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UNICEF Office of Internal Audit and Investigations 2025 annual report to the Executive Board

Summary

This report summarizes the activities of the Office of Internal Audit and Investigations from 1 January to 31 December 2025. The two addenda to this report provide information on the Open agreed internal audit actions older than 18 months as at 31 December 2025 (E/ICEF/2026/AB/L.3/Add.1) and the Cases closed after investigation and cases closed after assessment with established financial losses during 2025 (E/ICEF/2026/AB/L.3/Add.2).

As requested by the Executive Board in decision 2015/11 and concerning 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 the status of management implementation of internal audit recommendations. It reflects the harmonization of practices on audit and investigation matters agreed with the oversight functions of other United Nations funds and programmes. The report also provides updates on other requests made by the Executive Board.

Elements of a draft decision for consideration by the Executive Board are provided in section XV. The management response to this report is presented in document E/ICEF/2026/AB/L.4.

* E/ICEF/2026/9.

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I. Overview

1. The Office of Internal Audit and Investigations (OIAI, or "the Office") continued to deepen its contribution to organizational effectiveness in 2025, strengthening its role as a trusted adviser to the Executive Director, senior leadership and staff of UNICEF. With 62 staff posts across its offices in Budapest, Nairobi and New York, OIAI contributed to strengthening the integrity framework and promoted sound risk management to safeguard the efficient and appropriate use of UNICEF resources.

2. In 2025, UNICEF faced unprecedented challenges arising from a significant global contraction in official development assistance. The scale of the funding reductions necessitated wide-ranging organizational strategic restructuring and workforce adjustments by UNICEF under the Future Focus Initiative (FFI) that gave rise to a new and still evolving risk landscape. Against this backdrop, OIAI adapted its oversight approach to provide timely and flexible support to senior management through formal assurance activities and targeted advisory engagements. Key examples include advice on regional office operations and a joint advisory note with the Evaluation Office.

3. The Office confirms that during 2025 it was free from management interference in determining the scope of its internal audits and investigations, performing its work and communicating its results.

4. The Office continued to strengthen its engagement with the Executive Board with four meetings in 2025 to:

(a) provide an orientation to its work to the new Board members;

(b) share the consolidated risk assessment and annual internal audit workplan (via a closed briefing);

(c) participate in the informal briefing held in advance of the annual session;

(d) present the 2024 annual report at the annual session.

5. Pursuant to Executive Board decision 2015/11, OIAI reports that, based on the scope of assurance work undertaken by OIAI in 2025, the Office did not identify evidence that would lead it to conclude that UNICEF governance, risk management and control processes were overall inadequate or ineffective in supporting the achievement of the organization's objectives. Nevertheless, OIAI assurance and investigative activities underscored the importance of sustained management attention to heightened operational risks, organizational transformation under FFI and evolving delivery models. For the first time, this annual report consolidates the most significant and recurrent findings and the underlying causal analysis from recent internal audits and investigations (see section III).

6. As at 31 December 2025, there were 22 agreed actions that had remained open for more than 18 months. Management implementation efforts are ongoing, and OIAI recognizes that a number of these actions address complex or structural issues that require sustained effort over time. All 20 internal audit reports were published, while advisory reports were not subject to publication, in line with Executive Board decision 2012/13.

7. In 2025, the Investigations Section handled 1,837 cases as part of its overall caseload, a 32 per cent increase over 2024. The number of cases closed increased by 107 per cent as compared to 2024. The Section also submitted eight cases to the new Implementing Partner Review Board and three cases to the Vendor Review Committee for consideration of sanctions.

8. The Office developed a strategic framework for 2026–2029 to sharpen its impact, relevance and value to UNICEF by focusing on five priorities:

(a) Being a trusted adviser and trustee for integrity;

(b) Bridging the assurance gap;

(c) Leveraging technology, analytics and artificial intelligence;

(d) Elevating the strategic relevance of its communications;

(e) Investing in people and performance.

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 and ethical behaviour in all activities undertaken by UNICEF.

10. Internal audits evaluate the adequacy and effectiveness of the UNICEF framework of governance, risk management and controls. They aim to support the following:

(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 and procedures.

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

III. Synthesis of key themes from audit and investigations

12. Below is a consolidated synthesis of findings and observations from audit reports and investigations issued in 2024 and 2025.

13. **Cash transfer and HACT assurance.** UNICEF applies the harmonized approach to cash transfers (HACT) framework as a mechanism to obtain assurance over the use of cash transferred to implementing partners for programme implementation. In accordance with the framework, implementing partners are required to utilize Funding Authorization and Certificate of Expenditures (FACE) forms to request cash transfers and to report on the use of such funds. By submitting the FACE forms, implementing partners certify that expenditures for the relevant reporting period have been disbursed in accordance with the approved workplan and the previously authorized itemized cost estimates.

14. Audits identified weaknesses in the management of cash transfers to implementing partners, including delayed liquidation of advances, continued use of

direct cash transfers with high-risk partners contrary to policy, and limited review of expenditure reports and follow-up on assurance findings. These issues were largely driven by limited capacity and inconsistent application of HACT requirements. These issues can increase the risk of resources not always being used for their intended purposes and may disrupt programme delivery when funds remain unliquidated or unsupported expenditures are identified late.

15. Moreover, under the HACT framework, partners are only required to provide UNICEF with documentation supporting their expenditures upon request. The FACE forms require implementing partners only to attest that detailed accounting records relating to the reported expenditure can be made available for examination upon request.

16. As a consequence, a lapse of time may occur between the submission of a FACE form and the receipt of supporting documentation, if any. Audits and investigations done by OIAI have encountered instances in which the supporting documentation referenced in the FACE forms was unavailable or nonexistent. In such circumstances, OIAI was unable to effectively investigate allegations of misuse or misappropriation of funds due to the absence of documentary evidence. Moreover, due to vague and imprecise language in the standards FACE forms, OIAI has often been unable to rely on them to establish material misrepresentations.

17. **Programme monitoring and follow-up.** Audits observed that country offices often lacked a structured and coordinated approach to programme monitoring, at times resulting in incomplete field visits, insufficient last-mile verification and weak documentation and tracking of action points.

18. **Procurement and contract management.** Audits highlighted control gaps in procurement planning, vendor selection, contract management and payment processes. Common issues included last-minute procurement near grant expiry, delayed contract closure, incomplete procurement documentation, insufficient oversight of vendor performance and weaknesses in competitive bidding safeguards. The resulting risks included reduced value for money, increased exposure to fraud or collusion, delayed delivery of goods and services and inefficient use of resources.

19. Investigations of vendors by OIAI provide further indicators of gaps in procurement and contract management-related processes. For instance, OIAI has investigated vendors where more robust – and centralized – due diligence processes and controls could have identified issues of concern and red flags prior to engagement. As an example, one institutional contractor was awarded a new long-term services agreement under which it ultimately received payments exponentially exceeding its prior average turnover. The need to monitor the contractor’s capacity to deliver was not flagged at the due diligence stage and the country office failed to adequately monitor the delivery of services.

