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Management response to the UNICEF Office of Internal Audit and Investigations 2024 annual report to the Executive Board

Summary

This document presents the management response to the UNICEF Office of Internal Audit and Investigations 2024 annual report to the Executive Board. The report summarizes the various actions that UNICEF has taken to implement the recommendations related to risk areas at headquarters, regional and country offices. It also provides insights into cases of fraud and misconduct investigated by the Office of Internal Audit and Investigations and the actions taken, including the efforts being made to pursue the recoveries of the confirmed losses. The document highlights the collective efforts made by UNICEF divisions and offices to implement the recommendations, including the actions on recommendations outstanding for more than 18 months.

Elements of a draft decision for consideration by the Executive Board are provided in section VIII of this document.

* E/ICEF/2025/11.



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I. Overview

1. This report has been prepared by the management of UNICEF in response to the UNICEF Office of Internal Audit and Investigations (OIAI, or the “Office”) 2024 annual report to the Executive Board (E/ICEF/2025/AB/L.3) and its addenda (E/ICEF/2025/AB/L.3/Add.1) and (E/ICEF/2025/AB/L.3/Add.2). The report includes updates on actions taken or planned by UNICEF management to address the risks and main recommendations identified in the audits undertaken by OIAI during 2024. It also highlights the efforts made by management to improve internal controls, fraud management and the recovery of losses related to reported cases of fraud or presumptive fraud, in line with Executive Board decisions 2018/3, 2019/6 and 2021/4.

2. The internal audit work conducted by OIAI in 2024 concluded that the UNICEF framework of governance, risk management and controls is generally adequate and effective to achieve the organization’s objectives. Management welcomes the satisfactory audit opinion, which has been sustained over the past nine years, and is committed to further enhance the UNICEF governance, risk management and control environment.

3. Management welcomes the OIAI affirmation of its independence, and its confirmation that in 2024 the Office was free from management interference in determining the scope of its internal audits and investigations, performing its work and communicating its results.

4. Management commends OIAI for the recent assessment conducted by the French Institute of Internal Audit and Control (L’Institut Français de l’audit et du contrôle internes), which concluded that the Internal Audit section of OIAI “generally conforms” to the Global Internal Audit Standards.¹

5. Management notes that a total of 17 audit reports on UNICEF activities were issued by OIAI in 2024, including 7 audit reports on thematic activities. Of the 17 audit reports issued by OIAI, 82 per cent resulted in generally satisfactory conclusions (i.e. “satisfactory”, and “partially satisfactory, improvement needed”), while 18 per cent had a conclusion of “partially satisfactory, major improvement needed”. There were no “unsatisfactory” conclusions issued for the audits conducted during the period under review. This demonstrates management’s sustained commitment to improving processes and maintaining a robust control environment.

6. Of the 131 agreed actions contained in the internal audit reports (country office and thematic audits) issued in 2024, 29 (22 per cent) were rated as high priority. Management is pleased to note that while the 29 actions were considered high priority, in the view of OIAI, the identified deficiencies, individually or collectively, are not expected to adversely impact the achievement of expected global outcomes for children.

7. Management notes that, as at 31 December 2024, 83 per cent of all agreed actions from audit engagements completed in 2022 and 2023 had been implemented, with 27 agreed actions from five thematic audits outstanding for more than 18 months. The due dates for implementation of several agreed actions from the 2024 audit engagements were beyond 2024. Management is proactively developing plans to implement the required actions within the agreed timelines.

¹ The External Quality Assessment noted that the internal audit function received a rating of “generally achieved” for 13 of the 15 principles that apply to the Global Internal Audit Standards, and a rating of “partially achieved” for the remaining two principles (“Strategic Plan” and “Conduct”).

8. Management continues to support offices in ensuring the prompt implementation of OIAI audit recommendations.

II. Public disclosure of internal audit reports

9. Management values the continued public disclosure by OIAI of internal audit reports, pursuant to Executive Board decision 2012/13, with consideration for requests to redact or withhold reports, under certain conditions, from the Executive Director and the Member States. Management is committed to supporting disclosure efforts that demonstrate accountability and transparency to stakeholders.

