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# Unified Budget, Results and Accountability Framework

Financial reporting

**25 June 2025**

**Session 4.2**

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# UNAIDS



# 2024 Financial Highlights

# Financial reporting – Highlights 2024

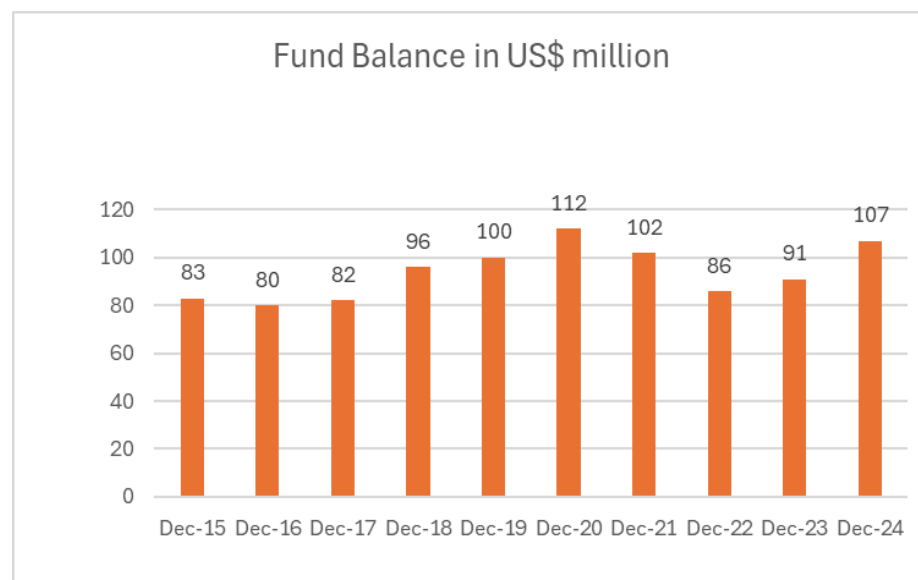


## Financial statement

- **Unmodified** audit opinion provided by the external auditors
- **13th set** of financial statements prepared according to IPSAS
- UNAIDS Statement of Internal Control (**SIC**) **included** in the 2024 Audited Financial Statements

## Fund balance ( Budget)

- **US\$ 107 million** at end 2024 (US\$ 91 million at end 2023)
- US\$ 37 million above the US \$70 million minimum level based revised operating core budget of US\$ 320 million

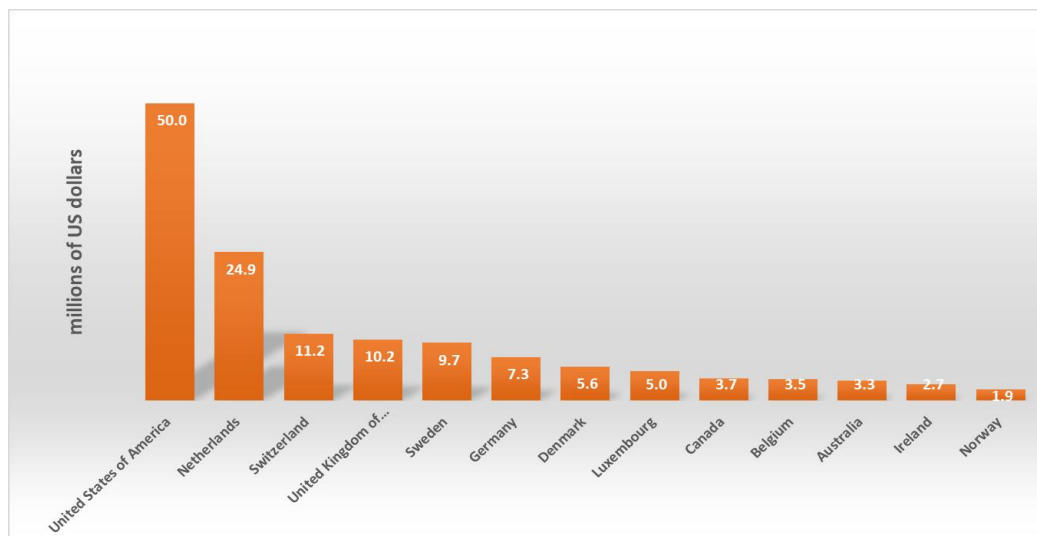


## ASHI

- Defined **benefit obligations estimated at US\$ 137.4 million** (US\$ 104.7 million as at end 2023)
- Current funding of ASHI stands at **US\$ 148.6 million (108% compared to obligations)**
- US\$ 25.1 million transferred from ASHI to Fund Balance to in line with June 2024 decision.