20. **Fraud risk management and anti-fraud capacity.** Audits noted that many offices had not fully assessed fraud risks across all activities and demonstrated low levels of fraud awareness, training and proactive risk mitigation. Weaknesses included limited guidance available on conducting fraud assessments, incomplete fraud risk assessments, limited dissemination of reporting mechanisms, delayed escalation of suspected cases, and inconsistent application of anti-fraud controls. As a result, fraudulent activity may go undetected.

21. Investigations of allegations of fraud in programmes involving construction and/or extensive procurement activity by implementing partners indicate that the limited amount, and consolidated nature, of the information that partners are required to provide in FACE forms can limit early fraud detection.

22. With the establishment on 1 July 2025 of the UNICEF Implementing Partner Review Board, OIAI has started to refer civil society organization (CSO) partners found to have engaged in fraud to the Board for consideration of sanctions, although no cases have yet been completed. In contrast, the lack of binding contractual provisions with government partners related to fraud prevention and response limits OIAI ability to seek sanctions or take other action against this category of partners.

23. **Supply planning and warehouse management.** Audits identified misalignment between supply planning and programme needs, weak inventory management, insufficient partner logistics capacity assessments, and limited end-user monitoring of supplies. Poor planning often resulted in late or reactive procurement, while weak inventory controls led to incomplete tracking of stock, losses or expiries. These issues were primarily caused by insufficient integration between programme and supply functions and limited logistics capacity at country level. The risks include wastage of supplies, diversion or loss of commodities, and failure to deliver goods to intended beneficiaries.

24. **Risk management and governance.** Audits highlighted that several offices demonstrated weaknesses in risk identification, monitoring and escalation, alongside governance structures with unclear or overlapping accountabilities. Risk registers were at times incomplete or outdated; mitigation actions were not consistently tracked; and significant risks were often not regularly reviewed by senior management. Weak risk governance and controls can increase the possibility that emerging risks are addressed late and limit timely escalation when additional support is required.

25. Investigations into possible staff misconduct, where OIAI found that staff members certified receipt of goods and/or services without having taken due care to corroborate that this was accurate, or failed to take action despite having received alerts of anomalous transactions, indicate that decentralized risk management functions and unclear roles and accountabilities can contribute to weak risk management.

26. Budget cuts and restructuring across UNICEF, including reduction of functions responsible for protection from sexual exploitation and abuse and fraud prevention and risk management more broadly, may increase the risk of weakening sexual exploitation and abuse and fraud prevention, detection and response.

27. **Protection from sexual exploitation and abuse.** UNICEF requires all CSO partners to undergo a prevention of sexual exploitation and abuse assessment prior to entering into a partnership agreement. The assessment measures compliance with eight core standards, including requirements relating to human resources systems, investigative capacity and corrective action. Civil society organization partners assessed as having low or medium protection from sexual exploitation and abuse capacity may enter time-limited partnerships of up to six months, subject to the development of an action plan to address identified gaps and the application of enhanced assurance measures.

28. In practice, the large volume of CSO partners and resource constraints, and reliance on self-reported information by partners, limit UNICEF ability to always ensure the accuracy of these assessments. In 2025, OIAI investigated two partners that had misrepresented their investigative capacity and failed to conduct timely, adequate and victim-centred investigations of allegations of sexual exploitation and abuse, ultimately referring both partners to the Implementing Partner Review Board for consideration of sanctions. The Office also sought to verify the accuracy of selected assessments and found that a number in the sample of partners lacked

adequate practices and capacity, particularly with respect to vetting of job candidates and adequacy of internal sexual exploitation and abuse investigative capacity.

29. For government implementing partners, the lack of tools to fully assess, mitigate and respond to sexual exploitation and abuse present heightened risks. Government partners are not required to undergo any assessment, and the absence of related contractual terms and conditions with such partners also means that UNICEF has limited ability to respond to allegations of sexual exploitation and abuse. For example, in 2025, OIAI received a series of reports against government personnel who had allegedly sexually exploited girls during the implementation of a UNICEF programme. The Office was unable to take any action other than referring the matter back to the relevant UNICEF office for appropriate action and follow-up with the local authorities.

30. Audits found that protection from sexual exploitation and abuse and accountability to affected populations were often not consistently integrated into programme design, partner oversight and routine monitoring.

IV. Internal audit assurance opinion for 2025

A. Overall opinion

31. UNICEF management is responsible for designing and maintaining governance, risk management and control systems and processes to support the achievement of organizational objectives. Based on the scope of assurance work undertaken by OIAI in 2025, the Office did not identify evidence that would lead it to conclude that UNICEF governance, risk management and control processes were overall inadequate or ineffective in supporting the achievement of the organization's objectives.

32. At the same time, the results of the 2025 audits underscore the importance of sustained management attention to strengthening monitoring and oversight, particularly in contexts characterized by heightened operational risk, organizational transformation under FFI, and evolving delivery models that place increased reliance on partnerships, decentralization and leaner oversight arrangements. These governance, risk management and control processes will be assessed in the next quadrennium.

B. Basis of opinion

33. The overall opinion for 2025 is based on the following:

(a) Confidence that OIAI risk-based audit planning identified and assessed the key risks to the achievement of organizational objectives, taking into account changes in the UNICEF operating model, risk profile and resource environment, and the most efficient use of available audit resources;

(b) Conclusions of the internal audits completed during the year;

(c) The assessment that, while significant and, in isolated cases, serious control weaknesses were identified, these did not, in aggregate, demonstrate systemic inadequacies in the UNICEF overall framework of governance, risk management and internal controls that would preclude the achievement of organizational objectives;

(d) Implementation rate of agreed actions to mitigate the risks identified;

(e) In 2025, the opinion was also informed by the insights derived from advisory engagements and, for the first time, the failures in mitigating controls identified by investigations-related work.

C. Implementation of the risk-based workplan

34. In 2025, OIAI presented its draft annual workplan to the Executive Board, in line with paragraph 6 of Executive Board decision 2023/13 that requested annual closed briefings. In developing the workplan and allocating available resources, OIAI followed an approach of prioritizing high- and medium-risk entities, processes and systems assessed as warranting assurance coverage. In response to evolving risk and the need for broader assurance, OIAI expanded its work to selected lower-risk entities to validate risk assessments, identify emerging control weaknesses and help to bridge assurance gaps.

35. While some staffing gaps persisted during the year, overall staffing levels and operational capacity improved compared to 2024, enabling OIAI to deliver a higher volume of assurance and advisory work. As of 31 December 2025, 26 assignments were concluded, 8 were at the draft reporting stage and 4 were ongoing.

