UNICEF Executive Board
Annual Session 2013

Item 12: Office of Internal Audit and Investigations – 2012 Annual Report to the Executive Board

Statement by Peter Verseg, Minister Counsellor, Permanent Mission of Australia to the United Nations

Delivered on behalf of Canada, France, Japan, Norway, Sweden, Switzerland and the United States of America.

(Check against delivery)

Thank you Mr President

I am pleased to deliver this statement on behalf of Canada, France, Japan, Norway, Sweden, Switzerland, the United States of America, and my own country, Australia.

Let me begin by thanking the UNICEF Office of Internal Audit and Investigations (OIAI) for its report today. We commend the volume of work that has been undertaken and the progress on audit recommendations. Likewise, we welcome the Audit Advisory Committee report, which provide considered and independent advice, as well as UNICEF’s management response.

We equally commend UNICEF for the implementation of the policy on disclosure of internal audit reports in 2012. Public access to financial information is important to improve transparency, accountability and credibility, and fosters continued support for, and confidence in an agency such as UNICEF. We note that UNICEF intends to request the Executive Board to review, during its 2014 annual session, the operation of the decision on the public disclosure of internal audit reports, and we stand by ready to participate in this process.

However, we consider there would be benefit in making additional information available. For example, we would welcome the inclusion of OIAI analysis on audit findings and recommendations raised across multiple years. Such analysis would allow member states to better track issues of priority, identify key areas for improvement on the systemic management
risks faced by the organisation, and encourage increased accountability. It would in turn enable OAI to prepare risk-based audit plans focused on strategic and horizontal risks and challenges.

In addition, last year UNDP made available an annual report on the “Disciplinary Measures Taken in Response to Fraud, Corruption and Other Wrongdoing” in 2011. We would appreciate information on whether a similar report may also be produced by UNICEF. We would also see benefit in UNICEF providing further details on management practices in future reports. For example, we would welcome information on how the identified audit priorities in OIAI annual work plans underpin key current and emerging risks, in line with UNICEF’s risk-based audit planning.

We also congratulate UNICEF on its successful and timely implementation of VISION and the International Public Sector Accountancy Standards (IPSAS). The successful implementation of these systems supports UNICEF’s ongoing commitment to an equity-based approach, and enhances UNICEF’s capacity for results-based management, both of which are important principles of UNICEF’s next Strategic Plan.

Mr President, I would now like to turn an issue of common occurrence in the audit results for 2012. We note with some concern the number of instances in the OIAI report of issues related to implementing Harmonised Approach to Cash Transfers (HACTs). We note seven of the fifteen country offices audited in 2012 were found to have shortcomings in their management or use of HACTs, resulting in the issuance of eight high-priority recommendations by the OIAI. We recognise HACTs can be an effective tool in funding upstream initiatives, and encourage UNICEF ensure their management responses are implemented in full and in a timely manner.

We note the timeliness of the UNICEF led inter-agency assessment of HACT and the joint audit conducted by UNFPA and UNDP, and supported by UNICEF, of the HACT corporate governance arrangements. We also note the broad range of issues identified by the assessment and audit processes and welcome the review of the HACT framework currently underway to improve effectiveness and further clarify accountability. We encourage UNICEF to participate actively in the review being coordinated by the UN Development Operations Coordination Office, and look forward to learning of the results of this review.

We note the other project management and administrative support issues identified by the audit reports and encourage timely implementation of recommendations related to them. We note that OIAI list 10 recommendations outstanding for more than 18 months. We would welcome further commentary on why recommendations were unresolved over this period of time. What factors led to implementation delays and whether the OIAI considers the reasons cited for these delays as satisfactory.

Next, we would like to raise the approach to reporting of OIAI statistics. We congratulate UNICEF on completing 29 audit and advisory engagements during 2012 as well as 87 investigative cases. However, we encourage UNICEF’s OIAI to report caseload statistics in context of previous years’ efforts to make it clearer to member states Board whether the number of audits and investigations is increasing, decreasing or remaining the same, year on year.

We note that the reports of the audit and investigation areas of UNDP, UNFPA and UNOPS indicated the overall rating for each of its audit reports, allowing the reader a clear indication of the amount of reports rated ‘satisfactory’, ‘partially satisfactory’ or ‘unsatisfactory’. We would see benefit in a more harmonised rating system across agencies, and this level of detail being
provided in future UNICEF reports to ensure member states can clearly identify which audit reports revealed poor results.

I would now like to note the report of the UNICEF Audit Advisory Committee. We welcome the changes stemming from review of the ACC charter to enhance the independence and smooth running of the Committee. Similarly we welcome the ACC’s endorsement of the revisions to the Charter of the OIAI to enhance of Office’s objectivity and independence.

Lastly Mr President, given the increased focus on transparency and accountability among UNICEF staff and partners, the number of complaints received by OIAI is expected to continue rising. We encourage UNICEF to continue to closely monitor the resources of the OIAI to ensure the Office can consequently plan its yearly activities, and successfully carry out its functions and exercise due diligence for funds provided. We would recommend UNICEF ensure that sufficient financial resources are allocated when the draft Integrated Budget 2014-2017 is presented to the Executive Board.

Thank you, Mr President.