# Financial reporting – Core funds

- Core 2024 income of US\$ 149 million (US\$ 161.5 million mobilized in 2023)
- Total core expenditures and encumbrances amounted to US\$ 160 million (US\$ 176.7 million in 2023)
  - Secretariat: US\$ 126 million (against core budget of US\$ 126 million)
  - Cosponsors: transfers of US\$ 34 million (against approved budget of US \$34 million)



Funds made available towards 2024 UBRAF Core funds	
Voluntary contributions	
<b>Governments</b>	<b>in US dollars</b>
Andorra	33 040
Australia	3 337 784
Belgium	3 537 736
Belgium Flanders	822 368
Canada	3 692 762
Denmark	5 630 631
France	653 595
Germany	7 295 559
Ireland	2 708 559
Japan	600 000
Liechtenstein	54 885
Luxembourg	4 954 344
Monaco	227 459
Netherlands	24 918 743
New Zealand	606 796
Norway	1 854 256
Poland	75 662
Portugal	185 651
Russian Federation	412 905
Spain	1 084 599
Sweden	9 662 769
Switzerland	11 210 761
Thailand	105 080
Turkey	10 000
United Kingdom of Great Britain & Northern Ireland	10 204 082
United States of America	50 000 000
<b>Sub-total Governments</b>	<b>143 880 026</b>
<b>Other</b>	
UNFCU	15 842
Others	10 011
<b>Sub-total - Other</b>	<b>25 853</b>
<b>Miscellaneous</b>	<b>539 295</b>
<b>Total operating revenue</b>	<b>144 445 174</b>
<b>Finance revenue</b>	<b>4 564 907</b>
<b>TOTAL</b>	<b>149 010 081</b>

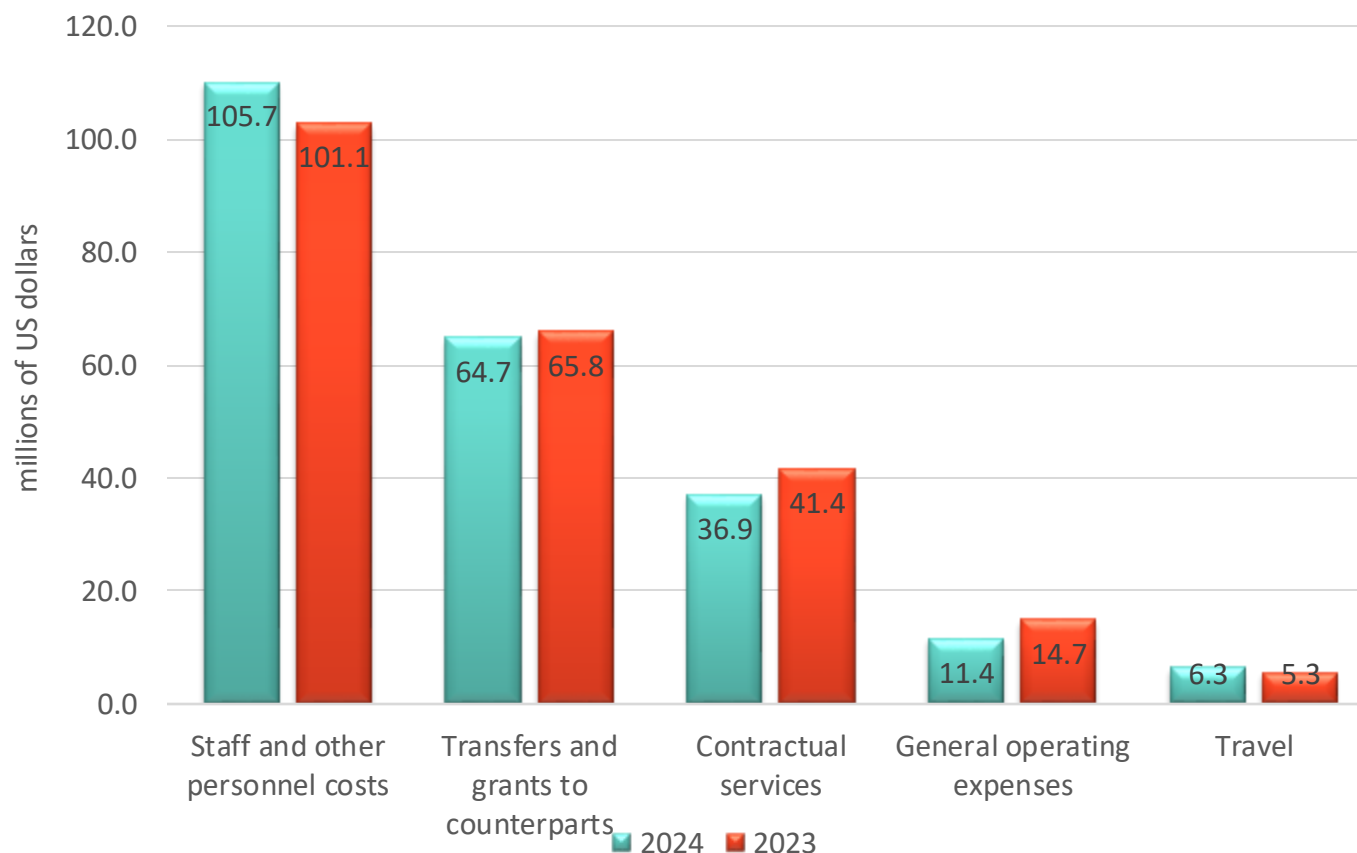
# Financial reporting – Non-core funds

- Non-core UBRAF income for 2024 (including in-service contribution) totaled **US\$ 81.9 million** (US\$ 61 million in 2023).
- 75% or US\$ 61.8 million** (net of adjustments) was from the US Government