III. Management actions and plans to address the overall internal audit results

10. In 2024, OIAI issued 10 audit reports for country offices and 7 thematic audit reports, with a total of 131 recommendations or agreed actions. Seventy-two of the agreed actions resulted from the audits of the country offices while 59 emanated from the thematic audits.

11. Management notes that 29 (22 per cent) of the total agreed actions in the audit reports issued in 2024 were rated as high priority and thus requiring immediate action. This is slightly better than previous years (25 per cent in 2023 and 29 per cent in 2022). Nonetheless, in the Office's view, these deficiencies, individually or collectively, are not expected to adversely impact the achievement of expected global outcomes.

12. Management is pleased to note that 82 per cent of the 17 audit reports were generally satisfactory (i.e. ratings of "satisfactory", or "partially satisfactory, improvement needed") with 18 per cent rated "partially satisfactory, major improvement needed" and none rated as "unsatisfactory".

13. These "satisfactory" and "partially satisfactory, improvement needed" ratings provide assurances to management that relevant controls and processes are in place and functioning as intended, with some areas requiring improvement.

14. In implementing Executive Board decision 2017/10 on the prioritization of the implementation of actions in areas of recurring identified risks, management values the insight from OIAI and notes the four areas for the 2024 reporting period that constitute 89 per cent of all agreed actions from the country offices audits, as follows:

- (a) Programme management – 33 per cent of the agreed actions;
- (b) Cash transfers and assistance – 20 per cent of the agreed actions;
- (c) Supply chain and services – 25 per cent of the agreed actions;
- (d) Governance and accountability – 11 per cent of the agreed actions.

15. Management has sustained its efforts to expedite the implementation and closure of outstanding recommendations. In 2024, management continued the close monitoring of outstanding agreed actions and supported offices to promptly implement the necessary actions. While noting OIAI acknowledgement that the implementation of the several agreed actions beyond 18 months is inherently time-intensive, management will strengthen its efforts to implement the pertinent actions within the revised implementation timelines agreed with OIAI.

IV. Management actions and plans to address the recommendations to country offices

16. Management takes note of the scope of the internal audit activities conducted in 2024 by OIAI, which covered 10 country offices (19 in 2023 and 16 in 2022) across the seven UNICEF regions.

17. Management prioritizes the implementation of agreed actions from OIAI audits and will continue to support offices to help to ensure their prompt completion. Management notes that a significant number of outstanding recommendations (85 per cent) had been open for less than 18 months by the end of 2024 and that efforts are being made to ensure their timely implementation.

18. Further, 60 per cent of the audit reports for country offices (6 out of 10) were issued in the last quarter of 2024 and accounted for 60 per cent of the 72 agreed actions in 2024 for country offices. The concerned offices have begun the implementation of the recommendations. The following section summarizes the actions being taken.

A. Programme management

19. Management notes that actions related to programme management represented 33 per cent of the total of 72 agreed actions from the country offices audited in 2024.

20. Management recognizes that the key observations and actions in the audits of country offices relate to country programme workplanning with implementing partners; humanitarian response; workplans; thought leadership; and monitoring and evaluation. Management appreciates the attention given by OIAI to these areas.

1. Implementing partnerships

21. Management welcomes the recommendations of OIAI to ensure the competitive selection of civil society organization (CSO) partners. UNICEF relies on two approaches for selecting CSO partners: open selection (i.e. using a competitive process) and direct selection (which is used in cases where competitive selection is not feasible due to a humanitarian response, access constraints, or to avoid programme disruption). UNICEF encourages offices to adopt open selection processes, where feasible.

