexual exploitation and abuse cases (75 in 2021; 83 in 2022), sexual harassment cases (17 in 2021; 23 in 2022) and sexual assault cases (3 in 2021; 4 in 2022). The number of harassment, abuse of authority and discrimination cases declined from 50 in 2021 to 38 in 2022. In 2022, OIAI opened six cases alleging discrimination, including cases based on race, gender, religion, ethnicity and other characteristics.

Figure VI
Case intake in 2022, by category of allegation

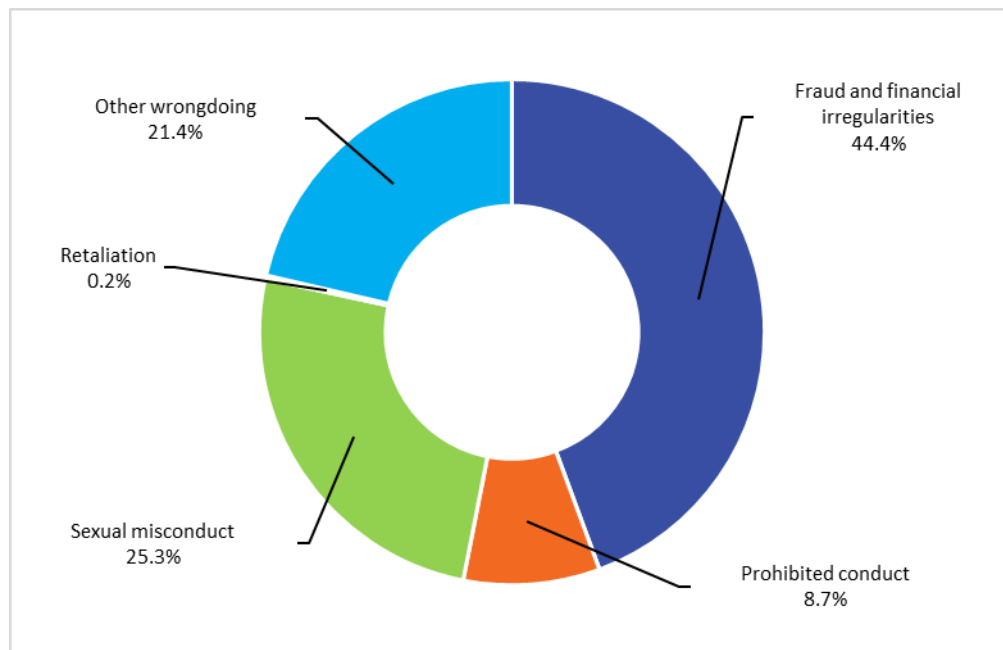


Table 4
Case intake by category of allegation, 2020–2022

<i>Allegation category</i>	<i>Cases in 2020</i>	<i>Cases in 2021</i>	<i>Cases in 2022</i>
Fraud and financial irregularities	107	152	193
Prohibited conduct	35	50	38
Sexual misconduct	75	95	110
Retaliation	2	0	1
Other wrongdoing	89	83	93
Total	308	380	435

67. Table 5 shows the breakdown of allegations received, by location.

Table 5
Case intake in 2021 and 2022, by UNICEF region

<i>UNICEF region/location</i>	<i>2022</i>		<i>2021</i>	
	<i>Number of cases</i>	<i>Percentage of the total</i>	<i>Number of cases</i>	<i>Percentage of the total</i>
Headquarters	30	7	23	6
East Asia and the Pacific	24	6	14	4
Eastern and Southern Africa	94	22	102	27
Europe and Central Asia	24	6	19	5
Latin America and Caribbean	15	3	19	5
Middle East and North Africa	80	18	75	20
South Asia	73	17	43	11
West and Central Africa	88	20	76	20
Other ^a	7	2	9	2
Total	435	100	380	100

^a "Other" comprises matters where the location is unknown or the allegations concern non-UNICEF entities, or cross-regional allegations.

Note: Due to rounding, some of percentages do not total 100 per cent.

C. Disposition of completed cases

68. In 2022, OIAI issued 54 investigation reports, 79 referrals and 2 investigative advisory memoranda. Seventeen of the 374 completed cases in 2022 were closed because the investigation found that the allegations could not be substantiated. Of the remaining 223 completed cases, 18 were closed after the alleged victims withdrew their complaints or declined to consent to proceed with a formal investigation and the allegations could not be established through other means. In some cases, victims may express concerns about possible retaliation or stigmatization, or the disclosure of their identities on a need-to-know basis. Where possible, interim and/or other measures may be explored to protect victims.

