

Joint Statement

Executive Board of UNICEF

Internal audit and investigations, Agenda Item 11

ANNUAL SESSION 2023

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Madame President,

I make this statement on behalf of Austria, Belgium, Bulgaria, Canada, Czechia, Denmark, Finland, France, Georgia, Germany, Greece, Iceland, Ireland, Kingdom of the Netherlands, New Zealand, Poland, Spain, Sweden, Switzerland, Türkiye, The UK and my own country Norway.

We thank the Office of Internal Audit and Investigation (OIAI) and the Audit Advisory Committee (AAC) for their reports. We would also like to thank both for their insightful recommendations, which provide valuable guidance for UNICEF in further strengthening of its structures and systems, as well as for the Executive Board

We congratulate UNICEF for the overall assurance opinion from the OIAI. We further thank UNICEF for its management response and follow-up of recommendations and encourage UNICEF to continue its efforts in implementing the recommendations in a timely manner.

We have some comments and questions related to the work of OIAI and the reports:

Strong and independent oversight functions are crucial for an organisation's accountability, efficiency and effectiveness. We would like to highlight the importance of the Office for Internal Audit and Investigations as part of "the third line of defense". Its independent role and work are critical for ensuring transparency and trust between the agency and the Executive Board.

We note the Audit and Advisory committee's recommendation on further ensuring the independence of all oversight functions within UNICEF. We strongly encourage UNICEF to follow these recommendations. Further we also noted the Committee's advice to review the Joint Inspection Units recommendations that were not previously accepted, especially the ones

related to the independence of internal audit, investigations and in audit committees. We would welcome comments from UNICEF management on how you plan to address this.

The annual report from the OIAI has improved over the past years. We note with appreciation that the main recommendations from audits and potential red flags have been highlighted. However, we still find it challenging to fully understand root causes for findings and would like the reports to improve with regards to being more analytic, provide overview over structural issues and trends and inclusion of proactive investigations in high-risk areas. We would welcome reflections on how to include this in the report and make information more easily understandable.

On trend of audit conclusions: The Audit Advisory Committee noted that there has been a gradual increase in the proportion of audit report conclusions that have received generally satisfactory conclusions. While this is suggestive of a UNICEF model of strong and effective internal control and operational risk management, the AAC nevertheless advised the audit function to reflect on possible reasons and to consider the risk of overstated audit opinions, especially in view of the high-risk contexts UNICEF operates in. We would welcome OIAI's reflections on this.

Since the draft work plan did not disclose any assurance gap in audit coverage, AAC was not able to express an opinion on the adequacy of the coverage. We would like to underline that information on assurance gaps adds value, also as an indication on whether OIAI is sufficiently resourced to fulfil its mission. We would be interested to hear OIAI's reflection on the coverage of their audit plan.

Concerning investigations, we note the trend of the increased number of cases of 19 percent. We are aware that the increase could reflect a growing awareness. We also noted the large increase in emails through the hotline. Are there any reflections of what could be behind these increases?

And lastly on Enterprise Risk management: We share the internal audit and the Advisory Committee's concerns, with regards to the Senior Management Risk Committee which did not meet during 2022, as well as the annual organizational reports on risk that were not prepared and the risk appetite statements that were not finalized.

With the increase in both scale, range and complexity of UNICEF operations and constantly changing circumstances, a systematic, transparent approach to risk management is critical if UNICEF is to achieve its strategic goals effectively and efficiently.

It is important that the Executive Board remains informed, and we request UNICEF to provide regular updates on risk management to the Executive Board. This will facilitate our discussion on risk management and oversight role.

Thank you.