Item 10: UNICEF Office of Internal Audit and Investigations 2020 annual report to the Executive Board

Reference documents: E/ICEF/2021/AB/L.3 and Add.1
OIAI Confirms:

- Provision of an annual opinion (Executive Board decision 2015/11)
- Independence and absence of management interference
- Compliance with the applicable professional standards
- Compliance with Executive Board decision on public disclosure
- Advancement of restructuring and decentralization plans
- Participation in professional networks and coordination
- Audit coverage gap continues
COVID-19: Challenges and Opportunities

• Mid-year revision of 2020 annual workplan with reduced number of assurance engagements

• Transitioned to fully remote audits and investigations as restrictions prevented visits to field offices, project sites, partners and access to original documentation

• Increased use of forensic audits, reliance on other assurance activities for evidence, data analytics and open-source intelligence, online interviews

• Increased advisory work to respond to emerging risks

• Contributed to strengthening organizational risk management, including COVAX
OIAI 2021 Revised Charter

- Revised OIAI Charter presented to Executive Board for decision, replacing May 2012 Charter
- Clarifies mandates in areas of audit, consulting and investigations
- Considers recent recommendations of the Joint Inspection Unit and United Nations Board of Auditors
- Strengthens provisions on independence and accountability of OIAI and its staff, including on risk-based auditing and conflicts of interest
- Addresses cooperation and information exchange with other oversight entities
- Enables proactive investigations, which is critical in areas of operations susceptible to fraud and corruption
In line with Executive Board decision 2015/11 and based on the scope of work undertaken in 2020, the UNICEF framework of governance, risk management and controls was generally adequate and effective.

**BASIS FOR OPINION**

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

- 23 reports: 19 audits (17 Country offices, 1 thematic, 1 Joint UN audit) and 4 advisories
- Country offices audited constituted 29% of UNICEF 2020 planned programme expenditures
- 13% ‘high-priority’ agreed actions
- 15 agreed actions older than 18 months (6 closed subsequently)
- 74% of 2019 agreed actions implemented

KEY POINTS FROM THEMATIC ADVISORIES

- HACT - Strengthen governance and oversight, use of micro-assessments and digitization
- Accountability Framework – Update structures and accountabilities; revise internal controls policy; and increase monitoring capacity

2020 AUDIT REPORT CONCLUSIONS

- 89% moderately qualified
- 6% strongly qualified
- 5% unqualified
- No reports had an ‘Adverse’ conclusion

FOCUS OF COUNTRY OFFICE AUDIT OBSERVATIONS
Investigation Overview

520 investigations cases managed in 2020, representing a 4 per cent increase compared to 2019

NEW CASES IN 2020
308 allegations received in 2020
15% decline over 2019

Distribution of 2020 case intake

- Inappropriate staff conduct and personnel disputes: 22%
- Fraud and corruption: 35%
- Sexual exploitation and abuse: 19%
- Sexual harassment: 5%
- Harassment and abuse of authority: 11%
- Retaliation: 1%
- Others: 7%
- Insufficient info to investigate: 27%
- Referral to another UNICEF office or other entity: 49%

CASES CLOSED IN 2020
254 cases closed (12% lower than 2019)
75% cases closed within 9 months

Disposition of closed cases

- Investigation reports: 18%
- Closure memorandum: 5%
- Advisory memorandum: 1%
- Insufficient info to investigate: 27%

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2022-2025 OIAI Strategy

INTERNAL AUDIT
Agent of Change and Trusted Adviser

- Close the 'Coverage Gap'
- Grow Consulting Services
- Technology and Data Analytics
- Communication

Sharpen Focus on most Significant Risks

INVESTIGATIONS
Trustee for Integrity

- DETECT
- DETER
- PREVENT

- Focus on risk of fraud through detection and investigation
- Conflict resolution through least intrusive response

Innovation and Staff Development

Promote Accountability, Integrity and Ethical Behaviour

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### 2022-2025 OIAI Strategy: Resource Request

#### Additional Resources for Implementation of 2022–2025 Strategy

<table>
<thead>
<tr>
<th>Additional Posts</th>
<th>Non-Post Budget</th>
<th>Separate Budget for Audit Advisory Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Internal Auditors</td>
<td>Surge &amp; Expert Capacity, Staff Training, Technology</td>
<td></td>
</tr>
<tr>
<td>1 PSEA Investigator</td>
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<tr>
<td>1 Data Scientist</td>
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</tbody>
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#### Anticipated results from additional resources

- Increased assurance and reduced coverage gap
- Increased advisory services
- Catalyst for organizational smart risk-taking
- Use data analytics for better risk intelligence
- Increased donor confidence
Key Accelerator – Data Analytics

OIAI’S DATA ANALYTICS STRATEGY ROADMAP

INFORMATION DASHBOARDS (2021)
- Provides information from multiple sources for self-analysis by auditors & investigators

RISK INTELLIGENCE (2022–2023)
- Identifies potential red flags across population data sets for the pre-defined criteria

PREDICTIVE MODELLING (2024–2025)
- Enables foresight based on machine learning models on extensive historical data

Cash Transfers
Partner Profiles
Vendor Master, P2P
Other Business Processes
Continuous Risk Analysis
Automated Workplans
Thank you.