In 2019, DFAM made tremendous strides both within UNICEF and across the UN organization. In this year’s report, DFAM highlights its initiatives, both implemented and ongoing, as well as upcoming projects for the next biennium.

We begin with one of DFAM’s key achievements with the awarding of an unqualified audit opinion on UNICEF Financial Statements for the year ended 31 December 2019, by the United Nations Board of Auditors (A/75/5/Add.3). In response to the heightened expectations from UNICEF’s Executive Board and its donors for greater transparency, DFAM took various measures to better manage risks as well as reduce the potential for waste, fraud, mismanagement and conflicts of interest. These include:

- **The Implementation of the anti-fraud strategy** which provides mechanisms, tools, processes and practices that UNICEF has established for the prevention, detection and its response to fraud, corruption, waste and abuse of authority.

- **The Global roll out of the Fraud Awareness Training** - In 2019, the anti-fraud awareness activities and training were reinforced with the introduction of a mandatory online course on fraud awareness for all UNICEF staff, and to reach the largest audience possible, the course was launched in English, French and Spanish. Currently, the course has one of the highest participation rates of Agora courses.

- **The Transaction Level Monitoring (TLM) tool** that was piloted from Q1-Q3. After a successful period of testing, DFAM installed the ACL Robotics Solution for TLM. The tool is a strategic solution that supports effective internal controls including the management of fraud risks. This solution will complement the Fraud awareness training to facilitate fraud deterrence, prevention and early detection reducing the potential losses through continuous transaction monitoring.

In 2019, DFAM led key initiatives to facilitate the repositioning of operations accountabilities from traditionally transactional to more strategic, value-adding as a business partner, ensuring the best use of UNICEF assets in alignment with programme activities and goals. Some selected key achievements in this area are:
The Operations function was shifted from traditionally transactional accountabilities to more strategic and leadership roles based on the strategy introduced in 2018. In 2019, the repositioning of the operations function across the organization was implemented in order to support the development of appropriate skills, strengthening the focus on strategic value creation. To underscore the importance of this strategic function, the title of the head of Operations at P5 and P4 levels in country offices were changed from Chief of Operations to Deputy Representative, Operations. The individual title changes were based on established requirements and a validation process. The review of staff appointed as Chief of Operations at P4 and P5 levels were based on objective measures from: (a) performance track record, (b) experience in handling critical functions and (c) leadership competencies and will be undertaken in a participatory fashion. As a result, fifty-three out of the sixty-nine Chief of Operations were assessed ready for the revised function and their functional title was changed to Deputy Representative, Operations.

DFAM developed and rolled-out its first Agora course “Introduction to the Operations function in UNICEF” to provide staff members an opportunity to learn and better understand the strategic role that operations function plays in achieving Organizational results. Following the repositioning of the Operations function, the division has crafted the first, formal and global Operations Learning Strategy, created in partnership with DHR. Dedication to continuous learning and a growth mindset, will enable individuals to excel as promoters of Operations excellence, strategic business partners, and senior managers. The objective of this first, formal and global Operations Learning Strategy (2020-2022) is to provide a practical and strategic roadmap for Operations staff to develop competency in the core knowledge, skills, and abilities needed to support the strategic shift of the Operations function. This strategy also sets the tone, expectations, and direction for the change required for managing risks coherently, driving efficiencies and providing appropriate resource management to deliver the best possible results for children. DFAM has begun working with Agora to develop the first Operations Learning Channel as a one-stop browsing site of curated Operations trainings and learning resources.

As part of the Repositioning of the Operations function, a Talent Planning and Placement Initiative (TP&P) was designed to create a shift from reactive to proactive development and placement of staff. The initiative is a strategic tool to enhance the planning and placement of Operations staff including identifying resources in a timely manner and deploying skilled individuals. It will improve staff career development and strengthen the repositioning of the Operations function. The TP&P Strategy will be released and piloted in 2020 with Operations positions under the oversight of the Comptroller.

The e-GRC (Enterprise Governance, Risk, and Compliance) system was built on the leading MetricStream platform, to help managers systemically assess, manage and report risks to achieve optimal outcomes. The system centralizes the monitoring and reporting of exceptions to procedures in order to increase transparency of potential risks and raise awareness of their impacts. This allows for the organization to have a repository of meaningful, quantitative, and actionable ways to identify, assess and mitigate key sources of risk. It will further, enable more accurate risk reporting as well as development and continual improvement of policy, procedure and risk management.
efforts. The 2019 Annual Risk Assessment data was captured into the eGRC system and reports are now being used by offices.