69. The Office closed 72 of the 223 completed cases following investigations of sexual exploitation and abuse, or investigations or special audits of fraud involving implementing partner personnel, conducted by implementing partners with internal investigative capacity, or by other third parties. The disposition of cases completed in 2022 is summarized in table 6, and details of each closed case are provided in the addendum to this report.

Table 6
Disposition of cases completed in 2022

<i>Type of closure</i>	<i>Number of cases</i>
Investigation report	54
(a) Submitted to senior management under UNICEF disciplinary policy*	44
(b) Submitted to the Ethics Office (whistle-blower retaliation)**	1
(c) Submitted to other UNICEF offices or other United Nations entities (non-staff contractual matters)	9
Closure report	17
(a) Allegation not substantiated	17
Advisory memorandum***	2
Other	223
(a) Lack or withdrawal of consent to proceed with an investigation in case involving a victim of direct harm	18
(b) Review of third-party investigation or audit	72
(b) Lack of actionable information sufficient to commence an investigation	133
Referral made to another UNICEF office or other entity****	79
Total cases closed in 2022	374

* Includes cases submitted under paragraphs 21, 33 and 56 of the UNICEF policy on the disciplinary process and measures.

**Includes all reports submitted under paragraph 22 of the UNICEF policy on whistle-blower protection against retaliation.

***Only one advisory memorandum was registered as a case in OIAI case management system and is counted among the total of closed cases.

**** Referrals may be issued when a matter falls outside the mandate of the Office of Internal Audit and Investigations (OIAI), and when OIAI has determined that an investigation is not warranted and has identified issues appropriate for management intervention.

70. The largest number of closed cases related to sexual exploitation and abuse (75 cases), followed by fraud involving misuse of programme funds by third parties (59 cases) and harassment, discrimination and abuse of authority (49 cases). The Office established financial losses to UNICEF from 17 cases of misconduct, or wrongdoing, or both, amounting to \$374,304. These losses generally reflect findings attributable to misconduct, or wrongdoing, or both, and therefore may not reflect the organization's total losses, such as expenditures determined to be ineligible under contractual agreements with UNICEF. That figure does not include losses to third parties, including those as a result of medical insurance plan fraud, that may be established through investigations.

D. Disciplinary measures and other actions taken by UNICEF

71. While OIAI is responsible for conducting necessary investigations, senior management is responsible for taking appropriate action based on OIAI investigation reports. In this regard, OIAI submitted to senior management for consideration of disciplinary or other action, 44 matters under paragraphs 21, 33 and 56 of the UNICEF policy on the disciplinary process and measures. Disciplinary actions taken as a result of OIAI findings are reported by the Deputy Executive Director, Management, in UNICEF's periodic reports on disciplinary measures and other actions in response to misconduct. In 2022, the Deputy Executive Director, Management, completed a disciplinary process in 33 cases, including 11 submitted by OIAI in 2021. Thirty of those cases involved serving staff members and three cases involved former staff

members, who were informed that a disciplinary measure would have been imposed had they remained in service. The disciplinary measures included:

- (a) Dismissal or separation from service (18 cases);
- (b) Demotion (1 case);
- (c) Loss of steps in grade (13 cases);
- (d) Written censure (1 case).

72. In addition to the three former staff members mentioned above, 10 staff members separated from UNICEF during or prior to the investigation or disciplinary process, and appropriate action was taken to record those cases for accountability purposes.

E. Non-case specific activities

73. In 2022, the Investigations Section provided advisory services and non-investigative support in a number of areas, which required a significant investment of resources by management and other section personnel. Those activities included:

(a) *Advice to UNICEF personnel and management:* Guidance and advice were provided on a wide range of matters raised by senior management and staff concerning possible misconduct and wrongdoing, including alternative measures for resolution. The Investigations Section also issued two advisory reports to senior management in 2022, highlighting systemic risks and control weaknesses in the areas of recruitment fraud and danger pay allowance that it identified through its ongoing work on assessments and investigations.

(b) *Policy initiatives:* The Investigations Section provided detailed contributions to several policy and other organizational initiatives, including revisions to the standard contractual terms used in UNICEF implementing partner agreements with civil society organizations. The Section also continued to participate in the United Nations Representatives of Investigative Services working group on best practices for addressing harassment, sexual harassment, abuse of authority and discrimination allegations.

(c) *Sexual exploitation and abuse and sexual harassment:* The Investigations Section supported numerous cross-divisional and inter-agency initiatives focused on the prevention of sexual exploitation and abuse. The Office is responsible for reporting to the Executive Office of the Secretary-General of the United Nations allegations of sexual exploitation and abuse related to UNICEF against an identifiable perpetrator or victim.⁶ Staff of the Investigations Section also delivered presentations on sexual exploitation and abuse and sexual harassment to UNICEF personnel and implementing partners in various regions.