D. Conclusions of internal audit engagements completed

36. The Office applies a four-tier rating scale for its assurance reports:

(a) Satisfactory;

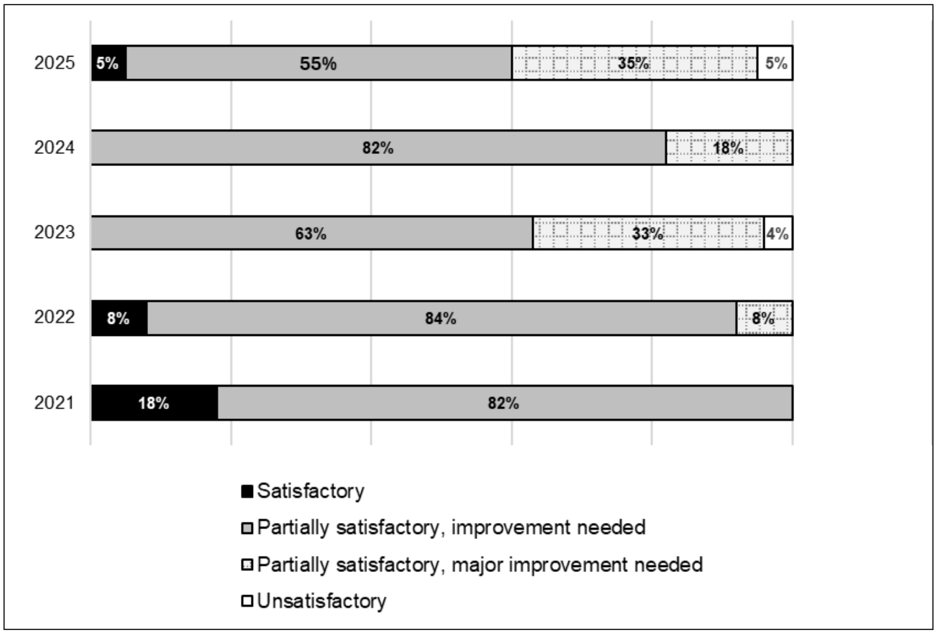
(b) Partially satisfactory, improvement needed – indicates generally satisfactory performance with no material adverse impact;

(c) Partially satisfactory, major improvement needed – indicates weaknesses with potential material adverse impact;

(d) Unsatisfactory – reflects fundamental deficiencies requiring remediation to prevent severe consequences for the audited areas or the organization.

37. Of the overall conclusions of the 20 internal audit (assurance) reports issued in 2025, 60 per cent were assessed within the top two categories of the four-scale audit rating system. Figure I presents the audit report conclusion ratings for 2021 to 2025.

Figure I
Audit report conclusions, 2021–2025



E. Significant observations

38. Audits include root-cause analysis and consultation with management to agree on risk-mitigating actions, which are prioritized as high, medium, or low by OIAI based on potential risk impact. Only high- and medium-priority actions are reported; low-priority actions are communicated informally to the audited entity.

39. Thirty-six per cent of the 138 agreed actions in the internal audit reports issued in 2025 were rated as high priority (see annex I). While the deficiencies that required these high-priority actions were considered material, they are not expected to adversely impact the achievement of expected global outcomes.

F. Implementation rate of agreed actions

40. As at 31 December 2025, 74 per cent of all agreed actions from audit engagements completed from 2022 to 2025 had been implemented.[1]

41. Twenty-two agreed actions from six thematic audits were pending implementation for more than 18 months as at 31 December 2025, and their details are provided in addendum 1 to this report. Management implementation efforts are ongoing, and OIAI recognizes that a number of these actions address complex or structural issues that require sustained effort over time. Table 1 shows the age of outstanding agreed actions from internal audits completed between 2022 and 2025.

[1] The due dates for implementation of multiple agreed actions from the 2025 audit engagements were beyond 2025.

Table 1
Age of outstanding agreed actions, 2022–2025*

Priority of agreed action	*Total outstanding agreed actions*	*Time agreed actions have been outstanding (since issuance of the final audit report)* *<12 months*	*12–18 months*	*>18 months*
High	52	39	8	5
Medium	104	69	18	17
Total	**156**	**108**	**26**	**22**
Percentage of the total	***100%***	***69%***	***17%***	***14%***

* As at 31 December 2025.

V. Independence

42. In accordance with the OIAI mandate:

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

(b) The OIAI Director maintained direct communication with the Executive Director, including on OIAI staffing and budget;

(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 and, since 2022, has undertaken periodic closed briefings (including for annual audit workplans since 2023).

43. The Office confirms that during 2025 it was free from management interference in determining the scope of its audits and investigations, performing its work and communicating its results.

VI. Professional standards

44. The Office conducts internal audits in conformance with the Institute of Internal Auditors' Global Internal Audit Standards and maintains a quality assurance and improvement programme, including engagement-level reviews and external quality assessments (EQAs) every five years. The 2025 independent EQA concluded that the internal audit function "generally conforms" to the standards, attesting to the quality and professionalism of the function. The EQA recommendations informed the 2026–2029 internal audit strategy.

45. The Office conducts investigations in accordance with the Uniform Principles and Guidelines for Investigations and applicable UNICEF policies. The 2022 EQA of the investigations function[2] found the function to conform with the Uniform Principles and Guidelines for Investigations and to comply with the OIAI Charter and other applicable UNICEF legislative instruments.

46. In accordance with Executive Board decision 2018/12, annex II to this document includes a report on OIAI performance against key indicators and targets in 2025.

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

VII. Professional network

47. During 2025, OIAI contributed to the work and annual conferences of both the Representatives of Internal Audit and Representatives of Investigative Services of the United Nations Organizations and Multilateral Financial Institutions.

48. The Office communicated with the Board of Auditors to coordinate workplanning and avoid overlaps in assurance coverage. The Office also engaged with other United Nations internal oversight functions and with donor oversight bodies.

VIII. Resources

49. In 2025, the OIAI budget was $16.4 million. The most significant expenditures related to personnel (87 per cent)[3], travel (6 per cent) and consultants (5 per cent). As at 31 December 2025, OIAI had 62 authorized posts (including one Junior Professional Officer post), with 9 vacancies. These posts include the Director (supported by an Adviser), Deputy Director of Audit, Deputy Director of Investigations, 27 posts in the Internal Audit section, and 26 posts in the Investigations Section. Five posts within the Director's Office manage the data science and operations functions.

50. For 2026–2029, OIAI received an approved total budget of $72.3 million, comprising $67.1 million in post costs and $5.2 million in non-post costs. The Office absorbed FFI funding reductions of three posts (including one Junior Professional Officer). The Office expects to generate savings to UNICEF of $3.6 million over the quadrennium through the relocation of 17 of 40 posts (43 per cent) out of New York. Under the revised footprint, of the 62 posts, 23 will be based in New York, 27 in Budapest and 12 in Nairobi (including one Junior Professional Officer post until its availability in mid-2027). Non-post resources allocated for 2026–2029 were 45 per cent lower than actual non-post expenditures in the last quadrennium, however, this may be partially offset by operating efficiencies and savings generated by vacant posts.

51. In light of ongoing organizational funding constraints and an evolving risk environment, the Office will undertake a comprehensive assessment of its post and non-post resource requirements as part of the midterm review of the Strategic Plan, 2026–2029. This assessment will aim to ensure that OIAI resourcing remains aligned with the UNICEF risk profile, operational footprint and assurance needs.