In 2019, DFAM together with DAPM have partnered to develop a Value for Money (VfM) strategy and specific metrics to embed VfM analysis at country, regional, and HQ offices. The strategy aims to include the following:

- Automated VfM analysis and visualizations on InSight to help manage results with no new burdens for field colleagues, and to inform intervention selection, partner selection, and risk mitigation.
- Quality and consistent VfM training and support.
- VfM analysis to individual partnerships.

At country and regional office level, financial, administrative and oversight processes in humanitarian contexts were strengthened in 2019 through capacity building of the operations function and sharing of lessons learned from other emergencies.

In 2019, DFAM ERT members with expertise in field operations provided a total of 27 weeks of in-country technical operations support, to the Democratic Republic of the Congo, the Bolivarian Republic of Venezuela (both Level 3 emergencies) and UNICEF’s Eastern and Southern Africa Regional Office. DFAM provided strategic support to country offices operating in sanctioned jurisdictions by restoring banking channels, providing alternative ways of making payments to vendors, major suppliers, national and international staff. The supported countries included: Cuba, Iran, Lebanon, Syria, Venezuela and the Democratic People’s Republic of Korea.

Work on the Mid-term Review (MTR) of the UNICEF Integrated Budget 2018-2021 began in 2019. This involved preparation and issuance of guidance and timelines, and seamless coordination with senior management and UNICEF offices. SRM has also supported several ad-hoc PBR submissions, including a large-scale Realignment and Repositioning Exercise, as well as Regional PBRs for Country Offices.

DFAM works year-round on producing and providing timely and accurate information to donors. In 2019, DFAM conducted a pilot to find ways in which it could shorten the end month closures. After a successful trial period, DFAM is now able to prepare high level overview of financial results on a monthly basis within 5-7 business days after month end. Although, EU interim reports eventually transitioned to PPD Brussels, DFAM still provides clearance.

Further, as part of DFAM’s commitment on strengthening UNICEF’s financial management, the Division continued to provide advice on financial matters to emergency operations as well as technical expertise and oversight to direct cash transfer (DCT) programs, including the selection of banking counterparties and paying agents, reviews of banking agreements, terms of reference (TORs), bank guarantees and
foreign exchange (FX) strategy, as well as monitoring of long outstanding balances, impairments and write-offs.

DFAM provides strategic leadership and guidance on UNICEF’s administrative management functions to over 399 field office premises in 145 countries, as well as administrative issues including those related to UN Reform, to help UNICEF streamline processes. Additionally, continuing to play an active role in all the regular interagency forums and working groups in support towards UN coherence in all financial and administrative areas.

In 2019, DFAM aimed to create efficacy, and improve accessibility throughout UNICEF. These key achievements include the following:

- There are currently 399 Field offices out of which 195 are common premises. During 2019, the percentage of common premises improved from 39% to 49%, against a target of 45%. This included UNICEF and UNFPA moving into a newly constructed office building in Kathmandu, Nepal in June 2019. A total of 44 UNICEF guesthouses were registered under WFP Humanitarian hub and accessible to other UN agencies. Greater cooperation with other agencies in guesthouse creation and management was achieved during the year, and the proven working model is being carried in all future guesthouse projects. This initiative with WFP allowed automated back-office functionality and guesthouse management reporting. Various construction projects were ongoing during the year – the Bangladesh Country Office, in Dhaka, is nearing completion and an agreement for the construction of a new building in Kampala is being finalized with WFP and UNFPA. UNICEF and UNFPA moved into a newly constructed office building in Kathmandu, Nepal in June 2019.

- UNICEF has commenced the installation of vehicle tracking systems (VTS) in all field vehicles as part of its road safety initiative. In 2019, 940 vehicles in 49 countries were installed with the vehicle tracking system, with a target of 517 vehicles in 67 countries, for 2020. DFAM rolled out a pilot, through the WFP Humanitarian Booking Hub, for driver and vehicle booking, whereby staff traveling to the countries participating in the pilot can book a driver and vehicle online. The pilot resulted in an efficient fleet management and improved coordination of resources. Consultation with country offices on the Fleet Management and Road Safety Procedure was completed and their inputs consolidated into the new procedure which will be issued during the first quarter of 2020.