(d) *Fraud and corruption:* The Investigations Section participated in several anti-fraud-related organizational initiatives, including a global risk management workshop, and delivered presentations on fraud and corruption to various UNICEF offices. It has supported a number of policy-related initiatives, such as supporting revisions to the procedures concerning the Vendor Review Committee and procedures governing the blocking of implementing partner vendors, and participating in a cross-

⁶ The number of sexual exploitation and abuse allegations reported to the Office of the Secretary-General may differ from the number included in this report, as OIAI also receives allegations that do not meet the criteria for reporting to the Executive Office of the Secretary-General. These include cases that OIAI may refer to other United Nations entities.

divisional working group to develop practical guidance on responding to fraud and corruption.

(e) *Communications and training:* The Investigations Section expanded its outreach efforts, delivering 31 presentations (compared to 18 in 2021) for staff in country and regional offices as well as for implementing partners. Topics ranged from an overview of the work of OIAI to discrete topics such as sexual misconduct and identification of and responding to allegations of fraud and corruption. The Section also contributed to OIAI broader communication efforts, including publishing an article on informed consent by victims in cases of alleged harassment, discrimination, sexual harassment or abuse of authority in a new newsletter.

(f) *Review of provisions in agreements:* In 2022, there was a significant increase in OIAI involvement in negotiating agreements with donors and responding to an increasing number of requests from donors for information about investigations and other integrity concerns. The Investigations Section participated in the drafting and review of 35 individual financing and legal agreements with donors and other parties, including international financial institutions, representing a 46 per cent increase in the number of agreements from 2021. The review process, complexity and non-standard nature of these agreements required dedication of substantial resources, which had to be reallocated from investigative activities.

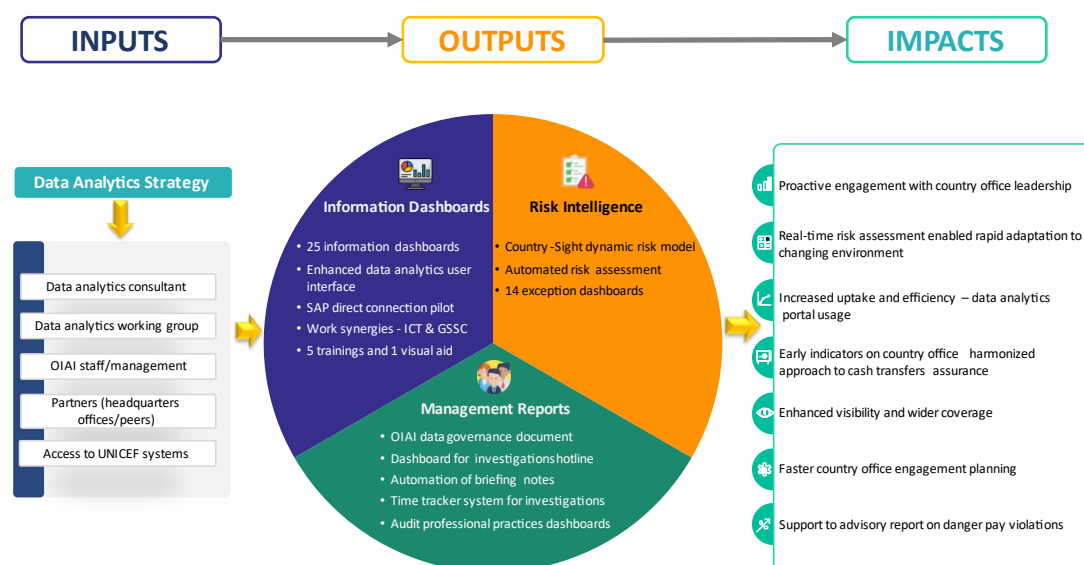
(g) *Donor engagement and reporting:* Throughout 2022, the Investigations Section participated in numerous briefings, reporting exercises and evaluations requested by bilateral donors and other international institutional partners, and regularly engaged with the investigative offices of those entities in relation to specific cases of misconduct and wrongdoing, in coordination with the UNICEF Public Partnerships Division and country and regional offices, as appropriate. Based on the most recent requests and legal agreements, it is anticipated that the demands for reporting to donors and the resources that will be needed to meet these demands will continue to significantly increase and may impinge on the ability of the Office to independently execute its mandate.