IX. Internal audit results

52. In 2025, OIAI issued 20 internal audit (assurance) reports and six advisory reports (see annex I).

A. Distribution of audit conclusions

53. The distribution of audit conclusions is shown in table 2.

[3] Including 10 per cent towards Temporary Appointments.

Table 2
Distribution of audit conclusions, by region and thematic area, 2025[a]

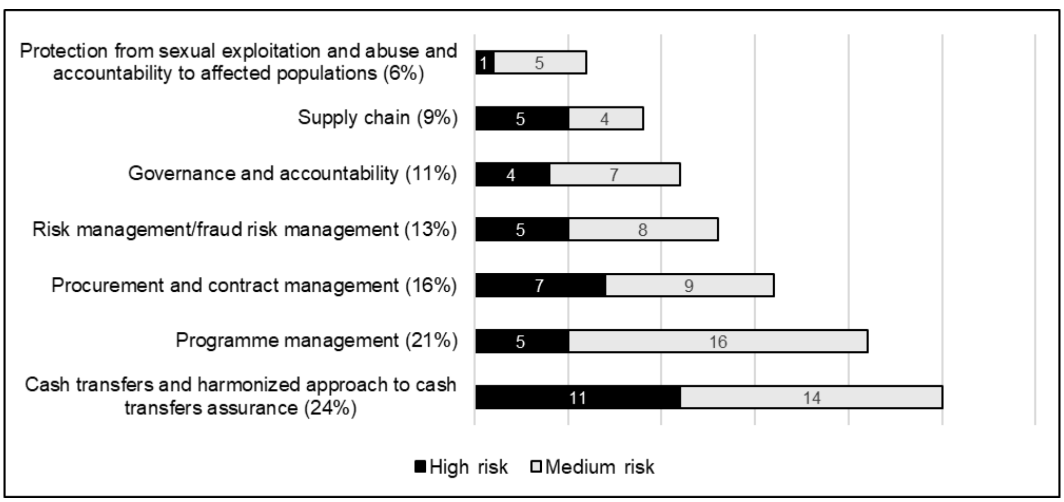
		Conclusions			
Audited area	*Number of audits*	*Satisfactory*	*Partially satisfactory, improvement needed*	*Partially satisfactory, major improvement needed*	*Unsatis-factory*
A. Country office audits (by region)	**17**	**1**	**10**	**5**	**1**
Eastern and Southern Africa	4	0	2	2	0
Middle East and North Africa	3	0	3	0	0
West and Central Africa	6	0	2	3	1
Europe and Central Asia	2	1	1	0	0
Latin America and Caribbean	1	0	0	1	0
South Asia	0	0	0	0	0
East Asia and the Pacific	1	0	1	0	0
B. Regional office audits	**1**	**0**	**1**	**0**	**0**
C. Thematic/ headquarters audits	**2**	**0**	**1**	**1**	**0**
Total (A+B+C)	**20**	**1**	**11**	**7**	**1**

[a] Six advisory reports issued in 2025 that do not include standard conclusions have not been included in this table.

B. Significant results from internal audits of country offices

54. In 2025, OIAI issued final audit reports for 17 country offices and 1 regional office that assessed the adequacy and effectiveness of governance, risk management and control processes in achieving UNICEF strategic objectives. Figure II shows the proportion of identified deficiencies by risk area and highlights the priority levels of the actions agreed to address those deficiencies.

Figure II
Deficiencies categorized by risk area of country offices audited in 2025



C. Significant results from thematic audits

1. Treasury and investment management

55. UNICEF treasury and investment management operations manages an internally administered investment portfolio of approximately $10 billion, entailing foreign exchange, liquidity and investment transactions. The audit identified some opportunities for improvement with agreed actions for:

(a) Strengthening documentation and evidence of due diligence on approved broker-dealers aligning practices with industry standards to mitigate reputational risks and clarifying broker-dealer relationships within the policy framework.

(b) Reinforcing oversight arrangements through clearer guidance, documentation standards and continued engagement with governance bodies overseeing treasury and investment activities.

2. Business continuity

56. Business continuity management is critical for sustainability of essential programme delivery and operations during disruptions from humanitarian crises, security incidents, funding constraints or system failures. The audit identified major opportunities for improvements, with the following agreed actions to:

(a) Integrate business continuity management into strategic planning, enterprise risk management and business model reviews to re-establish a risk-based approach;

(b) Strengthen governance, accountability and senior management oversight over business continuity planning and implementation across offices;

(c) Enhance the quality, oversight, testing and performance monitoring of business continuity plans, supported by targeted training.

D. Significant results from advisory engagements

57. The Office also provides independent objective advisory services to promote improvements in UNICEF governance, risk management and control processes. Advisory engagements are not audits; their reports are not published and do not provide assurance on the offices or processes reviewed. The key advice rendered in the six advisory engagements in 2025 is summarized below:

1. Support to risk management in three country offices

58. In 2025, advisory reviews were conducted for the country offices for Afghanistan, the Syrian Arab Republic and the Sudan. The reviews highlighted the need for agile frameworks to navigate their unique complex environments while ensuring transparent operations. The Afghanistan review highlighted the need to strengthen partner risk management, due diligence and agreement formalization, and to enhance cash transfer controls and construction oversight through improved documentation. The advisory for the Syrian Arab Republic focused on adaptive, integrated planning in volatile conditions, recommending refined assurance for high-risk activities and strengthened accountability. In the Sudan, amid a Level 3 emergency, the review identified areas to align programme delivery and governance through risk-informed implementation, improved staff coordination and robust fraud risk management practices.

2. Pre-positioned supplies at implementing partner warehouses

59. UNICEF increasingly relies on pre-positioned supplies with implementing partners to enable rapid emergency response. The advisory engagement reviewed the accounting treatment, monitoring and oversight of supplies held at partners' warehouses. While pre-positioning supports operational agility, it also introduces risks related to the expensing of supplies upon transfer, limited corporate visibility once supplies are removed from inventory systems, and inconsistent monitoring and reporting practices. Suggested actions included:

(a) clarifying the definitional, accounting and reporting aspects of the policy framework to ensure consistency and compliance with accounting standards;

(b) strengthening monitoring and oversight arrangements, with clearer documentation requirements for supplies held by implementing partners;

(c) enhancing systems, tools and capacity to improve end-to-end tracking and last-mile visibility of supplies.

3. Fraud risk management

60. UNICEF operations have continued to expand in scale, complexity and exposure to high-risk environments. The advisory engagement reviewed organizational fraud risk management arrangements and noted that, notwithstanding recent policy updates, opportunities remain to strengthen oversight, risk assessments, implementing partner arrangements and emergency operations. Suggested actions included the use of enhanced data analytics in analysis of fraud-related data for oversight; improving the quality and consistency of fraud risk assessments; and reinforcing fraud prevention and detection controls in high-risk areas like partnerships, cash assistance, supply management and emergencies.

