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**For information**

## United Nations Children's Fund

Executive Board

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### **Progress report on specific steps taken to implement the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 2004-2005**

#### *Summary*

The present document reports on the steps taken in response to the recommendations of the Board of Auditors on the UNICEF accounts for the biennium ended 2004-2005. The focus of this report relates to those main recommendations that were either not implemented or only partially implemented at the time of the previous report, Status report on implementation of Executive Board decision 2007/3 on the recommendations of the Board of Auditors (E/ICEF/2007/AB/L.7).

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## **Progress report on specific steps taken to implement the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 2004-2005**

### **I. Introduction**

1. At its first regular session of 2007, the Executive Board considered the Report of the Board of Auditors on the UNICEF financial report and financial statements for the biennium ended 31 December 2005 (A/61/5/Add.2), together with the report of the Secretary-General on the implementation of recommendations of the Board of Auditors (A/61/214/Add.1) and the report of the Advisory Committee on Administrative and Budgetary Questions (A/61/350).
2. At its second regular session of 2007, the Executive Board considered a status report on implementation of Executive Board decision 2007/3 on the recommendations of the Board of Auditors (E/ICEF/2007/AB/L.7).
3. This report describes further progress achieved by UNICEF towards implementing the recommendations of the Board of Auditors and provides an update on the implementation of the main recommendations.

### **II. Update on the implementation of the main recommendations**

4. UNICEF rigorously pursues the implementation of audit recommendations made by both the Office of Internal Audit and the Board of Auditors. In this respect, UNICEF appreciates that the Board of Auditors classifies its recommendations into 'main' and 'other', as this serves to identify how to prioritize activities and resources. Nevertheless, once these are discussed and accepted by the senior management, UNICEF is committed to implementing to completion all recommendations made by the Board of Auditors.
5. Reporting on the implementation of the audit recommendations made in the Report of the Board of Auditors is submitted to the General Assembly by the Secretary-General (in even years) and by the Board of Auditors (in odd years). UNICEF provided its most recent update on the status of implementation of recommendations to the Board of Auditors at 31 March 2008.
6. Responsibility for the implementation of the audit recommendations made by the Board of Auditors in Management Letters addressed to the UNICEF Executive Director (and on which the recommendations in the Report of the Board of Auditors are based) rests with the Representative or Head of Office. Implementation is monitored by the Comptroller, using a web-based system, for the purposes of reporting to the Board of Auditors.
7. The Report of the Board of Auditors (A/61/5/Add.2) contained 96 recommendations, of which 18 were classified as 'main'. Information about the status of implementation of these main recommendations at 31 March 2008 is provided in the table below.

**Table**  
**Status of implementation of main recommendations**

	<i>Recommendations</i>			
	<i>Total</i>	<i>Fully implemented</i>	<i>Under implementation</i>	
			<i>Ongoing</i>	<i>Target date set</i>
<i>At 31 March 2008</i>				
Division of Financial and Administrative Management (DFAM)	1	1		
Division of Human Resources (DHR)	1			1
Regional Office for Europe (Geneva)	1	1		
Information Technology Division (ITD)	1	1		
Office of the Executive Director (OED)	2	2		
Office of Internal Audit (OIA)	2	2		
Programme Division (PD)	3	3		
Private Sector Division (PSD)	1		1	
Supply Division (SD)	4	4		
Programme Funding Office (PFO)	1	1		
Regional Offices (ROs)	1	1		
<b>Total UNICEF</b>	<b>18</b>	<b>16</b>	<b>1</b>	<b>1</b>
<i>At 31 March 2007</i>				
<b>Total UNICEF</b>	<b>18</b>	<b>6</b>	<b>7</b>	<b>5</b>

8. At 31 March 2008, 16 of the 18 main recommendations had been fully implemented and 2 were under implementation. For 1 of these 2 recommendations under implementation, a target date has been set by which UNICEF anticipates that full implementation will have been achieved. The remaining 1 recommendation is reported as 'ongoing', as it contains no independently verifiable measure of achievement or finalization. UNICEF is working with the Board of Auditors to establish how and when implementation of 'ongoing' recommendations might be determined to have been achieved, and therefore full implementation reported.

9. At 31 March 2008, 77 of the 96 total recommendations had been fully implemented and 19 were under implementation. Of these 19 recommendations under implementation, 13 have target dates by which UNICEF anticipates full implementation will have been achieved and 6 are considered 'ongoing'.

10. All reporting by UNICEF on the status of audit recommendations is subject to verification by the Board of Auditors at a subsequent audit.

