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Report to the United Nations Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions

Summary

The present document reports on the steps taken or to be taken in response to the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1998-1999. The focus of this report relates to those recommendations that at the time of the previous report were either not implemented or only partially implemented.

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* E/ICEF/2002/11.

I. Introduction

1. As an ongoing practice, UNICEF has been submitting a report to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions (ACABQ), to advise the Assembly as to the measures that the organization takes to implement the recommendations of the United Nations Board of Auditors.

2. The present report reviews the implementation by UNICEF of the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1998-1999. The focus of this report relates to those recommendations that at the time of the previous report were either not implemented or only partially implemented.

3. The administration wishes to note that to underline the importance that UNICEF places on audit recommendations from both the United Nations Board of Auditors and its own Office of Internal Audit (OIA), UNICEF has institutionalized the procedures for the review of audit matters through the Audit Committee. The Committee, which is composed of senior staff of the organization, including external representation of another United Nations organization, periodically reviews matters of critical concern raised during both external and internal audits. The Audit Committee, which is chaired by the Executive Director, has instituted an appropriate follow-up mechanism whereby the responsible and accountable officials are asked to provide explanations on matters pertaining to them.

4. As noted by the General Assembly in A/54/159 dated 2 July 1999, the administration has informed the United Board of Auditors that one officer, the Executive Director, is responsible for overseeing the implementation of audit recommendations. This accountability is shared by the senior staff responsible for the specific areas covered in the audit recommendations.

5. The present document is submitted to the Board of Auditors and ACABQ for their evaluation.

II. Progress report on specific steps taken to implement the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1998-1999

Recommendation No. 2

6. UNICEF should revise the mandate of OIA to reflect the annual reporting to the Executive Board.

Measures taken by UNICEF

7. The mandate of OIA was revised by the UNICEF Audit Committee at its meeting in December 2001 to include the development and presentation of an annual report to the Executive Board.

Recommendation No. 4

8. UNICEF should take expeditious action to extend the database tracking system to all regional offices and headquarters' divisions to enhance the monitoring capacity for internal audit recommendations.

Measures taken by UNICEF

9. As previously reported, OIA has established a revised database that uses the UNICEF-standard software platform. Now that the standard platform has been installed in all but one regional office, OIA will work with the Information Technology Division and regional offices to establish access to the audit database. The functions of the database will be presented to representatives of the regional offices in June 2002 at a planned meeting of regional operations officers. The Executive Director and the Director, OIA, are accountable for implementation of the audit recommendation.

Recommendation No. 5

10. UNICEF should improve its working capital management in order to attain the accepted liquidity standard.

Measures taken by UNICEF

11. UNICEF reviewed this issue as part of the exercise carried out in 2001 regarding the advantages and disadvantages of establishing an operational reserve, the results of which were submitted to the UNICEF Executive Board (E/ICEF/2001/AB/L.3). The outcome of the review indicated that a desirable liquidity ratio to be about 1.25 to 1. The review indicated that this ratio provides a trade off between holding too much unutilized cash versus not having enough cash to meet current obligations. The liquidity ratio as at 31 December 2001 of 1.26 to 1 meets this requirement.

Recommendation No. 6

12. UNICEF should disclose separately, convertible balances of general resources and supplementary funds in the "Notes to the financial statements" to facilitate the determination of the UNICEF liquidity position based on its policy.

Measures taken by UNICEF

13. UNICEF did disclose this information in the notes to the interim financial statements for the year ended 31 December 2000 and will continue to make this disclosure in future financial statements.

Recommendation No. 8

14. UNICEF should consider external representation from another United Nations organization on its Internal Audit Committee.

Measures taken by UNICEF

15. The UNICEF Internal Audit Committee was expanded in September 2001 to include representation from the United Nations Development Programme (UNDP), specifically the Director of the Office of Audit and Performance Review. In inviting UNDP to join the UNICEF Internal Audit Committee, careful consideration was made of ensuring maximum benefit to UNICEF oversight through the membership of one of the field-based funds and programmes.

Recommendation No. 11

16. UNICEF should ensure that the Integrated Monitoring and Evaluation Plan (IMEP) is implemented in the remaining 23 countries of The Americas and Caribbean Regional Office (TACRO) to enhance monitoring and evaluation of programmes in the region.

Measures taken by UNICEF

17. As of April 2002, 20 countries are at various stages of implementing IMEP. TACRO has developed a three-stage methodology that covers both results-based objective setting and the IMEP.

18. It is expected that by mid-2003, all countries will have arrived at stage 2, and at least two thirds will have completed the entire process. The remaining one third will be given priority support to complete their implementation.

19. The Regional Director, TACRO, is accountable for implementation of the audit recommendation.