4. Governance of digital initiatives

61. UNICEF is set to accelerate its digital transformation agenda and increase investments in digital solutions in 2026–2029. An advisory engagement reviewed the governance arrangements for digital initiatives and noted that while digital ambitions are high, the governance, accountability, funding visibility and risk management arrangements have not yet evolved sufficiently to support consistent, risk-informed and organization-wide decision-making. Suggested actions included strengthening governance structures and clarifying accountabilities across headquarters, regional offices and country offices; strengthening change management; and increasing policy-risk coherence and performance oversight over investments.

X. Disclosure of internal audit reports

62. All internal audit reports issued in 2025 were published. Two reports were published with redactions, in accordance with Executive Board decision 2012/13. All internal audit reports disclosed to date can be accessed from the OIAI website.[4] Advisory reports are not subject to public disclosure.

XI. Investigations results

63. The Investigations Section assesses and investigates reports of possible misconduct and wrongdoing involving UNICEF resources, staff and affiliate personnel, implementing partners, institutional contractors and other third parties.

[4] See www.unicef.org/auditandinvestigation/internal-audit-reports.

64. Reports are screened to determine whether they fall within OIAI mandate and may undergo further assessment to determine whether to initiate an investigation. Where appropriate, reports may be referred to another office for resolution, and those reporting allegations may be provided with guidance on other options to resolve a matter, including informal resolution mechanisms.

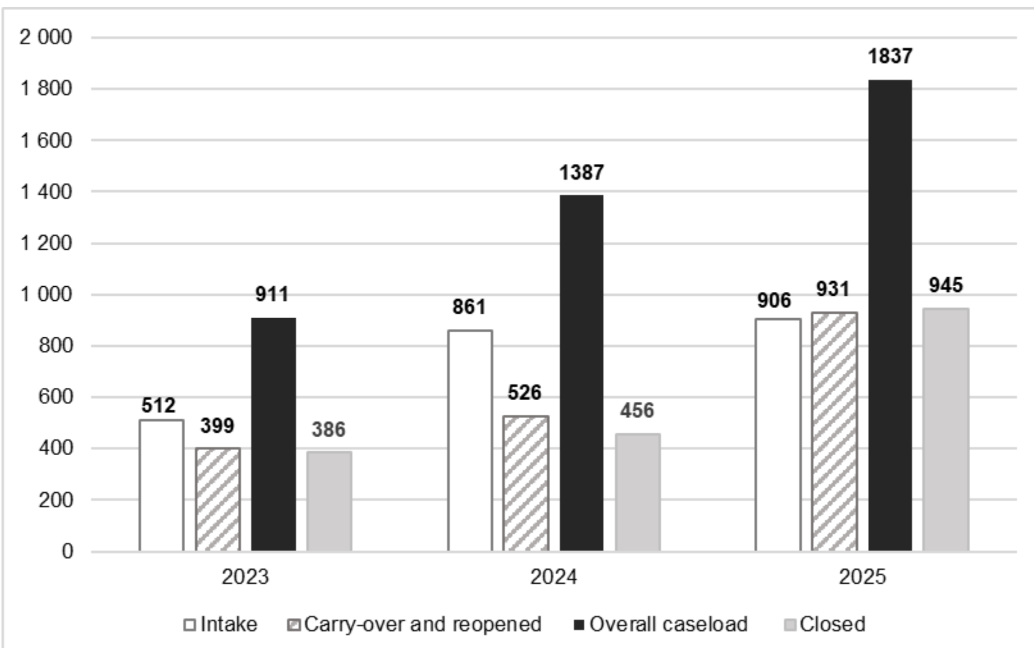
65. If OIAI initiates an investigation and substantiates the allegations, its findings are transmitted to the appropriate office to guide UNICEF management in deciding on administrative, disciplinary or other actions.

66. The Section also reviews investigations of fraud, sexual exploitation and abuse and safeguarding violations causing or likely to cause significant harm to a child involving personnel of implementing partners or institutional contractors, conducted by those entities with internal investigation capacity, or by other third-party investigative entities.

A. Case management

67. In 2025, there was a 5 per cent increase in the number of complaints of misconduct and wrongdoing registered as new cases (906) over 2024, representing an increase of 77 per cent since 2023 (see figure III).

Figure III
Investigations intake, caseload and completion, 2023–2025



Note: Updates to the case management system undertaken in 2025 resulted in slight adjustments to some previously reported data for 2024.

68. The Investigations Section managed 1,837 cases in 2025 (see table 3), representing a 32 per cent increase from 2024. This includes 931 cases carried over from the previous year and 906 new cases.

69. Despite continued growth in overall case volume, the Investigations Section made notable progress in reducing its backlog and accelerating case closures. The number of closures increased by 107 per cent, with 945 cases closed by the end of 2025. In particular, significant progress was made in accelerating closures of cases of

fraud and sexual exploitation and abuse. The largest number of closed cases related to fraud involving misuse of programme funds by third parties, a 95 per cent increase from the prior year (123 in 2024; 240 in 2025). The second largest number of closed cases related to sexual exploitation and abuse, a 111 per cent increase from the prior year (110 in 2024; 232 in 2025).

Table 3
Investigations cases handled in 2025

Status of cases	*Number of cases*
Carry-over as at 1 January 2025	931
Intake during 2025	906
Reopened from the previous year	0
Total cases during the year	**1837**
Closed during the year	945
Cases ongoing as at 31 December 2025	892

70. The Office aims to complete assessments within 90 days and investigations within nine months. In 2025, OIAI completed 428 assessments (45 per cent of total assessments) within 90 days (see figure IV). Of the 62 cases closed following an investigation, 41 (66 per cent) were finalized within nine months (see figure V). In figures IV, V and VI and table 4 below, allegations are grouped by categories harmonized with other United Nations funds and programmes. For the purposes of this report, prohibited conduct includes harassment, abuse of authority and discrimination, while sexual harassment and sexual exploitation and abuse are grouped under “sexual misconduct”.