11. Details of the 18 main recommendations and the actions taken to achieve implementation are provided in the annex.

## Annex

## Implementation of the main recommendations of the Board of Auditors on the financial statements of UNICEF for the financial period ended 31 December 2005

### Fully implemented

<i>Recommendation (see A/61/5/Add.2)</i>	<i>Division/Office responsible</i>	<i>Status of implementation</i>
29	OED	UNICEF has strengthened its overall capacity to manage its resources, including sustaining the increase of supplementary funded projects by dedicating resources in the 2008-2009 biennial budget for this purpose. Most notably, the position of a Senior Adviser, Strategic Resource Allocation, has been established in the Office of the Executive Director, working closely with Programme Policy and Planning.
118	SD	UNICEF has issued a series of guidelines, handbooks and pocket tools to support field offices in their emergency and preparedness response plans. The Office of Emergency Programmes, regional offices, Programme, and Supply will monitor the supply and logistics components based on these guidelines, handbooks and pocket tools.
144	SD	The practice of UNICEF is to submit contracts involving significant financial commitments to the Senior Adviser (Legal), Executive Office, for approval. However, as a result of this recommendation, additional guidance in this respect has been developed.
176	PD	All UNICEF programmes prepared multi-year plans for the 2004 Indian Ocean tsunami. The original strategic documents outlining tsunami response have been updated through country programme workplans and agreed with the national Governments. All countries, apart from Indonesia, Maldives and Sri Lanka, have completed their tsunami-related programmes. In the remaining three countries, the original tsunami plans and updated plans are now also fully integrated within the country programme documents.

	<i>Recommendation (see A/61/5/Add.2)</i>	<i>Division/Office responsible</i>	<i>Status of implementation</i>
183	UNICEF agreed with the Board's recommendation that UNICEF systematically seek explicit donor approval to extend or modify the geographic or thematic reach of funds it is entrusted with.	PFO	The recommendation is fully implemented. UNICEF seeks explicit donor approval if there is a need to extend or modify the geographical or thematic reach of funds with which the organization is entrusted.
227	The Board recommends that UNICEF systematically advocate for joint premises to be considered by United Nations country teams when new or expanded premises are required in the context of a humanitarian crisis.	DFAM	UNICEF advocates for joint premises where these maintain or improve cost-effectiveness or enhance security.
237	UNICEF agreed with the Board's recommendation that UNICEF include the active involvement of the office in the development of common services in the criteria used to assess the performance of country representatives and liaise with the United Nations Development Group Office (UNDGO) to determine the options available to increase the proportion of common services in field offices.	ROs/PD/ DFAM	<p>Through the High Level Committee on Management and the UNDGO, UNICEF continues to support the expansion of common services and country office annual reports show a trend of expansion.</p> <p>UNICEF distributed to all its offices a Working Group, jointly agreed, Memorandum of Understanding on Common Services in early 2008 to facilitate the establishment/development of Common Services. As of late 2007, the responsibility to coordinate Common Services globally has been assigned to UNDGO. Representatives in UNICEF have at least one objective in their Performance Evaluation Reports (PERs) related to the promotion of common services.</p>
282	UNICEF agreed with the Board's recommendation that UNICEF endeavour to jointly purchase items of common interest with the Office of the United Nations High Commissioner for Refugees (UNHCR) (for example, tents, tarpaulins, blankets, collapsible jerry cans, mosquito bed nets), whenever it would result in cost or efficiency gains for the United Nations as a whole.	SD	UNICEF purchases items of common interest jointly with other United Nations system organizations, including UNHCR, whenever this results in savings or efficiency gains.

	<i>Recommendation (see A/61/5/Add.2)</i>	<i>Division/Office responsible</i>	<i>Status of implementation</i>
294	UNICEF agreed with the Board's recommendation that UNICEF implement a comprehensive risk-management framework to enhance its governance and management control processes.	OIA	PricewaterhouseCoopers has been retained to facilitate development of an Enterprise Risk Management (ERM) framework for UNICEF.
379	UNICEF agreed with the Board's recommendation that UNICEF adopt and implement a methodology to determine the total costs, including staff costs, of its major information technology projects.	ITD	As part of the 2008-2009 biennium project preparation, UNICEF implemented a process to standardize the project proposals, including cost of staff. The process is documented on the UNICEF Intranet. UNICEF is committed to further develop and refine its approach over time, in order to, for example, ensure comparability with other United Nations system and external organizations.

### **Under implementation — Target date set**

	<i>Recommendation (see A/61/5/Add.2)</i>	<i>Division/Office responsible</i>	<i>Time frame for implementation</i>	<i>Status of implementation</i>
104	UNICEF agreed with the Board's recommendation that it expedite the development of its emergency "talent pool."	DHR	Fourth quarter 2008	The talent pool will be part of the SAP-HR System Phase 2, which is now scheduled for implementation during the fourth quarter of 2008.

### **Under implementation — Ongoing**

81	The Board recommends that UNICEF calculate, monitor and make available to National Committees the overall support costs of income and expenditure to ensure that they are appropriately explained and disclosed.	PSD	UNICEF does calculate and monitor the overall costs and income and works with the National Committees to ensure appropriate disclosure and explanation of the total costs of raising funds and implementing programmes. Overall planning and reporting formats to the Board are also being reviewed in conjunction with the implementation of the International Public Sector Accounting Standards.
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