Unified Budget, Results and Accountability Framework - Non-core funds Details of revenue for the period 01 January 2024 to 31 December 2024			
(US dollars)			
Voluntary contributions	In- Cash	In-Service	Total
<b>Governments</b>			
Australia	1 932 015		1 932 015
Belgium		15 250	15 250
Cameroon	616 623		616 623
Canada	342 458		342 458
China	655 628		655 628
France	2 063 443	199 667	2 263 110
Germany	21 930	239 063	260 993
Italy		340 875	340 875
Japan	250 000		250 000
Kazakhstan	50 000		50 000
Kenya	145 852		145 852
Laos	53 500		53 500
Luxembourg		141 083	141 083
Netherlands	1 009 551	391 500	1 401 051
Nigeria	1 000 000		1 000 000
Sierra Leone	1 844 788		1 844 788
Sri Lanka	35 500		35 500
Switzerland	7 063	165 500	172 563
United States of America (CDC)	13 384 774	74 500	13 459 274
United States of America (USAID)	49 866 239		49 866 239
Adjustment to CDC Revenue	(1 441 992)		(1 441 992)
Adjustments to USAID Revenue	(91 688)		(91 688)
Canton de Genève, Switzerland		71 615 <sup>1</sup>	71 615
<b>Sub-total Governments</b>	<b>71 745 684</b>	<b>1 639 053</b>	<b>73 384 737</b>
<b>Cosponsoring Organizations</b>			
UNDP	255 930		255 930
UNFPA	1 995 649		1 995 649
UNHCR	233 660		233 660
UNICEF	18 000		18 000
WHO	350 580		350 580
<b>Sub-total Cosponsors</b>	<b>2 853 819</b>		<b>2 853 819</b>
<b>Other</b>			
Bill and Melinda Gates Foundation	4 220 757		4 220 757
Croix Rouge Francaise	326 169		326 169
Federatie COC Nederland	5 274		5 274
Global Fund	332 566		332 566
MPTF Office	496 448		496 448
Pan American Health Organization	120 002		120 002
Save the Children Fund	79 990		79 990
UNOPS	81 842		81 842
Various donors	1 668		1 668
Refund to donors	(549 112)		(549 112)
<b>Sub-total</b>	<b>5 115 604</b>		<b>5 115 604</b>
Miscellaneous	502 757		502 757
<b>Total operating revenue</b>	<b>80 217 864</b>	<b>1 639 053</b>	<b>81 856 917</b>
<b>TOTAL</b>	<b>80 217 864</b>	<b>1 639 053</b>	<b>81 856 917</b>

<sup>1</sup> Represents the value of interest on the building loan from FIPOI

# Expense by major category for years 2024 and 2023 (US\$ millions)

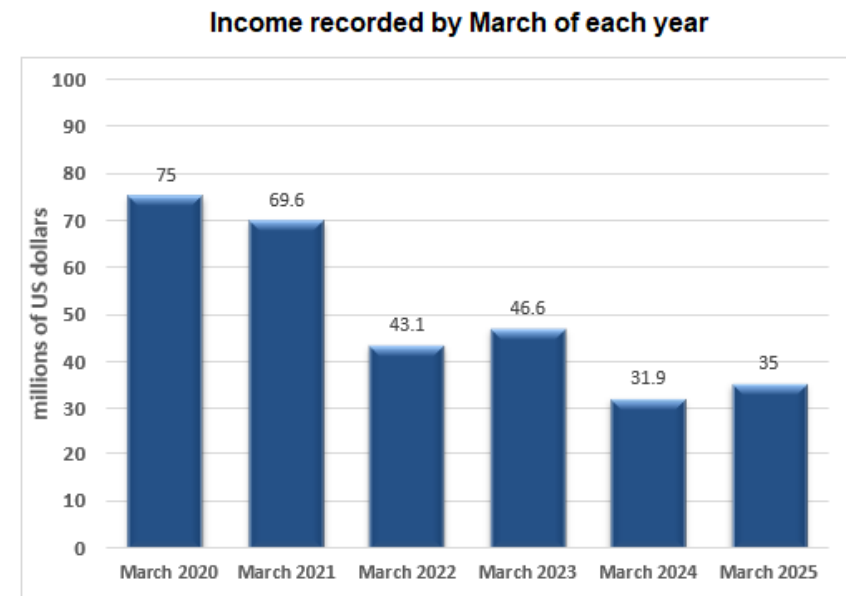


# 2025 Financial outlook

# Core revenue - projections 2025

- US\$ 41.6 million Core income recorded in 2025 as of 31<sup>st</sup> May 2025 (US\$ 149 million total Core income recorded in 2024)
- Projected income of US\$ 68 million in 2025 - without USG contribution
- Core income recorded in Q1 for years 2020 to 2025