Figure IV
Percentage of assessments closed within 90 days in 2025, by case type

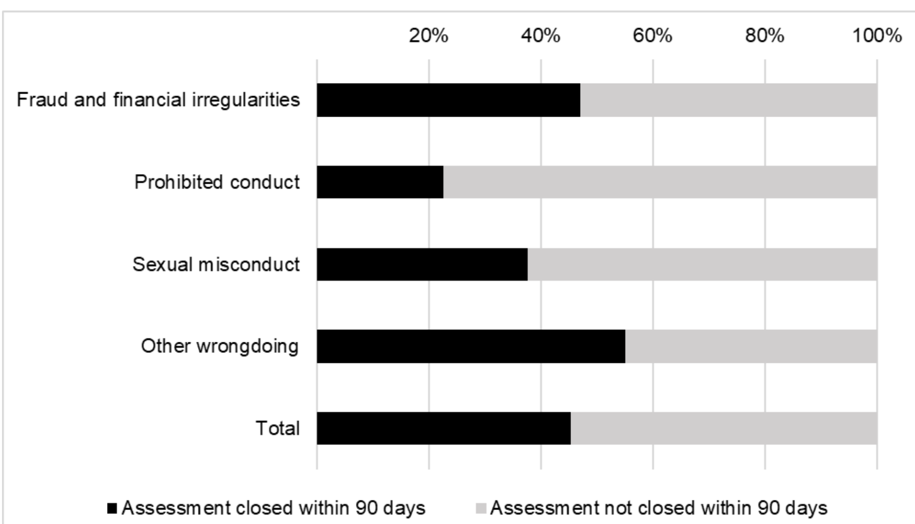
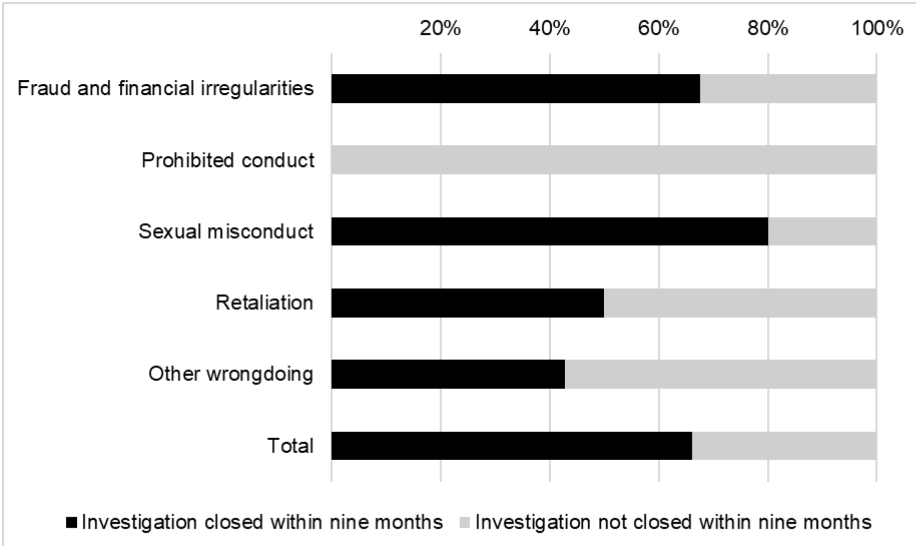


Figure V
Percentage of investigations closed within nine months in 2025, by case type



B. Analysis of allegations received

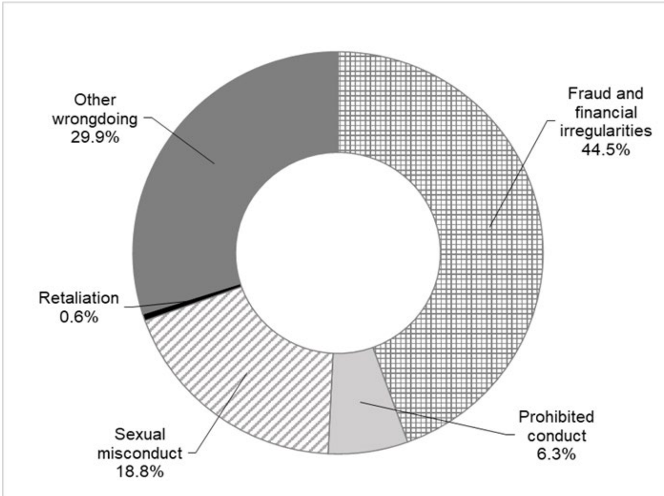
71. Figure VI and table 4 categorize the 906 cases opened in 2025, by type, and table 5 depicts allegations by UNICEF region/location. The typology of new cases was similar to the prior year, with fraud and financial irregularities representing the largest category by percentage (44.8 in 2024; 44.5 in 2025), followed by other wrongdoing (25 in 2024; 29.9 in 2025), sexual misconduct (22.1 in 2024; 18.8 in 2025), prohibited conduct (7.7 in 2024; 6.3 in 2025), and retaliation (0.3 in 2024; 0.6 in 2025).

72. Within these broader categories, however, some shifts were observed. Although cases of fraud involving misuse of programme funds by third parties comprised the largest subcategory within fraud and financial irregularities (210 of the 403 cases), the number of cases in this subcategory decreased by 14 per cent from the prior year (245 in 2024). Other subcategories that decreased were sexual exploitation and abuse (164 in 2024; 144 in 2025) and child safeguarding cases (69 in 2024; 52 in 2025). As most allegations in these sub-categories implicate UNICEF implementing partners or vendors and are reported to OIAI by UNICEF country offices, it appears that the decline may likely be due to the ongoing FFI that resulted in many posts being abolished (including some for safeguarding and fraud risk management).

73. In this context, and as the change process also involves the establishment of some new posts, it is notable that the subcategory of cases of recruitment irregularities increased by 117 per cent (18 in 2024; 39 in 2025). Other sub-categories that experienced increases included miscellaneous (13 in 2024; 48 in 2025) and inappropriate staff conduct (84 in 2024; 98 in 2025), both of which encompass some reports related to FFI, such as non-specific allegations that decisions taken as part of the process were insufficiently transparent or unfair.

74. The number of sexual harassment cases remained the same (26 in 2024; 26 in 2025), while the number of harassment, abuse of authority and discrimination cases decreased slightly (66 in 2024; 57 in 2025). In 2025, OIAI opened 17 cases that alleged discrimination, including based on age, race, ethnicity, gender, or other characteristics.

Figure VI
Case intake by category of allegation, 2025



Note: Due to rounding, the data do not add up to 100 per cent.

Table 4
Case intake by category of allegation, 2023–2025

Allegation category	*Cases in 2023*	*Cases in 2024*	*Cases in 2025*
Fraud and financial irregularities	217	386	403
Prohibited conduct	39	66	57
Sexual misconduct	148	190	170
Retaliation	2	3	5
Other wrongdoing	106	216	271
Total	**512**	**861**	**906**

Note: Updates to the case management system made in 2025 resulted in slight adjustments to some previously reported data for 2023 and 2024.

Table 5
Case intake in 2024 and 2025, by region/location

	2024		*2025*	
UNICEF region/location	*Number of cases*	*Percentage of the total*	*Number of cases*	*Percentage of the total*
Headquarters	35	4	41	5
East Asia and the Pacific	22	3	33	4
Eastern and Southern Africa	161	19	165	18
Europe and Central Asia	28	3	27	3
Latin America and Caribbean	47	5	46	5
Middle East and North Africa	150	17	200	22
South Asia	251	29	229	25
West and Central Africa	158	18	153	17
Other[a]	9	1	12	1
Total	**861**	**100**	**906**	**100**

[a] "Other" comprises matters where the location is unknown, is cross-regional, or the allegations concern non-UNICEF entities.
Note: Due to rounding, some of the data do not total 100 per cent. Updates to the case management system made in 2025 resulted in slight adjustments to some previously reported data for 2024.

C. Disposition of completed cases

75. In 2025, OIAI issued 57 investigation reports, including eight Sanctions and Remedial Measures reports to the Implementing Partner Review Board and three to the Vendor Review Committee, and 224 referrals. Eighteen of the completed cases in 2025 were closed because the allegations could not be substantiated following investigation. Of the remaining 646 completed cases, 23 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.