22. Management notes that the affected country offices have commenced actions to enhance the use of competitive open selection to identify CSO partners. For instance, some offices have reoriented and trained staff on the need to adopt the open selection method, calling for expressions of interest in the United Nations Partner Portal. Offices have also streamlined CSO partner guidelines, established committees to verify compliance with the competitive selection process, and ensured comprehensive documentation of the selection process in the United Nations Partner Portal.

2. Humanitarian response

23. Management welcomes the recommendation on establishing contingency agreements for anticipated emergency programmes to enhance UNICEF humanitarian preparedness and response. The country offices for which these recommendations were issued are ensuring that existing and future programme documents signed with partners with humanitarian capacity include contingency clauses that devote up to 10 per cent of the budget to support a timely emergency response. Offices have assessed the need for sector-specific contingency programme documents as well as section-specific plans.

24. UNICEF has created a new global enhanced quarterly horizon scan process, bringing together regional offices and headquarters divisions to identify the 25 countries at the highest risk of climatic, conflict and public health emergencies. The new process will help to better target UNICEF advocacy and provide coordinated cross-divisional and regional support and funding for catalytic preparedness programming with Governments and communities. This will help to reduce the exposure of women and children to the very highest levels of risk before these risks turn into corporate emergencies.

3. Workplans

25. Management appreciates the recommendation on the adoption of an agile approach to workplanning, ensuring formal endorsement of workplans and streamlining programme document processing. Corporate guidance on workplanning already exists in the organization. The concerned country offices acknowledged the delays in signing workplans with Governments due to required security clearances. The offices have since taken corrective steps to start the planning processes and extend current workplans until the requisite clearances have been obtained. Annual workplans and review guidance have also been streamlined to ensure the preparation and endorsement of future workplans are agile and allow for effective and efficient programme delivery.

26. Management continues to support offices to strengthen quality assurance processes to ensure consistency and alignment of results with joint workplans, including reflecting the country programme results framework in workplans and programme documents.

4. Monitoring

27. Management appreciates the recommendation to strengthen the use of risk-based field monitoring modalities for coverage and frequency in follow-up of high-priority actions, as well as the need to monitor risks related to protecting vulnerable persons from sexual exploitation and abuse.

28. Country offices have successfully developed and implemented risk-informed programme monitoring guidelines to classify and track monitoring visits using risk-based criteria. The coverage, frequency, risk and assurance considerations are properly planned and high-priority actions are monitored. To help to ensure timely completion, this includes refresher training for programme staff in the areas identified for high-priority action.

29. Further, management has rolled out and oriented staff on the field monitoring module in e-tools, which supports risk-based monitoring of activities related to protection from sexual exploitation and abuse. All programme visits will now be carried out using the module, thus ensuring that monitoring of cases of protection from sexual exploitation and abuse is part of the visits. In addition, service providers are required to complete the course on protection from sexual exploitation and abuse on the Agora learning platform (which is a personal learning and development site operated by UNICEF).

B. Cash transfers and assistance

30. Management welcomes the OIAI recommendations on the need to facilitate a capacity-building programme for partners with limited financial management capacity and to conduct related risk-based assurance activities. Management also acknowledges the need to establish long-term arrangements with multiple authorized assurance service providers, and to oversee assurance activities and ensure timely

follow-up and corrective measures, including recovery. Management is committed to ensuring that cash transfers to partners are implemented to achieve the required results.

31. The audited country offices have established and rolled out training programmes for partners that were identified to have limited financial management capacity. Further capacity enhancement plans have been mapped out for staff who conduct spot checks. Assurance activities on partners are risk-based and high-risk partners are prioritized. The action tracker module in e-Tools is used to ensure consistency in recording high-priority actions, as well as systematic review and follow-up for timely completion.

32. In addition to the existing service providers, management will identify and establish long-term arrangements with multiple authorized assurance service providers to avoid overreliance on the current vendors. The affected country office is establishing rosters to rotate staff across spot-check assignments.

33. In strengthening data management, guidelines for addressing payment anomalies and assessing grievance mechanisms on the cash assistance provided to beneficiaries, the affected country office has enhanced its internal controls to include the systematic use of passwords and encrypted messages.

