

Joint statement

First Regular Session 2024 of the UNICEF Executive Board

Agenda item 10: UNICEF financial report and audited financial statements and management response

Mr/Madam President, dear colleagues,

I make this statement on behalf of Austria, Belgium, Canada, Finland, France, Germany, Iceland, Japan, the Kingdom of the Netherlands, Luxembourg, New Zealand, Switzerland, Türkiye, the United Kingdom, the United States of America, and my own country, Sweden.

Let me start by thanking the Board of Auditors – the BoA – for its commitment, work, and informative report, which contributes to the Executive Board’s ability to effectively exercise its governance and oversight of UNICEF. We thank the BoA for their insightful recommendations which provide valuable guidance to UNICEF in further strengthening its operations.

We welcome the unqualified audit opinion received by UNICEF, as well as the sound overall financial position. However, we also take note of room for improvements.

We thank UNICEF for its management response and follow-up of recommendations and encourage UNICEF to continue its efforts in implementing the recommendations, not least addressing the recommendations from previous years.

We welcome the high ranking of UNICEF on the transparency index, compared to other UN agencies.

We would like to commend UNICEF for including a statement of internal controls in its financial statements. This is something we pointed out to the UNDP/UNFPA/UNOPS board last week as a good example to be followed by other agencies. We recognize the benefits of further cross-Board harmonization and governance-strengthening.

Please allow me to make some points and pose a couple of questions on the financial report and audit:

We note that the BoA did not identify significant errors, omissions, or misstatements from the review of the financial records of UNICEF for the year ended 31 December 2022.

However, the BoA identified scope for improvement in the areas of implementing partners, information and communications technology, enterprise risk management, investment management, budget management, charge-back cost distribution, Global Shared Service Centre performance, funds held on behalf of third parties, and procurement management. We request that the Executive Board be continuously updated on the improvements in these areas. Specifically on the issue of spot-checks of implementing partners, which remains a concern, we would like to ask what UNICEF will do to strengthen this?

We take note of the number of recommendations being quite stable. The BoA considers that the implementation of more than 80 per cent of the recommendations in an audit period, especially those issued in the report, reflects a solid commitment by UNICEF to improve its management. We encourage management to take action to address the pending recommendations that have not yet been implemented and to strengthen its internal control systems.

We note that UNICEF has not accepted the recommendations concerning the Global Shared Services Centre. We recommend that management continues the dialogue with the BoA to find common ground on this issue.

We also seek clarification regarding the sharp increase in write-offs from \$7.54 million in 2021 to \$17.72 million in 2022. What is the reason behind this?

Dedicated staff are the greatest asset of any organization. We note the high priority recommendation to streamline the process to make it easier for heads of offices to ensure payroll funding is prioritized and that gaps

are promptly identified and addressed. UNICEF has a target date for completion of Q1 of 2024. Are you on track to meet that timeline for resolving this important issue?

We note with concern that vulnerabilities of UNICEF's IT system were identified by the BoA. We urge UNICEF to ensure that the recommendations issued in this regard, which have all been accepted, to be completed with highest priority. Again, target date for completion is Q 1 of 2024. Do you consider this realistic?

We also note that UNICEF's revenue has grown substantially since 2018 while staffing levels for the OIAI has not kept up with the growth. We encourage UNICEF to consider increasing staffing levels and audits to ensure UNICEF's continued commitments to independent oversight. Let me end by commending UNICEF for its important emphasis on risk management and encourage UNICEF to continue strengthening its work in this area.

Thank you for your attention.