76. The Office closed 369 cases following an assessment of investigative and remedial actions taken by implementing partners, vendors or other third parties with investigative or forensic capacity. Of those cases, 187 involved allegations of sexual exploitation and abuse, 82 allegations of fraud involving misuse of programme funds by third parties, 76 allegations of child safeguarding violations and 24 other allegations.

77. The disposition of cases completed in 2025 is summarized in table 6.

Table 6
Disposition of cases completed in 2025

Type of closure	*Number of cases*
Investigation report	**57**
(a) Submitted to senior management under UNICEF disciplinary policy*	43
(b) Submitted to the Ethics Office**	2
(c) Submitted to other United Nations entity (non-staff contractual matter)	1
(d) Submitted to Implementing Partner Review Board or Vendor Review Committee	11
Closure report	**18**
(a) Allegation not substantiated following investigation	18
Closed after assessment	**501**
(a) Lack or withdrawal of consent to proceed with an investigation in case involving a victim of direct harm	23
(b) Referral made to another UNICEF office or other entity***	224
(c) Lack of actionable information sufficient to commence an investigation****	254
Review of third-party investigations, audits and remedial actions	**369**
Total cases closed in 2025	**945**

* 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.

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

**** Includes four duplicate cases and one case in which assistance was provided to another United Nations entity.

78. The Office established financial losses to UNICEF from 47 cases of misconduct or wrongdoing amounting to $1,258,564.91. These losses may not reflect the organization's total losses, such as expenditures that could not be attributed to misconduct or wrongdoing but were nonetheless determined to be unauthorized or "ineligible" under contractual agreements with UNICEF. The figure also does not include losses to third parties, for example to medical insurance providers. Fifteen of the 47 cases involved theft of supplies by implementing partner or vendor personnel

or unknown parties, with losses totalling $66,693.88. Details of the remaining 32 cases involving financial losses, as well as of all cases closed following investigation, are provided in addendum 2 to this report.

D. Disciplinary measures and other actions taken by UNICEF

79. While OIAI is responsible for conducting investigations, UNICEF senior management is responsible for taking appropriate action based on investigation reports. The Office submitted 43 matters to senior management for consideration of action under the UNICEF Policy on the Disciplinary Process and Measures. In 2025, the Deputy Executive Director, Management, completed a disciplinary process in 25 cases, including 11 submitted by OIAI in 2024. All cases involved serving staff members. The disciplinary measures included dismissal or separation from service (20 cases), loss of steps in grade (3 cases), deferment of eligibility for promotion (1 case) and a fine (1 case).

80. In seven other cases involving seven additional former staff members, appropriate action was taken to record the cases for accountability purposes.

E. Advisory and non-case-specific activities

81. The Investigations Section participated in the following non-case-specific activities:

(a) **Donor engagement and reporting:** In May 2025, following consultations with public sector donors, UNICEF issued the Policy on Disclosure of Integrity-Related Information to Public Sector Resource Partners. The Policy standardizes donor reporting practices and establishes a centralized disclosure framework for sharing information relating to allegations of fraud, sexual exploitation and abuse, and other forms of misconduct or wrongdoing that fall within OIAI mandate. The Office supported the implementation of the policy through the transmission of periodic fraud reports to donor oversight offices, provision of guidance on ad hoc information-sharing requests and active participation in discussions with donors. Prior to the policy's issuance, OIAI handled 122 donor reporting-related matters. Since May 2025, OIAI has issued or supported 73 notifications related to sexual exploitation and abuse cases, 132 notifications related to fraud cases and 47 responses to ad hoc requests from donors. Over the course of 2025, OIAI participated in 29 meetings with donors and supported 60 additional donor initiatives and requests.

(b) **Policy initiatives:** The Office provided substantial contributions to several UNICEF policies and procedures, including the UNICEF Procedure on Imposition of Sanctions and Remedial Measures on Implementing Partners, issued in 2025, as well as other policies referenced below. The procedure sets forth a new process for imposing sanctions and/or remedial measures on implementing partners who engage in fraud or other wrongdoing, as well as the role of the Implementing Partner Review Board.

(c) **Advice to UNICEF personnel and management:** The Office responded to a large volume of requests for guidance and advice from managers and personnel across UNICEF concerning possible misconduct and wrongdoing, as well as matters falling outside the OIAI mandate.

(d) **Fraud and corruption:** The fraud team continued to provide guidance to country offices regarding fraud-related matters, including risk mitigation and assurance activities to identify indicators of fraud, and delivered fraud-related training to some country offices and partners. In collaboration with the Division of Financial and Administrative Management and several other UNICEF divisions, the

Section also contributed to finalization of the new UNICEF Policy on Anti-Fraud and Corruption.

(e) **Sexual exploitation and abuse and sexual harassment:** The Office implemented a risk-based approach to managing its assessments of third-party investigations of sexual exploitation and abuse and child safeguarding violations, categorizing partners into different categories based on their investigative capacity and the amount of funding they receive from UNICEF. The Office also liaised with partners receiving over $1 million in UNICEF funding, to explain how the Office assesses the adequacy of their sexual exploitation and abuse investigations. The Office continued to report 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.[5]

(f) **Review of provisions in agreements:** The Section reviewed integrity-related clauses in 76 financing and legal agreements with donors and other parties, compared to 68 agreements in 2024. The review process, complexity and the non-standard nature of these agreements required the investment of substantial resources.

XII. Analytics and artificial intelligence

82. The maturity progression of the OIAI data analytics programme accelerated during the year (see figure VII), positioning the Office among the leading technology-enabled oversight functions within the United Nations system. Key milestones included:

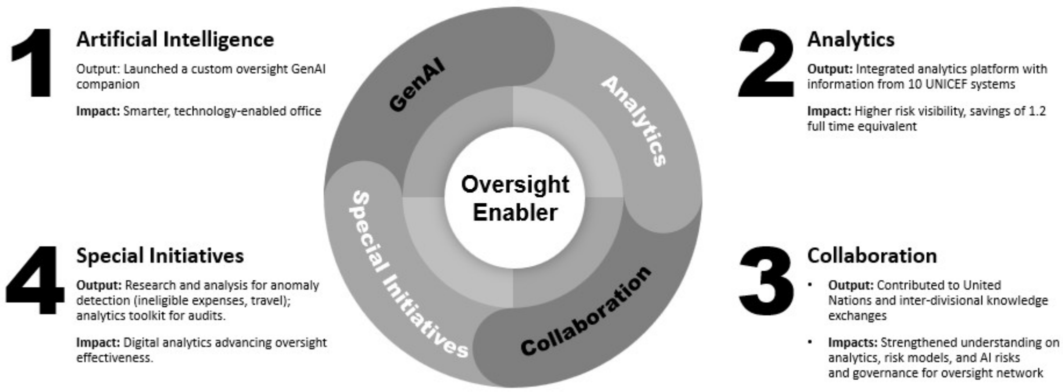
(a) **Generative artificial intelligence application:** In 2025, the Office launched its artificial intelligence oversight companion. Developed in collaboration with the Digital Impact Division, the digital assistant enables the use of artificial intelligence underpinned by security and risk management to ensure alignment with institutional standards and guardrails. It delivers artificial intelligence functionalities that support research, analysis of structured and unstructured data, document translation and transcription.