C. Supply chain and services

34. The actions related to supply chain and services represented 25 per cent of the 72 actions agreed to by the country offices audited in 2024. Programme supplies are mostly procured centrally by the UNICEF Supply Division and country offices collaborate with government organizations and international and local CSOs to distribute the supplies to the intended beneficiaries.

35. Management welcomes the identification of areas for improvement relating to the tracking of supplies once they are transferred to partners, and will work with affected offices to mitigate the risk of loss and diversion of supplies. Management is enhancing the Last Mile Supply Monitoring solution, which will address the related risk OIAI identified in this area.

36. Some of the affected country offices have developed and implemented a capacity assessment for partners that receive significant or sensitive programme supplies. The assessment of partners now includes warehouse capacity; the capacity to receive and distribute supplies; documentation processes; and warehouse management standard operating procedures. Offices are instituting in the signed programme documents a mandatory distribution plan from partners that includes supplies, and are working to ensure that supply end-user monitoring is part of the monitoring plan and visit, where appropriate. The affected offices are developing guidelines for the programmatic visits, including responsibilities for the visits and their scope.

37. The supplies and end-user monitoring checklist in the field monitoring module has been updated, and relevant staff have been trained to ensure that programme supplies reach the intended beneficiaries.

D. Governance and accountability

38. UNICEF management notes that actions related to governance and accountability represented 11 per cent of the 72 actions agreed to by the country offices audited in 2024 and draws special attention to the recommendations to improve UNICEF fraud risk management processes.

39. Management is taking steps to further strengthen fraud risk management. These efforts include, among others, the revision of the policies on anti-fraud and corruption, internal control and the periodic capacity enhancement of staff and partners to ensure effective fulfilment of their accountabilities for fraud prevention, detection and reporting.

40. The concerned offices have planned further improvements that include the management of procedural exceptions according to the regulatory framework policy and related quality assurance processes to achieve a more cost-effective and efficient solution that aligns with the principles of internal control and risk management.

V. Management actions and plans to address the recommendations of the thematic audits

A. Ukraine regional refugee response

41. Management welcomes the outcomes of the audit of the UNICEF Ukraine regional refugee response and is pleased to report that it has implemented the recommendations relating to the alignment of response plans and transition strategies for receiving countries. Management will commence the development of the guidelines and policy documents in consultation with relevant divisions and headquarters' stakeholders.

42. The guidelines and policy documents are expected to outline the appropriate mechanisms, including key performance indicators, and alignment of plans to resources to enable effective coordination, monitoring and oversight of the responses from offices' financial and programmatic performance.

B. Cash assistance to beneficiaries

43. Management welcomes the OIAI recommendation on the need to establish an effective humanitarian cash transfer process and is taking appropriate steps to implement the recommendations in coordination with the accountable divisions. UNICEF is currently enhancing its tools, such as eZCASH and the Humanitarian Cash Operations and Programme Ecosystem, to support the delivery of cash assistance to beneficiaries.

44. The affected offices are revising their terms of reference with partners to improve oversight of workplan implementation. This includes monitoring risks related to payments and grievance processes, ensuring beneficiaries receive cash assistance and conducting monitoring visits to verify that programme results are delivered as expected.

45. Further, offices are revising their guidelines to incorporate enhanced feedback management, ensuring that complainants are informed of the progress and resolution of their complaints.

C. Data privacy and protection across UNICEF

46. Management appreciates the recognition by OIAI of good practices related to data privacy and protection, like the UNICEF Policy on Personal Data Protection and the dedicated data protection team advocating for data protection matters.

47. Management acknowledges the opportunities to fully implement the policy to effectively manage the risks of data protection and is pleased to note that this is currently ongoing. Some of the key actions include, among others, developing and maintaining an up-to-date record of processing activities, mandatory training on data

privacy and a single data protection impact assessment procedure, with respective internal guidance and templates.