XII. Oversight enablers

A. Data analytics

74. In just two years, OIAI has made significant progress in developing its data analytics capabilities. Using data analytics to mine vast amounts of disparate data sets across different UNICEF systems has provided OIAI with increased risk intelligence that allows for proactive risk identification. It also leverages technology to achieve greater efficiencies in planning and executing both audits and investigations. Figure VII below provides an overview of the analytics work undertaken in 2022.

Figure VII
Data analytics overview for 2022



Note: GSSC: Global Shared Services Centre (UNICEF); ICTD: Information and Communication Technology Division; OIAI: Office of Internal Audit and Investigations.

75. More than 30 data analytics outputs and reports were developed in 2022, providing greater visibility into key risk areas, including cash transfers, supply and logistics, payroll and other financial transactions. Examples of outputs include:

- A dynamic country risk model with 14 risk data attributes allowing the user to individually assign weights and proactively evaluate country offices' risk profiles;
- Automation of internal audit risk assessments and client survey responses;
- Automated insights into specific risks noted in country office assurance reports;
- Exception dashboards for supplies and logistics, and cash transfers that enable population-level testing for some controls in country office audits;
- Office management reports that provide real-time analysis of budget and time utilization.

76. In addition to the continuous engagement on analytics with key partners within UNICEF, OIAI also led the creation of an informal oversight data analytics peer network as a forum for knowledge-sharing and learning. The Office is also exploring the potential for partnerships with other United Nations system organizations and a leading technology firm to better leverage its analytics capacities.

77. Going forward, OIAI will focus on increasing its risk intelligence and predictive modelling capabilities. Use of advanced technologies such as machine learning, robotic process automation, natural language processing, satellite imagery and drone technology will be explored and piloted over the next two years.

B. Leveraging communications

78. The Office publishes periodic newsletters and cross-cutting reports that are intended to provide a wider audience with an overview of common themes distilled from OIAI audit and investigation reports. The redesigned audit report template provides a clearer overview of audit findings and agreed actions. These communication products have enabled improved organizational awareness of the synthesized results of OIAI audit and investigations activities.

XIII. Strategic road map

79. The OIAI overall strategic objective in 2023 will be to continue efforts to increase the value of its work to all of UNICEF. This means ensuring that the Office is identifying the most critical topics for audit and investigation as well as expanding its advisory work to management, increasing the modes of communication to all staff and growing efforts to be more proactive to help to prevent or address risks and challenges as early as possible.

80. The Audit Section anticipates an increase in the number of engagements in 2023. The work programme will continue to be a mix of audits of country offices and cross-cutting thematic audits. Topics covered by the latter will include, among others, information and communication technology governance, data privacy, treasury, staff performance management, emergency preparedness and response in Ukraine and surrounding countries, fraud risk management and the governance of the UNICEF regulatory and policy framework. The Audit Section also will begin evaluating how to rely on the work of external assurance providers under the HACT framework to provide additional assurance with respect to the management of resources provided to implementing partners.

81. The focus of the Investigations Section in 2023 will be to expand its work to address fraud and corruption risks across UNICEF operations. These efforts should be critical to improving donors' trust in UNICEF as a good steward of their funds, laying the foundation for increased funding and a greater willingness to rely on the organization's oversight mechanisms in lieu of continuing to increase their own scrutiny and interventions. The Office will also continue to work with the Division of Human Resources and other UNICEF divisions and offices to expand the use of alternative conflict resolution mechanisms to more expeditiously address interpersonal conflict and allow OIAI to redeploy its limited resources to those matters where investigations are truly necessary. The Office will continue its work with the Public Partnerships Division and others offices to bring more consistency to its interactions with donors, including with respect to requests for disclosure of sensitive investigative information, to ensure such requests do not impact the office's ability to independently execute its mandate.

82. In 2023, OIAI will establish a temporary fraud investigations task force within the Investigations Section for a period of two years, which will devote dedicated resources to investigating more complex fraud cases and strengthen the Section's long-term investigative capacity. The task force also will support efforts to improve UNICEF tools to combat fraud and corruption.

XIV. Draft decision

The Executive Board

Takes note of the UNICEF Office of Internal Audit and Investigations 2022 annual report to the Executive Board ([E/ICEF/2023/AB/L.4](#)), its addendum ([E/ICEF/2023/AB/L.4/Add.1](#)) and its management response ([E/ICEF/2023/AB/L.5](#)), as well as the UNICEF Audit Advisory Committee 2022 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 controls.