Core contributions for the period 01 January 2025 to 31 May 2025	
Voluntary contributions	Funds made available towards 2025 UBRAF Core funds
<b>Governments</b>	<b>(in US dollars)</b>
Australia	3 115 265
Denmark	5 547 850
Germany	1 136 364
Ireland	2 693 966
Japan	160 000
Luxembourg	2 670 826
Monaco	124 095
Netherlands	24 261 603
Norway	1 772 892
Thailand	100 000
<b>Sub-total Governments</b>	<b>41 582 861</b>
<b>TOTAL</b>	<b>41 582 861</b>

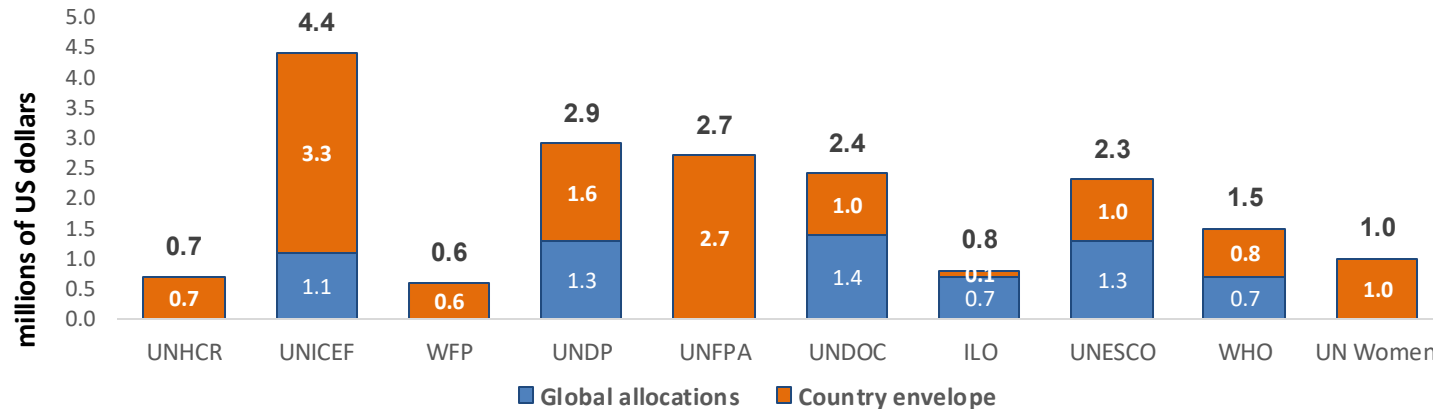




# 2025 Core Operating budget and Core Expenditure YTD

- Approved Core Budget of US\$ 150 million in 2025 (CCO US\$ 30 million and Secretariat US\$ 120 million)
- Estimated Core funding gap of US\$ 82 million for 2025 (compared \$150 million)
- As of 31 May 2025, total core expenditure and encumbrances amounted to **US\$ 83.6 million** (Transfers to Cosponsors **US\$ 19.4 million** & Secretariat core expenditure and encumbrances amounted to **US\$ 56.7 million**)

Funds transferred to Cosponsors (31 May 2025)



# Non-Core UBRAF Contributions - 1 Jan 2025 to 31 May 2025

- **US\$ 15.2 million** received towards UBRAF non-core.
- Non-Core pipeline 2025 – **US\$77 million** – This represents **Opportunities ONLY** and not guaranteed money

Non-core contributions for the period 01 Jan 2025 to 31 May 2025	
	(US dollars)
<b>Governments</b>	
Australia	2 091 980
Cameroon	458 312
Canada	1 713 263
Denmark	308 490
France	1 858 668
Germany	1 280 301
Laos	53 500
Luxembourg	2 428 805
Sri Lanka	29 100
Switzerland	3 051
United States of America (CDC)	1 700 000
<b>Sub-total Governments</b>	<b>11 925 469</b>
<b>Cosponsoring Organizations</b>	
UNFPA	2 120 065
UNHCR	134 500
UNICEF	18 182
UN Women	63 077
WFP	57 000
WHO	188 320
<b>Sub-total Cosponsors</b>	<b>2 581 144</b>
<b>Other</b>	
AIDS Health Foundation (AHF)	30 000
Bill and Melinda Gates Foundation	348 209
UNOPS	294 560
<b>Sub-total</b>	<b>672 769</b>
<b>TOTAL</b>	<b>15 179 382</b>