D. Construction management

48. Management takes note of the identified area for improvement relating to the management of construction activities and is working with offices to mitigate the risk of potential misalignment with organizational goals.

49. In September 2024, internal stakeholders held strategic discussions on construction activities. It was noted that a programmatic strategy aligned with organizational goals, risk approach, accountabilities and resources is needed. UNICEF is mapping out a plan to determine a strategic direction for construction activities and to establish the framework to support offices' construction projects.

50. The development of the strategy on the planning and management of programme construction across UNICEF, including a rollout plan, is expected to be completed by the end of 2025. The strategy will outline the establishment of a mechanism to capture real-time data. In addition, the UNICEF procedure on construction projects will be revised and complemented by guidelines on the capacity requirements of offices.

E. Protection from sexual exploitation and abuse

51. Management appreciates the recommendations of OIAI related to protection from sexual exploitation and abuse activities. The new UNICEF Policy on Safeguarding identifies safeguarding risk assessment and planning among the responsibilities of country offices, with regional office support for capacity-building.

52. UNICEF has finalized the Joint UN-Government Framework for PSEA, and a model clause on protection from sexual exploitation abuse for inclusion in the United Nations Sustainable Development Cooperation Frameworks. UNICEF is completing the technical guidance on the joint framework and related tools. Management is developing clauses related to risk management, including safeguarding (inclusive of protection from sexual exploitation and abuse) in the General Terms and Conditions of partnership documents with government implementing partners.

53. A new complaint and feedback management procedure is scheduled for issuance by end of 2025 and will support the application of a structured, standardized and risk-based approach. Furthermore, a safeguarding code of conduct for partners involved in programme implementation is being finalized.

54. Management rolled out the field monitoring module in e-Tools that supports risk-based monitoring of protection from sexual exploitation and abuse. The guidance on core standard indicators was updated and management is taking steps to enhance the programming guidance for setting targets and monitoring of reporting on protection from sexual exploitation and abuse.

F. Accountability to affected populations

55. Management appreciates the areas for improvement identified by OIAI during the audit of accountability to affected populations (AAP) and has begun implementing several of the recommendations.

56. The concerned office is taking adequate steps to create awareness of AAP, which includes disseminating the AAP strategy; mapping existing mechanisms; identifying opportunities for inter-agency coordination; and implementing the country-specific AAP action plan. The AAP strategy and action plan will outline clear roles and responsibilities at all levels, including for planning, monitoring and implementation.

An online training programme on AAP has been launched in Agora for all relevant staff.

G. Institutional service contracts

57. Management welcomes the areas for improvement identified by OIAI in the audit of institutional service contracts.

58. UNICEF has commissioned a gap analysis to review the overall supplier evaluation process and will take steps to assess the value of a mandatory United Nations Global Marketplace registration. Management will further enhance the mechanism to ensure that all necessary supplier evaluations and re-evaluations are sufficient to identify any relevant risks, that corresponding mitigating actions are conducted in a timely fashion and that any exceptions are identified and followed up.

59. Management is revising the Vendor Review Committee standard operating procedure. Management will provide training for relevant staff on the application of the revised guidance and conduct an evaluation to explore the value of configuring the eCRC (electronic Contracts Review Committee) platform to interface with VISION (Virtual Integrated System of Information) for greater efficiency.

VI. Management actions on investigations results, financial loss and recovery

60. Management takes note that the number of investigations cases OIAI managed in 2024 increased by 52 per cent from the previous year (1,387 in 2024 compared with 912 in 2023), due to cases carried over from previous years. This includes: 525 cases from 2023; 861 cases intake for 2024; and 1 reopened case from the previous year.

61. Management welcomes the practice of OIAI undertaking field missions, where appropriate, as part of its investigations. In 2024, eight such investigations-related missions were undertaken in eight different countries. This effort, including the establishment of a dedicated fraud team in OIAI, contributed to a 78 per cent increase in the number of fraud cases closed during the period under review (69 in 2023; 123 in 2024).