- At the end of February 2019, the UN Road Safety Strategy was officially launched – and DFAM was an integral member of the working group that designed this strategy. DFAM will continue to be involved in the implementation of the recommendations from the strategy in collaboration with other UN agencies, funds and programmes. The Division is also involved in the exploration of greater collaboration in fleet management with other UN agencies through the mobility working group. The working group seeks to create greater efficiencies and costs saving in fleet procurement and operation through the sharing of fleet resources coupled with the use of technology.
In 2019, UNICEF emerged as a valuable trusted funds custodian for hosted funds, transformed UNICEF’s engagement and delivery of hosted fund services through efficient delivery of services, transparency, collaboration and innovative thinking.

DFAM manages several hosted funds including - Education Can’t Wait, End Violence Against Children, and Sanitation and Water for All. In 2019, the funds DFAM managed increased exponentially from US$ 111 million in 2016 to more than US$ 620 million in 2019.

Towards the end of 2019, DFAM co-led an interdivision task force to develop comprehensive standard operating procedures for UNICEF hosted funds, including plans for a hosting framework to facilitate more effective engagement by UNICEF in global partnerships and financing mechanisms.

In line with managing hosted funds, DFAM monitors the overall financial framework of the organization and provides UNICEF leadership with information necessary to ensure that resources are effectively and efficiently employed in achieving results for children. The following key achievements are highlighted to showcase the Division’s ability to accomplish this through specified areas;

1. Innovation:
   - DFAM supported the successful launch of the Crypto Fund Pilot and the establishment of the new Muslim philanthropy fund with ISDB (Islamic Development Bank). To enable middle income countries (MIC) tap into financing facility, preparatory work was done as building blocks to carry the concept forward in 2020.
   - As the Division continuously strives to use innovative and cost-effective ways to roll-out and scale-up projects, a key innovative approach in 2019 was the use of a drone to create a three-dimensional map of the UNICEF Mali office, to enable the automatic extraction of all roof measurements and shading parameters for expediting the solar system design process.
   - The “Cyberwalkthrough” is another initiative the Division is scaling up to virtually visit UNICEF Offices for identifying eco-efficiency and accessibility-related improvements, without the need of physically traveling there. So far, 5 Cyber-walkthroughs have been successfully completed, resulting in the avoidance of 5 field trips!

To further complement the physical projects, DFAM launched periodic behavior change campaigns that sensitized and incentivized UNICEF colleagues to adopt eco-conscious behaviors and choices. Apart from the 9 “GreeNews” newsletters, the most successful campaigns of 2019 included 1) the “Earth Day Eco-habits” where staff from over 30 regional and country offices shared their environmental commitments and individual eco-habits via short videos, and 2) the “Eco-Tips” focusing on interesting eco-friendly tips that are featured on the main ICON page.
2. **Enhancement of workspace:**

As part of the **Capital Master Project (CMP)** to upgrade and modernize the NYHQ building in 2019, some of the major capital improvement projects were completed. In the first quarter of the year we began with the replacement and modernization of the HQ heating and ventilation systems; this included the cooling tower, air handlers’ units, mechanical rooms, ductwork, and diffusers. This supports modern, efficient systems with environmentally friendly refrigerants. Also making a valuable contribution to the reduction of UNICEF’s carbon footprint as a significant reduction of expenditure on energy consumption. In addition, the OED office on the 13th floor and DOC on the 9th floor, were completely renovated in Q2 and Q4 respectively. The modern office space layout added a cohesive and efficient use of space. Also, introducing natural lighting making the office space greener as we support the Greening initiatives.

As DFAM continues to complete the planned renovations, additional space was required leading to a sublease arrangement with UNDP. By opting for this co-location option, UNICEF has created a common premises/common services arrangement with UNDP, in line with the UN Reform agenda. This arrangement also creates efficiency savings for both agencies due to sharing the cost of existing service contracts without a proportionate increase in cost.

The Division continued to provide oversight in the **Ivory Coast bricks for schools** having seen the completion of the factory construction. DFAM later carried exploratory work with GAVI to find alternatives to the way liquidity is currently provided to UNICEF’s procurement activities.

In line with accessibility and the Joint Inspection Unit (JIU) recommendations regarding universal accessibility to UN facilities, a new project was initiated to modernize all HQ restrooms with the addition of new accessible American with Disabilities Act (ADA) compliant washrooms on all floors.

DFAM rolled out more than 23 **eco-efficiency** and 17 **accessibility** improvement projects across UNICEF offices in all regions. Key eco-efficiency projects include hybrid solar power systems in Mali and South Sudan COs, costing USD 900,000, but when completed, will save UNICEF more than USD180k on diesel fuel and 650 tons of carbon dioxide yearly. On accessibility, so far 40% of UNICEF offices comply with the essential accessibility requirements, and DFAM continuously works on supporting new constructions and relocations to have accessibility incorporated. Lastly, the Division piloted the retrofit of vehicles with ramps to improve their accessibility in both ESARO and Mozambique.