## Approaches to address the Funding gap

- Use the Core funds balance **US \$107 million** with plans to replenish it through new funding sources.
- Limit transfers to cosponsors to **US\$ 20 million** – based on revised 2025 allocation, further transfers are contingent upon new core contributions for 2025 to the planned operating budget of US\$ 150 million.
- Strengthen initiatives aimed at mobilising non-core resources.
- Reduce Operations and activities expenditure to the extent possible.
- Implement restructuring => staff reduction and reduced country office footprint, moving staff to lower cost duty stations

# Management of the Operating Reserve Fund (ORF)

- At its sixth meeting in May 1998 the PCB approved the level of the ORF at US\$ 33 million and endorsed the rules and procedures guiding the use of the ORF by the Executive Director
- The primary purpose of the ORF is to ensure that cash will be available for financing the UNAIDS approved biennial budget, pending the receipt of contributions.
- Furthermore, at its sixteenth meeting in June 2005 the Programme Coordinating Board endorsed the proposed revised the level of the ORF of US\$ 35 million.
- During the financial year 2024, no advances were made from the ORF

# Partial Funding the Restructuring from the Operating Reserve Fund

## **Operating Reserve Fund Rules and Regulations:**

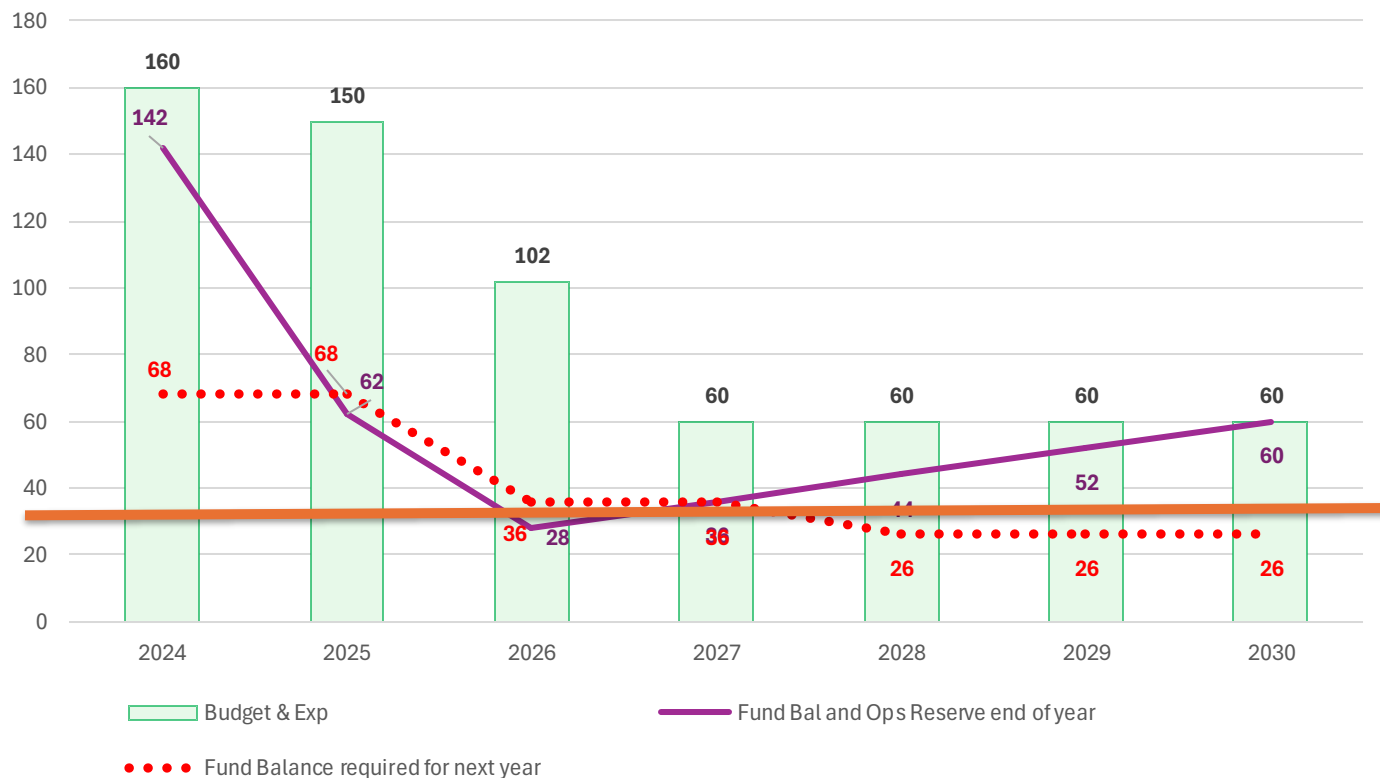
“Advances from the Operating Reserve Fund for other purposes may be proposed by the Executive Director to the PCB, to be approved under such terms and conditions, and with such repayment provisions, as the PCB may determine”