62. The total financial loss on the 47 cases substantiated by OIAI in 2024 related to misconduct or wrongdoing, or both, amounted to \$460,471.41. About 80 per cent of the established financial loss relates to cases closed in the last quarter of 2024. Management is reviewing the investigation reports related to staff for adjudication, appropriate sanctions and recovery, and efforts are being made to pursue the recoveries of the losses and to put mitigating measures in place for those cases relating to third parties.

63. Furthermore, through investigations conducted by independent firms contracted for project-specific cases in the Yemen Unconditional Cash Transfer project, the loss substantiated on fraudulent transactions amounted to the equivalent of \$16,171, of which \$15,733 (97 per cent) was recovered. The Yemen project management unit's mitigation measures and response to fraud cases during the implementation of the cash transfer project continue to show encouraging results in terms of recoveries.

64. Management appreciates the participation of OIAI in other non-case-specific activities, including the review of the anti-fraud framework, fraud training, responding to allegations of sexual exploitation and abuse, and participation in dedicated meetings with donors, among others.

65. Management will continue to promote ethics, integrity and anti-fraud measures in all its operations in several ways, including through training and awareness-raising. UNICEF further strengthened its fraud management governance by updating its Policy Prohibiting and Combatting Fraud and Corruption, and the drafting of a new procedure on imposition of sanctions and remedial measures on implementing partners. These regulatory instruments will be issued by mid-2025 and implemented immediately thereafter.

Disciplinary measures and other actions taken by UNICEF

66. As stated in its annual report, OIAI is responsible for conducting investigations, while the senior management of UNICEF is responsible for taking any appropriate action based on investigation reports.

67. In 2024, OIAI submitted 44 matters to senior management for the consideration of disciplinary proceedings and or other actions. These matters were acted upon and reported in the UNICEF periodic report on disciplinary measures and other actions in response to misconduct. The specific actions taken in 2024 for 26 cases are summarized as follows:

- (a) Sixteen staff members were dismissed or separated from service.
- (b) Nine staff members lost steps in grade or had their eligibility for within-grade salary increments deferred.
- (c) One staff member was given a written censure.

68. Twenty four of the 26 cases involved serving staff members. Two cases involved former staff members who had separated from UNICEF during or prior to the investigation or disciplinary process, and appropriate action was taken to record those cases for accountability purposes.

69. Management continues to take strong action to ensure accountability for current and former staff members, the latter generally being informed that a disciplinary measure would have been imposed had they remained in service.

70. Management places high value on OIAI investigations, which enable UNICEF to take appropriate action against those who are found to have engaged in misconduct.

VII. Management comments on the UNICEF Audit Advisory Committee annual report for 2024

71. Management welcomes the UNICEF Audit Advisory Committee's 2024 annual report to the Executive Board and appreciates the advice provided to the Executive Director throughout the year.

72. Management appreciates the three strategic memorandums issued by the Committee in 2024 and the advice therein as valuable contributions to enhancing oversight and management practices at UNICEF. It should be noted that the Executive Director formally responds to the Committee on the key advice provided in these strategic memorandums.

73. In line with the AAC Charter, the Executive Director, along with management, continued to be actively and regularly engaged with the Committee through regular sessions and via other communication channels. The Committee members regularly interacted with UNICEF senior management, including several Deputy Executive Directors, the Director of the Office of Internal Audit and Investigations, the Comptroller and Director of the Division of Financial and Administrative Management, the Global Staff Association and the Director of the Board of Auditors

upon invitation. As part of the Committee's annual self-assessment, the Committee sought the Executive Director's feedback on its work and priorities for 2024.