3. **Development of new strategies:**

UNICEF continued to take proactive steps since 2016 to significantly reduce travel expenses. Despite continuing efforts, total travel expenditures increased by +7% in 2017 and +12% in 2018, from the 2016 baseline, thus prompting UNICEF to take on additional measures.
The UNICEF Travel Strategy was officially introduced in 2019 to help further reduce travel costs and focus on improving efficiencies. In addition to the 30% reduction, UNICEF announced some key initiatives (located in box 1) to make an additional impact on travel expenses.

DFAM also introduced a reform in travel management to facilitate the simplification of processes and clearly define the roles and responsibilities of each office throughout its global network. To achieve this reform, UNICEF is streamlining its travel process to ensure efficient and effective programme implementation and make life easy for the traveler.

The Division initiated action to centralize the administration of international travel (except NYHQ) to the Global Shared Services Center (GSSC) using a worldwide travel management company (TMC). The Travel Administrative role in the Regional / Country Offices and other HQ Divisions related to international travel will move to GSSC. The overall travel processes will be simplified, and the roles and responsibilities of each office throughout UNICEF’s global network will be clearly defined.

4. Simplification of processes:

During second half 2019, 4 regional and 5 country offices as well as GSSC piloted the mAsset mobile application and performed a fully paperless asset count using iPhones to scan and verify the assets with real time updates to UNICEF’s ERP system SAP. The App will eliminate paper-based count verifications and duplication of data entry when rolled out globally 1 October 2020.

DFAM contributed to the introduction of the one 1% levy indicator by providing technical expertise to help guide the rollout and support any technical related issues that emerged during donor negotiations. This new process included the

### Box 1  Travel Initiatives

- **Business Intelligence (BI)** - The Travel Dashboard was released as an interactive tool allowing offices to measure travel compliance against organizational policy and help keep track of travel expenditure based on the established budget limits.

- **Enhanced Virtual Conferencing** - ICTD is working to provide better and more reliable video conference and collaboration tools.

- **Consolidated Airline Savings** - UNICEF, UNDP, and the Secretariat are working collectively with individual air carriers and alliances to yield best reductions across geographical zones enabling UNICEF to realize fare discounts. 2019 savings totaled $2,670,000 (+38% increase compared to the previous year).

- **Event Management and Hotel Program** - UNICEF is in the process of selecting a worldwide event management company that has the network and expertise to negotiate the best deals on conference and meeting management, also known as Strategic Meetings Management (SMM) companies. Staff members will be able to select hotels using pre-negotiated rates in the top 30 cities.

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**What is mAsset app?**

- **Features**
  - Detailed / Asset Detailed Information
  - Physical / On-Plant Location
  - Model
  - Serial Number
  - Purchase Date
  - Location
  - Make / Year
  - Bill of Materials
  - Technical Documents
  - Location
  - Duration
  - On-Plant Location
  - Description
  - Additional Notes
  - Search
  - Export

- **Benefits**
  - Eliminates paper-based count verifications
  - Reduces duplication of data entry
  - Real-time updates

implementation of system changes in VISION, that will now allow the mandatory reporting to the UN happen automatically.

Further enhancements were introduced for the Simplified Service Entry Sheet with VISION role rights synced daily and the launch of the Fiori app. This app has now created an additional method for receiving officers or OIC’s of receiving officers to record service entry sheets.

While DFAM successfully introduced these simplifications, the Division was also working on developments around the donor portal and eZHACT. The new donor portal will feature automatic donor reports sent to the donor, and approvals will be done electronically enabling for easy tracking and monitoring. The enhancement of eZHACT 2.0 will capture more details on expense types to facilitate our analysis of implementing partner data and, potentially, meet donor expectations. Now donor reports will be available to be accessed by all UNICEF staff.

The Division Financial Management SOPs for cash transfer programming, provided updates to the administrative portion of the Core Commitment for Children document as well as updated the guidelines of Emergency Response Team (ERT) management. These efforts help UNICEF make timelier, better informed decisions and improve the ability to manage for results.

A number of budget policies and procedures were simplified and/or streamlined. These include simplified vacancy monitoring and issuance of vacancy savings; streamlining and delegation of post management to offices, removal of PBR requirements for post classification, and simplification and streamlining of payroll administration.