Annex I

Audit and advisory reports issued in 2022^a

No.	Reference number	Region ^b	Audit and advisory reports	Number of agreed actions		Report conclusion ^c
				Total	High priority	
I. Audit reports						
A. Country offices						
1.	2022/01	LAC	Bolivia (Plurinational State of)	6	3	PS-IN
2.	2022/02	MENA	Djibouti	10	0	PS-IN
3.	2022/03	MENA	Syrian Arab Republic	10	2	PS-IN
4.	2022/04	EAP	Thailand	4	0	PS-IN
5.	2022/05	LAC	Guatemala	6	0	PS-IN
6.	2022/08	WCA	Liberia	11	1	PS-IN
7.	2022/09	WCA	Democratic Republic of the Congo	10	4	PS-IN
8.	2022/11	SA	Bangladesh	11	5	PS-IN
9.	2022/12	ESA	Malawi	4	0	PS-IN
10.	2022/14	ESA	Zimbabwe	6	0	PS-IN
11.	2022/15	MENA	Jordan	7	1	PS-IN
12.	2022/19	EAP	Mongolia	5	0	PS-IN
13.	2022/22	WCA	Mali	8	2	PS-IN
14.	2022/23	LAC	Haiti	15	3	PS-MIN
15.	2022/24	MENA	Iran (Islamic Republic of)	11	2	PS-IN
16.	2022/27	WCA	Cameroon	11	1	PS-IN
Total				135	24	
B. Thematic areas						
17.	2022/06	N/A	Cyber Security follow-up audit - ICTD	6	1	PS-IN
18.	2022/07	N/A	Cyber Security follow-up audit - GSSC	0	0	PS-IN
19.	2022/10	N/A	Enterprise Risk Management	9	4	PS-MIN
20.	2022/13	N/A	Hosted funds - End Violence against Children	8	2	PS-IN
21.	2022/16	N/A	Hosted funds - Education Cannot Wait fund	4	0	S
22.	2022/17	N/A	UNICEF support to the strengthening of national Government's supply systems and management of UNICEF key supply chain areas	5	1	PS-IN
23.	2022/18	N/A	Hosted funds - Sanitation and Water for All	9	3	PS-IN
24.	2022/20	N/A	Hosted funds - The Education Outcomes Fund	8	2	PS-IN
25.	2022/26	N/A	Innovation Fund	0	0	S
Total				49	13	
Grand total				184	37	

<i>No.</i>	<i>Reference number</i>	<i>Region^b</i>	<i>Audit and advisory reports</i>	<i>Number of agreed actions</i>		<i>Report conclusion^c</i>
				<i>Total</i>	<i>High priority</i>	
II. Advisory reports						
26	2022/21	N/A	Digitization	-	-	-
27	2022/25	SA	Afghanistan	-	-	-

^a Audit reports are listed by category.

^b The UNICEF regions listed are as follows: EAP: East Asia and the Pacific; ECA: Europe and Central Asia; ESA: Eastern and Southern Africa; LAC: Latin America and Caribbean; MENA: Middle East and North Africa; SA: South Asia; and WCA: West and Central Africa.

^c Report conclusions are classified as: Satisfactory (S): The assessed governance, risk management or control processes were adequate and functioning well; Partially satisfactory, improvement needed (PS-IN): The assessed governance, risk management or control processes were generally adequate and functioning but needed some improvement. The weaknesses or deficiencies identified were unlikely to have a materially negative impact on the performance of the audited entity, area, activity or process; Partially satisfactory, major improvement needed (PS-MIN): The assessed governance, risk management or control processes needed major improvement. The weaknesses or deficiencies identified could have a materially negative impact on the performance of the audited entity, area, activity or process; Unsatisfactory: The assessed governance, risk management or control processes needed major improvement. The weaknesses or deficiencies identified could have a severely negative impact on the performance of the audited entity, area, activity or process.

Annex II

Key performance indicators for the Office of Internal Audit and Investigations in 2022

<i>No.</i>	<i>Key performance indicator</i>	<i>Target (2022)</i>	<i>Achievement (2022)</i>
1.	Delivery of a risk-based workplan ^a	90%	72%
2.	Compliance with Executive Board decision 2012/13 on public disclosure	100%	100%
3.	Engagements in which feedback from clients has been “generally satisfactory” ^b	100%	100%
4.	General conformity with Institute of Internal Auditors standards, including external assessments (once every five years)	Yes	Yes
5.	Compliance with timeliness indicators for internal audit reporting	90%	44% ^c
6.	Compliance with timeliness indicators for investigations	65%	50%

^aAny adjustments made to the workplan are communicated to the Executive Director and the Audit Advisory Committee.

^bAudit clients either agreed or strongly agreed that, overall, the individual audits added value and resulted in meaningful agreed actions and results.

^cThe disruptions due to the coronavirus disease pandemic, roll out of the new audit report template and remote audit modalities contributed to delays in finalizing audit reports in 2022.