**Rationale:** Funding the restructuring of UNAIDS to a new operating model as recommend by the High-Level Panel

**Operating Reserve Fund Balance :** US\$ 35 million

# Funding the Restructuring - Net Fund Balance and Operating Reserve Fund Analysis

Getting to 2030 with reduction of budget



# Funding the 2025 Budget and Restructuring costs in 2025 and 2026

## 2025 Budget

- UBRAF Core Non-restricted Fund balance as of 31 December 2024: **US\$ 107 million**
- Projected Core contributions for 2025: **US\$ 68 million** (excluding US Government)
- Ending balance Projected 31 Dec 2025 : **US\$ 27 million**

## Paying for Restructuring:

- Over and above the Fund Balance:
  - Terminal Payments Fund (US\$5.5 M) & Mobily Fund (US\$ 1 M) : **US\$ 6.5 million**
  - Revised 2025 budget allocation to Cosponsors: **US\$ 10 million** (Rationale: Unspent balances from 2024 and previous years amounting to **US\$ 10.1 million** carried forward to 2025 by cosponsors)
  - Projected financial revenue/interest from bank balances: **US\$ 3 million**
- Operating Reserve Fund: Current balance stands at **US\$ 35 million**

## Funding the 2025 Budget and Restructuring costs in 2025 and 2026

Restructuring will be completed in 2026 - staggered approach to contract termination. Staff costs will be incurred until the end of the notice period (June 2026) for some positions.

- 2025
  - Restructuring costs (Indemnities for 2025) **US \$4.4 million** ( absorbed in 2025 Budget )
  - Provision for restructuring of **US\$1.9 million for 2026** ( absorb/encumber in Budget 2025)
- 2026
  - Restructuring costs **US\$28.4 million** requiring a total budget of **US\$ 26.5 million in 2026** ( Fund Balance and Operation Reserve fund)
- Restructuring costs in 2026 necessitate the use of the Operating reserve:
  - Without support of Operating Reserve Fund 2026 Net Fund Balance is estimated at **-ve US\$ 8.7 million** ( Rationale for request to use US\$15 million from ORF in 2026)



## Funding the 2025 Budget and Restructuring costs in 2025 and 2026

	2025 US\$ millions	2026 US\$ millions	2027 US\$ millions
Opening Fund Balance	107.0	25.0	6.3
Projected Core Contributions	68.0	68.0	68.0
<b>Available for spending</b>	<b>175.0</b>	<b>93.0</b>	<b>74.3</b>
<b>Less Expenses</b>			
Staff Costs	96.1	62.0	46.8
Activities costs	11.4	5.0	5.0
Operational costs	16.2	8.2	8.2
Cosponsors	20.0	0.0	0.0
Restructuring costs	4.4	28.4	0.0
Fund provision for restructuring	1.9	-1.9	0.0
<b>Total expenses</b>	<b>150.0</b>	<b>101.7</b>	<b>60.0</b>
<b>Fund balance at year end</b>	<b>25.0</b>	<b>-8.7</b>	<b>14.3</b>
<b>Required Fund Balance</b>	<b>55.4</b>	<b>35.6</b>	<b>26.4</b>
Request to use Operating Res Fund	0.0	15.0	0.0
Operating Reserve Fund	35.0	20.0	20.0

# UNAIDS Statement of Internal Control

# Process for the 2024 SIC

## SIC Content

- Scope of responsibility
- Purpose of internal control
- UNAIDS' operating environment
- The Internal Control Framework and risk management
- Review of effectiveness of internal controls
- Significant risk issues
- The Statement

## Steps

1

Risk assessments and internal control self-assessment checklist completed by managers

2

DXDs and Regional Directors sign a Representation Letter

3

RMC review of risks

4

Review of risks and internal controls by Cabinet

5

EXD sign off the statement

## Coordination

### Oversight and Compliance Team

Update methodology and online platforms  
Facilitate online sessions  
Perform quality review of submissions (ICF checklists and risks)

Coordinate and collect representation letter

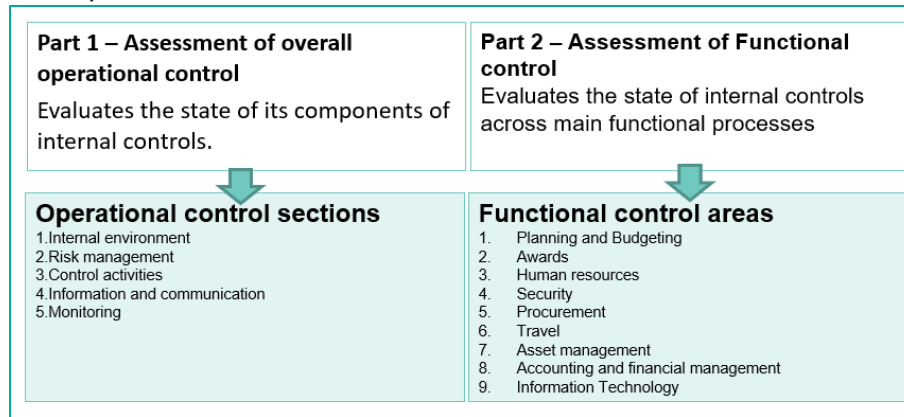
Analyse risks, responses to ICF checklists and recurrent audit findings