74. UNICEF management appreciates the active engagement of the AAC and the advice rendered on organizational issues. In 2024, this included discussions on accountability structures; enterprise risk management; development of the UNICEF artificial intelligence (AI) strategy; the Information, Communication and Technology Division and cybersecurity; anti-fraud, safeguarding and environmental and social safeguards; donor conditionalities; innovative financing; culture and succession planning; and recommendations from the Joint Inspection Unit (JIU) on the Review of governance and oversight of the Executive Boards of the United Nations Development Programme/United Nations Population Fund/United Nations Office for Project Services, the United Nations Children's Fund and the United Nations Entity for Gender Equality and the Empowerment of Women [UNDP/UNFPA/UNOPS, UNICEF and UN-Women]. Management welcomed the opportunity to brief the Committee and discuss these issues in AAC meetings. The following paragraphs highlight management's actions in response to a selected set of the Committee advisories where UNICEF has made significant strides.

75. In cybersecurity, UNICEF has adhered to the United Nations Digital and Technology Network Minimum Baseline for Cybersecurity, ensuring annual vulnerability and independent testing supplemented by ad hoc penetration tests and continuous global deployment of vulnerability management tools. In addition to these efforts, UNICEF embarked on a global cyber-resilience initiative aimed at addressing these risks directly with the regional and country offices. The assessment phase of this initiative has been completed (during the first quarter of 2025) and the respective regions will progress through their road maps and implementation of mitigating actions throughout 2025. As shared with the AAC, security requirements, including penetration testing and certification, are embedded in the UNICEF data and information classification and system controls reference to align with the sensitivity and potential impact of system breaches. Additionally, UNICEF has maintained regular mandatory cybersecurity training and has enhanced training through targeted phishing simulations and specialized modules, and by demonstrating increased staff awareness and resilience to cyberthreats.

76. In terms of AI governance, UNICEF has developed the UNICEF AI Strategy, 2025–2030, which defines the organization's vision and strategic intent in harnessing the potential of AI while identifying the structures and processes required to integrate and govern AI. On digital transformation, UNICEF is developing the Data Transformation Initiative business case and articulating the UNICEF Digital Transformation Strategy, ambitions and progress. These efforts underscore UNICEF commitment to strengthening digital resilience, security and innovation in alignment with organizational priorities.

77. UNICEF continues to deliver on its new vision and implementation plan for enterprise risk management and is presenting its first Annual report on the risk profile of UNICEF to the Executive Board during its annual session of 2025. An initial risk appetite statement has been developed and disseminated via the risk policy update process in the regulatory framework. The Senior Management Risk Committee continues to meet regularly and is overseeing implementation of open audit actions. Identifying opportunities (or the risk of missed opportunities) is already part of the current approach but will be made more systematic in the design of the updated risk assessment tool.

78. The Director of the Division of Financial and Administrative Management, the Director of the Global Shared Services Centre and the Chief Risk Officer will collaborate more closely to enhance management oversight and strengthen

compliance monitoring. Strengthening transaction-level monitoring will also reinforce compliance with financial policies and internal controls, improve the accuracy and reliability of financial reporting and support continuous process improvements. Through these efforts, UNICEF will help to create a more transparent, robust and reliable financial management framework, ensuring better resource management and accountability.

79. In terms of succession planning, UNICEF has introduced a comprehensive framework that is applicable to all critical roles within the organization. Such planning will begin with a pilot in 2025 of the posts participating in the Senior Staff Rotation and Reassignment Exercise. This innovative approach will ensure that the selection process for key positions begins at least 12 months in advance and applies principles of strategic workforce management. This will result in effective succession strategies that enable smooth transitions and continuity of key functions. In addition to ensuring good governance, risk management and independent oversight, this model will significantly enhance organizational effectiveness and foster talent development and retention.

80. In response to the AAC advice on ensuring impactful action plans and effective follow-up to address staff concerns, UNICEF has taken proactive steps to drive positive organizational change. While the 2024 Global Staff Survey served as the starting point, offices and divisions are now concentrating on focused actions that are essential for fostering improvement. The Division of People and Culture will continue to actively collaborate with offices to track progress on their Global Staff Survey action plans and will offer tailored guidance, where needed, to support meaningful improvements.

