

Agenda Item 12

UNICEF Office of Internal Audit and Investigations 2023 annual report to the Executive Board

Chair

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

We take note of the Office of Internal Audit and Investigations' annual report for 2023 and the Management response. We acknowledge the finding that the UNICEF governance, risk management and control processes were once again deemed generally adequate and effective.

We appreciate the implementation and publication of 25 internal audit reports by OIAI in 2023, including 19 country audits. While we welcome that 63 per cent of the audit reports were fully or partially satisfactory, we encourage UNICEF to quickly present solutions to the problems identified in the only unsatisfactory country audit report as well as for the 25 per cent of actions deemed high priority – a higher percentage than in the two previous years. We also ask UNICEF to swiftly complete the agreed actions remaining from 2022 audits.

We note that key observations in 2023 concerned programme management, and more specifically the implementation of partnerships and distribution of supplies. We welcome the enhancement of the

UNICEF digital platform aimed at improving monitoring and reporting mechanisms with regard to partnerships as well as the assessment of risks. We do encourage UNICEF to put in place robust remedial measures to the problems identified in the tracking of supplies after their distribution to partners, in order to mitigate the risk of loss and diversion. In this regard, we welcome the enhancement of end-user monitoring processes.

While we welcome OIAI findings that some country offices have made progress in implementing UNICEF's corporate anti-fraud strategy, we note that in other country offices, fraud and corruption risk assessments were not undertaken, or there was little to no oversight of the assessment and mitigating actions. We strongly support the OIAI's recommendation to further strengthen fraud risk management and enhance staff awareness and training.

We welcome the recommendations from the audit report of the UNICEF regulatory framework and we look forward to the issuance of UNICEF's policy on the regulatory framework. We also welcome the announced strengthening of a centralized regulatory framework secretariat.

We note the 18 per cent increase in complaints of misconduct and wrongdoing in 2023 and we are concerned about the growing gap between the caseload and case closures due to insufficient resources. We welcome UNICEF's intention to strengthen its fraud reporting systems to better detect and substantiate allegations of fraud and we would like to hear how UNICEF intends to find the resources needed for enhancing its anti-fraud policy. In case of regrettable financial losses

such as the 10 cases identified by OIAI in 2023, we encourage UNICEF to take serious remedial actions and keep working towards the recovery of losses while putting mitigating measures in place, particularly in the most challenging environments.

We would like to reiterate that the EU remains fully committed to the fight against any form of fraud and corruption and in the context of its zero-tolerance for inaction policy, expects all its partners to take decisive action. In that regard, we invite UNICEF to continue with proactive communication to donors as soon as allegations concern activities they are supporting come to light.

Thank you.