Update Statement

Implementation of continuous improvements

# STEP 1 - Internal control checklists and Risk assessments

Assessment completed by Head of Office / Dept with Office / Dept's team in JPMS platform (online)



Quality assurance review of responses by Oversight and Compliance Team through cross referencing with existing compliance data and spot check verification on sampled transactions

## Documents:

- *Internal Control questionnaire for 2024*
- *Example of review (Liaison Office in Addis Ababa)*

# STEP 2 - Representation Letter

- Revised Representation Letter
  - *Updates aligning with WHO's Representation Letter*
  - *Regional Directors, DXDs, Chief of Staff and Director Management.*
- Annex to Representation Letter
  - *Results of internal control questionnaires*
  - *Risk assessments*
  - *Audit recommendations*
  - *Asset verification*
  - *Lease verification*
  - *Non-commercial contracts overdue*

## LETTER OF REPRESENTATION

Attention: Director, Finance and Accountability

This letter of representation is provided in connection with the completion and audit of the UNAIDS financial statements for the year ended 31 December 2023.

In accordance with the Financial Regulations, I acknowledge as Deputy Executive Director Programme Branch, my delegated authority for the efficient and effective management and use of resources, that adequate internal controls are in place and that organization-wide policies and procedures are applied consistently in the Branch.

Having made such inquiries as I considered necessary for the purpose of appropriately informing myself that during the year 2023:

### 1. Internal Controls

- 1.1 I confirm that all branch units have completed the 2023 Internal Control Framework Self-Assessment Checklist. I have reviewed responses from the Internal Control Self-Assessment Checklist in my Branch and highlighted below (or attached) major weaknesses or issues raised by Managers, if any.
- 1.2 I provide my assurance on the adequate functioning of internal controls in the exercise of delegated authority as delegated to me by the Executive Director. I carefully sub-delegated authority only to qualified staff and monitored their exercising of the delegation of authority to ensure it was properly exercised.

### 2. Risk Management, Compliance and Fraud

- 2.1 I have ensured that all units in my Branch have identified risks, and critical risks have been highlighted to me together with the risk mitigation actions.
- 2.2 I confirm, to the best of my knowledge and belief, that all detected cases or reported allegations of fraud have been reported to IOS, that all cases of lost cash have been reported to the Director Finance and Accountability.
- 2.3 I have completed and submitted the Declaration of Interest (DOI) by 29 February 2024.
- 2.4 I have highlighted the importance of following the procurement policies and procedures and any exceptions to procurement rules granted have been documented in line with applicable policies.
- 2.5 For Transfers and Grants (DFC/GLOA/DI) I confirm that capacity assessments of implementing partners were undertaken where required, follow-ups on outstanding reports have been carried out.

### 3. Financial Reporting

- 3.1 I confirm that all expenses incurred for 2023 have been recorded, are valid and accurate, were spent for the purposes intended and coded to the correct expenditure type.
- 3.2 I have reviewed 2023 open encumbrances and ensured that all open encumbrances are current and valid. All receipts of goods and services up to 31 December 2023 have been entered in GSM by 8 January 2024.
- 3.3 I confirm that all commitments and contracts signed with 3rd parties, were entered into GSM as and when incurred. Contracts issued and not recorded in the system within a reasonable period, if any, are also now recorded in GSM.

### 4. Revenue

- 4.1 I have confirmed that Awards under my management have been reviewed regularly to ensure they are implemented and reported according to donor requirements.
- 4.2 I have confirmed that all in-kind contributions received, and in-kind agreements signed during the year 2023, have been reported, correctly valued, and recorded in 2023.

### 5. Audit recommendations

- 5.1 I have followed up on outstanding audit recommendations and confirmed that action plans have been put in place to resolve issues relating to outstanding audit observations.

## Documents:

- *Representation Letter Template for Regional Directors.*
- *Annex to representation letter. Example ESA Regional Director*

# STEPS 3 & 4 - Risks and internal controls

- Review by RMC (*refer to session 10*)
- Review by Cabinet, including top risks and areas for improvement (internal controls). *See documentation, 2 pager for Cabinet*

## STEP 5 – Review and sign-off of Financial Statement and Statement of Internal Control sign-off

PART II  
2023 STATEMENT OF INTERNAL CONTROL

**Scope of responsibility**

As Executive Director of the Joint United Nations Programme on HIV/AIDS (UNAIDS), I am accountable, in accordance with the responsibilities assigned to me, in particular, Financial Regulation 12.1, for maintaining a sound system of internal control to ensure the accomplishment of established objectives and goals for operations; the economical and efficient use of resources; the reliability and integrity of information; compliance with policies, plans, procedures, rules and regulations; and the safeguarding of assets."

**Purpose of internal control**

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the UNAIDS Secretariat's objectives and related policies. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. It is an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically.