81. UNICEF acknowledges the AAC advice on the importance of a well-defined and functional complaint and feedback management system focused on environmental and social matters. Such a mechanism must be proportionate to the identified risks, contextual needs and organizational capacity across country, regional and headquarters levels.

82. To address this, in 2025, UNICEF will issue a procedure on complaint and feedback management that will clarify expectations and processes. The procedure will require UNICEF offices to adopt a risk-based, fit-for-purpose approach to complaint and feedback management, prioritizing countries with donor requirements. The procedure will also clarify the escalation process for cases of sexual exploitation and abuse and cases of fraud reported through the complaint and feedback mechanism.

83. Additionally, UNICEF will emphasize that the mechanism complements, rather than replaces, existing channels for reporting misconduct, such as via the OIAI email address <integrity1@unicef.org>, ensuring that these mechanisms remain unchanged and continue to function independently. The new approach will also align with donor expectations by ensuring that complaints related to environmental and social safeguards are captured and appropriately escalated while maintaining confidentiality.

84. UNICEF appreciates the AAC consideration of the implementation of JIU recommendations. UNICEF has a high rate of implementation, including a robust system of follow-up on recommendations. As noted in the JIU 2024 report to the General Assembly for the period 2016–2023, the UNICEF overall implementation rate was about 95 per cent and the acceptance rate was 76 per cent.²

² United Nations, Report of the Joint Inspection Unit for 2024 and programme of work for 2025, [A/79/34](#), United Nations, New York, 2025.

85. In terms of recommendations from JIU reviews that were previously not accepted relating to the independence arrangements on internal audit, investigations and audit committees, UNICEF appreciates the ongoing discussions with the Committee, including the recommendations related to the Review of the governance and oversight of the Executive Boards of UNDP/UNFPA/UNOPS, UNICEF and UN-Women. UNICEF management echoes the JIU conclusion that the process must be done with “full transparency and led by the Executive Board members themselves.” UNICEF is fully committed to providing support and expeditious responses to any Executive Board requests related to the implementation of the recommendations. As the recommendations from this report are under consideration by the Board, UNICEF will be guided by the decisions of the Board including, if relevant, review of past recommendations from JIU reviews that were not accepted.

86. Management welcomes the unqualified audit opinion issued by the Board of Auditors on the financial statements for the year ended 31 December 2023. While an unqualified audit opinion has become the norm for UNICEF, management wishes to highlight the importance of this accomplishment and the effort that went into achieving such an opinion, including AAC feedback and advice to the UNICEF 2023 draft financial statements and management letters.

87. Management appreciates the valuable insight and advice provided by the Committee throughout 2024 and looks forward to continued engagement.

VIII. Draft decision

The Executive Board

Takes note of the UNICEF Office of Internal Audit and Investigations 2024 annual report to the Executive Board ([E/ICEF/2025/AB/L.3](#)), its addenda ([E/ICEF/2025/AB/L.3/Add.1](#)) and ([E/ICEF/2025/AB/L.3/Add.2](#)) and its management response ([E/ICEF/2025/AB/L.4](#)), as well as the UNICEF Audit Advisory Committee 2024 annual report to the Executive Board, and welcomes the overall opinion on the adequacy and effectiveness of the organization’s framework of governance, risk management and control.

Annex

Update on open agreed actions older than 18 months as at 31 December 2024

1. There were 27 agreed actions from five thematic audits pending implementation for more than 18 months as at 31 December 2024. Management will continue its efforts to implement these agreed actions within the revised implementation timelines.

2. Management further appreciates the close collaboration with the Office of Internal Audit and Investigations in the revision of the implementation date for the 27 outstanding recommendations from the five thematic areas, noting that these recommendations are inherently time intensive. The details on each of these agreed actions, including current status and revised timelines, are contained in [E/ICEF/2025/AB/L.3/Add.1](#).