(b) **Analytics suite:** The Office further mainstreamed the use of automated data pipelines, supporting over 60 operational dashboards, 18 continuous monitoring scripts, satellite imagery and two custom risk models for audit planning and proactive country office risk scanning. Together they support the distinct operational needs of both the internal audit and investigation functions and are embedded in oversight workflows.

(c) **Knowledge exchange:** The Office continued to play a leadership role in technology knowledge exchange within UNICEF and inter-United Nations oversight counterparts, by sharing practices related to risk modelling, analytics and artificial intelligence.

[5] The number of sexual exploitation and abuse allegations reported to the Executive Office of the Secretary-General may differ from the number included in this report, as the Office of Internal Audit and Investigations (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.

Figure VII
Analytics and artificial intelligence for oversight in 2025



XIII. Communications

83. In 2025, OIAI added communications as a core enabler of its mandate. Flagship products, including an interactive annual report summary and targeted knowledge publications on data analytics and ethics that made oversight insights more accessible to a wider and more diverse audience. Communications support for priority policy and operational initiatives, including sanctions procedures and the donor notification policy, helped to ensure shared understanding and effective implementation across the organization.

XIV. Strategic road map for 2026–2029

84. Against the backdrop of ongoing organizational restructuring and the implementation of the Strategic Plan, 2026–2029 and programme budget review, OIAI has developed a strategic framework for the next quadrennium focused on sharpening its impact, relevance and value to the organization.

85. The Office will focus on the following five strategic priorities:

(a) strengthening its role as an independent, trusted adviser to management and the Executive Board;

(b) enhancing risk-based coverage and assurance over critical and emerging risk areas, informed by an integrated assurance mapping exercise;

(c) further embedding data analytics and responsible use of artificial intelligence into oversight practices;

(d) elevating the clarity, timeliness and strategic relevance of oversight insights to effectively inform decision-making by management and governance bodies;

(e) investing, within its approved resourcing, in talent, skills development and performance management.

86. The Audit Section will continue to expand the coverage of digital and information technology-related risks. The Section will also prioritize assurance mapping and improvements to its processes, methodology and strategy implementation through enhancements to the professional practices function.

87. The Investigations Section will continue to prioritize cases involving allegations of sexual misconduct and fraud by maintaining its dedicated fraud team and establishing a dedicated sexual misconduct team. The Section anticipates referring an increasing number of matters to the Implementing Partner Review Board and the Vendor Review Committee. For other categories of staff misconduct cases, the Section will continue to promote resolution through the least intrusive mechanism. Finally, the Section will also continue to regularly notify resource partners of integrity matters impacting their funds under the Policy on Disclosure of Integrity-Related Information to Public Sector Resource Partners.

88. In addition, both sections will continue to closely collaborate, exchanging insights on governance, risk management and organizational accountability, and identifying opportunities for enhanced collaboration.

XV. Draft decision

89. *The Executive Board*

1. *Takes note* of the UNICEF Office of Internal Audit and Investigations 2025 annual report to the Executive Board (E/ICEF/2026/AB/L.3), its two addenda (E/ICEF/2026/AB/L.3/Add.1 and E/ICEF/2026/AB/L.3/Add.2) and its management response (E/ICEF/2026/AB/L.4), and welcomes the overall opinion on the adequacy and effectiveness of the organization’s framework of governance, risk management and controls.

2. *Also takes note* of the UNICEF Audit Advisory Committee 2025 annual report to the Executive Board.

Annex I

Audit and advisory reports issued in 2025[a]

No.	Reference number	Region[b]	Audit and advisory reports	Number of agreed actions: Total	Number of agreed actions: High priority	Report conclusion[c]
I. Audit reports						
A. Country offices						
1	2025/02	ESA	Republic of Mozambique	6	3	PS-MIN
2	2025/03	WCA	Guinea-Bissau	8	4	PS-MIN
3	2025/06	ECA	Albania	3	0	PS-IN
4	2025/07	MENA	Algeria	7	2	PS-IN
5	2025/08	MENA	Libya	6	1	PS-IN
6	2025/09	ESA	Lesotho	8	5	PS-MIN
7	2025/10	ESA	Republic of Zambia	6	1	PS-IN
8	2025/14	ECA	Romania	4	0	PS-IN
9	2025/15	WCA	Democratic Republic of the Congo	14	12	U
10	2025/16	EAP	Philippines	7	0	PS-IN
11	2025/17	WCA	Cameroon	8	2	PS-MIN
12	2025/18	WCA	Gabon	5	2	PS-IN
13	2025/19	WCA	Burkina Faso	10	4	PS-MIN
14	2025/20	ESA	Eswatini	8	2	PS-IN
15	2025/22	ECA	Kyrgyzstan	2	0	S
16	2025/25	WCA	Congo	8	3	PS-IN
17	2025/26	LAC	Haiti	11	5	PS-MIN
			Total	121	46	
B. Regional offices						
18	2025/11	MENA	Middle East and North Africa Regional Office (MENARO)	7	0	PS-IN
			Total	7	0	
C. Thematic areas						
19	2025/01	N/A	Treasury and Investment Management Operations	2	1	PS-IN
20	2025/04	N/A	Business Continuity Management	8	3	PS-MIN
			Total	10	4	
			Grand total	**138**	**50**	

No.	Reference number	Region[b]	Audit and advisory reports	Number of agreed actions		Report conclusion[c]
				Total	High priority	
II. Advisory reports						
21	2025/05	MENA	Syrian Arab Republic Country Office	-	-	-
22	2025/12	N/A	Accounting Treatment and Monitoring of Pre-Positioned Supplies	-	-	-
23	2025/13	N/A	Fraud Risk Management	-	-	-
24	2025/21	ROSA	Afghanistan Country Office Education Programmes	-	-	-
25	2025/23	N/A	Digital Initiatives Governance	-	-	-
26	2025/24	MENA	Sudan Country Office	-	-	-

[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 and N/A: not applicable.

[c] Report conclusions are classified as the following:

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 (U): 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 2025

No.	*Key performance indicator*	*Target (2025)*	*Achievement (2025)*
1.	Delivery of a risk-based workplan	90%	83% [a]
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 Global Internal Audit Standards, including external assessments (once every five years)	Yes	Yes
5.	Compliance with timeliness indicators for internal audit reporting	90%	80% [c]
6.	Compliance with timeliness indicators for investigations	65%	66%

[a] The initial 2025 workplan was revised upwards (from 28 to 41 assignments). This percentage reflects the revised figures and includes all audits concluded up to the draft reporting stage of the audit cycle (26 final reports and 8 draft reports issued by 31 December 2025).

[b] A "generally satisfactory" rating means that the audit clients either agreed or strongly agreed that, overall, the individual audits added value and resulted in meaningful agreed actions and results. For the 2025 issued audit reports, eight survey responses were received by year-end rated "generally satisfactory."

[c] The key timeliness indicator is the 60-day target from exit meeting to draft report issuance.