Internal control is a process, effected by the Programme Coordinating Board, the Executive Director, senior management and other personnel, and designed to provide reasonable assurance on the achievement of the following objectives:

- effectiveness and efficiency of operations and safeguarding of assets;
- reliability of financial reporting; and
- compliance with applicable rules and regulations.

From an operational perspective, UNAIDS' internal control system operates continually at all levels of the Secretariat through internal control processes to ensure the above objectives. My current statement on UNAIDS' internal control processes, as described above, applies for the year ended 31 December 2023, and up to the date of the approval of the Organization's 2023 financial statements.

**UNAIDS operating environment**

UNAIDS operates in challenging environments and is therefore exposed to situations with a high level of inherent risk, including in terms of the security of its employees and, in some cases, its ability to maintain the highest standards of internal control. The security situation in each country in which UNAIDS (and the United Nations in general) operates is closely monitored, and strategic decisions are taken where necessary to adapt UNAIDS' operations and to manage and mitigate the risk exposure of its personnel. All risks are captured in a formal risk register and will be subject to regular review by managers.

**The Internal Control Framework and Risk Management**

UNAIDS' Management Accountability Framework operates in tandem with the Risk Management Framework and the Internal Control Framework. These frameworks are critical to the accomplishment of the Joint Programme's objectives and goals with enhanced accountability and greater transparency.

The risk management framework aims to embed a systematic and effective approach to identifying, assessing and managing risks and opportunities. Senior Management have identified the high-level risks and opportunities which have been compiled into a UNAIDS Risk Universe.

## Priority areas for improvement:

Area	Risks	Priority actions
<p><b>Procurement and Contract Management:</b></p> <p>An analysis of the Internal Control surveys, audit recommendations and results of post facto verification highlighted the need for offices to</p> <p>a) Enhance forward planning (specifically for services) and to ensure transparent and competitive selection of contractors,</p> <p>b) ensure that mandatory requirements are met (e.g. documentation of selection process, mandatory approvals and documentation uploaded in ERP)</p> <p>c) implement regular follow up with suppliers to ensure deliverables are completed on time and contracts closed in a timely manner.</p>	<ul style="list-style-type: none"><li>• Value for money not adequately demonstrated or not achieved</li><li>• Litigations, reputational risk</li></ul>	<ul style="list-style-type: none"><li>• Provide targeted training sessions to offices with non-compliance - throughout 2025</li><li>• Return to ex-ante QCC for offices with non-compliance rate &gt;33% by Q3 2025</li><li>• Implement automated reminders to Offices with currently due and overdue deliverables and monthly follow up for timely closure – by end Q2 2025.</li></ul>

## Priority areas for improvement:

Area	Risks	Priority actions
<b>Risk management:</b> Continued efforts required to improve the integration of risk management into planning activities, risk escalation and follow up on mitigation actions.	<ul style="list-style-type: none"><li>• Poor anticipation of potential threats / opportunities</li><li>• Inadequate risk response</li></ul>	<ul style="list-style-type: none"><li>• Update policies and procedures along with the roll out of the new risk management platform by Q3 2025</li><li>• Develop risk appetite statement by Q4 2025, as per IEOAC recommendation.</li></ul>
<b>Asset management:</b> Support offices to finalize asset disposals by Q4 2025	<ul style="list-style-type: none"><li>• Inaccurate financial records</li><li>• Inadequate safeguard of assets</li></ul>	<ul style="list-style-type: none"><li>• Coordinate asset reviews and disposals by Q4 2025.</li><li>• Review asset management policy by Q3 2025</li><li>• Roll out platform for attractive items by Q4 2025.</li></ul>



## Priority areas for improvement:

Area	Risks	Priority actions
<b>Business Continuity Plans:</b> Managers reported the need to either update their BCPs or develop ones, the external auditor issued a recommendation to develop and update BCPs (2023 audit).	<ul style="list-style-type: none"> <li>Lack of preparedness</li> <li>Inadequate response, disruption of operations</li> </ul>	<ul style="list-style-type: none"> <li>Completion of pilot project (done)</li> <li>Translation of documents (French, Spanish)</li> <li>Roll out of new BCP process to all field offices</li> <li>Training session by region</li> </ul>
<b>Non-commercial agreements:</b> Conduct of assurance activities, including assessment of implementing partners, and verifications on the activities funded and expenditures also highlighted as an area for improvement in many audits.	<ul style="list-style-type: none"> <li>Funds not used for the intended purpose (as per contractual agreement)</li> <li>Program objectives not met</li> </ul>	<ul style="list-style-type: none"> <li>Reduced QCC threshold for mandatory ex-ante QCC of non-commercial agreements (threshold TBC).</li> <li>Implement a mandatory QCC of final payments by Q3 2025 (threshold TBC)</li> <li>Implement automated reminders to Offices with currently due and overdue deliverables and monthly follow up for timely closure – by end Q2 2025.</li> </ul>

Thank you