DFAM continues to support corporate reports through contributions and checking of accuracy and consistency of all financial information. Every year the Division contributes to the preparation of updated Financial Estimates and Cost Recovery Executive Board documents, as well as related presentations for informal and formal Board sessions. Various financial analyses were developed on scenarios for projected revenue and options for affordable expenditure for review and approval by senior management. Among these highlighted are DFAM’s key achievements through its contributions:

- A UNICEF Regular Resources expenditure plan for the issuance of 2020 RR planning level: HQ Divisions, Regional Offices and Country Offices), 7% set aside.
- The Division prepared monthly financial management reports for review with the Executive Director and senior management.
- Contributed to the preparation of key corporate reports such as EDAR, Annual Results Report and Annual Report on use of Regular Resources.
- Conducted review of the current resource governance framework for allocation of discretionary resources and identified areas for further simplification. Recommendations have been presented to, and endorsed by, senior leadership. GSSC cost attribution was implemented as planned.

Progress was made in the development of the Budget Formulation Tool. Application training of all offices and global roll-out was completed by end of June, in line with the roll-out plan. In Q3, the BFT application faced performance issues and a decision was made to temporarily freeze use of the tool and continue with legacy systems, IBCS and NBCS. In conjunction with ICTD, work on improving performance issues, enhancement and thorough testing is continuing in 2020, with roll-out plan/decisions to be taken based on test results and progress.
In addition to these achievements, DFAM was able to:

- Achieve a record performance in cash and investment management and contributed US$138.8 million to regular resources and trust funds despite volatile foreign exchange and capital markets, of which US$118.4 million was interest revenue earned on US$4.3 billion of assets, and US$20.4 million was foreign exchange gain due to effective FX management.
- Cost-effectively made liquidity available to field programs by funding offices within 5 business days, starting from the time the CO requests for funds, with a 99% success rate.
- DFAM employed foreign exchange (FX) purchase strategies to buy 95 currencies in 2019, supporting 107 country offices and 4 regional offices, generating US$11.1 million in savings for program activities. Based on the funded reserve balance, After Service Health Insurance (ASHI) funds, which are externally managed, had a market value of US$541 million as at 31 December 2019 from the initial transferred amount of US$411 million. No additional funds were transferred in 2019 to the fund managers.
- And as a follow up to the agreed action at the Panama regional meeting in March of 2019, DFAM began an initiative of educating country offices of its roles and responsibilities. We decided to use this as an opportunity to provide training in the use of the Cash Forecasting Tool.

In line with the UN reform requirements, DFAM participated in inter-agency initiatives for cash-based programs in development of data management information system (MIS), common procurement guidelines for Financial Service Providers (FSPs) as well as establishment of global inter-agency catalog of existing FSP contracts.

**Challenges and Lessons Learned**

The work of UNICEF staff around the world who are at the frontlines of implementing the governance, risk management and control mechanisms ensures that funds entrusted to UNICEF are managed with appropriate fiduciary accountability to achieve results for children.

- During the year, DFAM followed up on over 10,000 open financial items and supported offices in clearing and addressing complex financial matters as well as corrected over 4,000 expense transactions as part of the year end processes based on submissions from offices. A system validation was implemented effective December 31, 2019 that prevents such errors from occurring in the future.

- One new activity related to the DFAM oversight roles in 2019 was the follow up with offices on overdue receivable balances. The exercise helped increase awareness with country offices of grant management processes as well as tools and reports available. It also highlighted the need for a Grant Management guidance/procedure for offices (something to be included in GMU workplan for 2020). DFAM was able to reduce the overdue amount against active grants from $40 million at the beginning of Q2 to $8 million at year end.

DFAM’s role in enhancing effective financial management has led to the development of policies and procedures towards efficient and seamless operational grant management. This is key to ensuring, more automated operations, on-time financial reporting and tracked services. Although UNICEF continues to face financial and administrative challenges in emergencies related to the provision of funds for in-country activities; constrained banking structures; and challenging operating environments – for example in Yemen, where a limited number of staff can operate in-country, and project sites are inaccessible-
the operations function is working towards strengthening organizational capacities to address these challenges and improve the reach of emergency operations in challenging environments.

Finally, the following table summarizes DFAMs 2019 published policies and procedures.

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<tr>
<td>UNICEF Standard on Archival Description.pdf</td>
<td>DFAM/STANDARD/2019/006</td>
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<td>UNICEF Guidance on Redaction of Documents.pdf</td>
<td>DFAM/GUIDANCE/2019/003</td>
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<td>UNICEF Procedure on MDM of Implementing Partners.pdf</td>
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