

MANAGEMENT RESPONSE

Organizational oversight reports

Additional documents for this item:

Report of the work of the Office of Internal Oversight Services for 2024 (UNAIDS/PCB (56)/25.18);

Report of the External Auditor (UNAIDS/PCB (56)/25.19);

Report of the Ethics Office (UNAIDS/PCB (56)/25.20);

Report of the Independent External Oversight Advisory Committee (UNAIDS/PCB (56)/25.21).

Action required at this meeting—the Programme Coordinating Board is invited to:

- *take note* of the Report of the work of the Office of Internal Oversight Services for 2024;
- *accept* the External Auditor report for the financial year ended 31 December 2024;
- *take note* of the report of the Ethics Office;
- *take note* of the report of the UNAIDS Independent External Oversight Advisory Committee; *and*
- *take note* of Management's response to oversight reports.

Cost implications for the implementation of the decisions: *none*

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Introduction

1. This document contains the UNAIDS management's response to the organizational oversight reports and should be read in conjunction with the following documents: *Report of the work of the Office of Internal Oversight Services for 2024* (UNAIDS/PCB (56)/25.17); *Report of the External Auditor* (UNAIDS/PCB (56)/25.18); *Report of the Ethics Office* (UNAIDS/PCB (56)/25.19); and *Report of the Independent External Oversight Advisory Committee (IEOAC)* (UNAIDS/PCB (56)/25.20). This report also includes an analysis of the implementation of recommendations from the Joint Inspection Unit's (JIU) reports for 2024.
2. Management welcomes the recommendations of the oversight bodies that support UNAIDS to continuously improve its policies, procedures and effectiveness, as well as guaranteeing the wellbeing of the staff, affiliated personnel and communities we serve, and ensuring the results of the Joint Programme.
3. Management wishes to express its gratitude to the managers and administrative staff across the Secretariat whose ongoing efforts over the past year have again been instrumental to significant achievements despite a difficult financial context, most notably:
 - Internal audit recommendations: with 70 recommendations closed during the year, including 22 with high residual risk, the balance of open recommendations stands at its lowest level (32% decrease compared to 2024, and 87% decrease compared to 2020).
 - Asset register: more than 2,000 assets have been updated in the fixed asset register in 2024. Additionally, reported missing items decreased by 69% since the previous physical verification in 2023, showing a marked improvement in register accuracy.
4. In addition to responses to oversight reports, UNAIDS management presents an overview of actions taken to further strengthen internal controls and organizational accountability and ensure more effective use of resources.

External Audit activities in 2024

5. The management of UNAIDS recognizes and wishes to express its appreciation to the Office of the Comptroller and Auditor General of India for their contribution to UNAIDS via the independent External Audit service they provide.
6. The External Auditor audited the UNAIDS financial statements for the year ended 31 December 2024 and performed a compliance audit at the Geneva Global Centre.
7. UNAIDS financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations and Rules of the World Health Organization (WHO).
8. Management is pleased to note that the External Auditor issued an "unmodified", or clean, opinion on the UNAIDS financial statements for the financial year ended 31 December 2024.
9. Pursuant to their financial and compliance audit, the External Auditor issued five (5) new recommendations. Management's responses to the audit recommendations are outlined in Table 1.

Table 1. Management's responses to External Audit observations and recommendations

Recommendations	Management's response
<p>Recommendation 1:</p> <p>Audit recommends UNAIDS to ensure that voluntary contributions received by UNAIDS are accounted in the financial statements in compliance with the accrual concept of accounting. (High)</p>	<p>Management accepts the recommendation.</p> <p>We will reinforce the process to ensure timely communication of donor agreements with the Department of Finance and Accountability:</p> <p>(1) Reminders will be sent to all UNAIDS country offices, regional support teams and departments highlighting the importance of sharing signed donor agreements with the Department of Finance and Accountability.</p> <p>(2) The year-end closure checklist will include the requirement to send contribution agreements signed at Regional and Country level.</p>
<p>Recommendation 2:</p> <p>Audit recommends UNAIDS to continue its efforts to monitor the completion/ closure of POs by the concerned offices at regular intervals so as to ensure adherence to the timelines as stipulated in their Manual. They may also explore using the dashboard to automatically generate alerts and reminders regarding projects nearing and past the completion date. (Medium)</p>	<p>Management accepts the recommendation</p> <p>Significant progress was made in the closure/completion of Purchase Orders (POs) with dedicated support and regular monitoring. Going forward:</p> <p>(1) Automatic alerts to be developed to warn managers of upcoming deliverables due dates (timeline to be confirmed with Digital and Technology Services team)</p> <p>(2) Continuation of follow ups with concerned offices (twice a year), with priority focus on supporting closing offices.</p> <p>(3) Reinforcement and expansion of current policy to ensure compliance.</p>
<p>Recommendation 3:</p> <p>In view of the Gender Equality Marker being an important planning tool, Audit recommends UNAIDS to consider increasing the knowledge of its staff through orientation/ refresher courses using illustrative cases to ensure as far as possible a uniform understanding and application of the GEM. (Medium)</p>	<p>Management accepts the recommendation</p> <p>Depending on funding availability and UNAIDS Secretariat's restructuring that will determine overall and the Programme Planning team's staff capacities, illustrative case on proper use of Gender Equality Marker (GEM) will be further included in the staff orientation guidance and webinars during the 2026 planning.</p>

Recommendations	Management's response
Recommendation 4: In the light of non-compliances observed in the contractual agreements being covered in the Post Facto Verification (PFV), audit recommends UNAIDS to ensure that corrective actions covering support, training, use of dashboard and data analysis are carried out. (High)	Management accepts the recommendations. We will implement updated remedial actions that were defined at the onset of the Post Facto Verification project: (1) Return to ex-ante Quality Control (QCC) for unit/offices with high non-compliance (2) Provide target training to concerned offices (by Q4 2025) (3) Develop BI dashboard on results Post Facto Verifications for continuous monitoring (timeline to be confirmed with Digital and Technology Services teams) (4) We will configure where allowable and practical, the new ERP (WHO BMS) approvals flow to include QCC approvals for predefined contract values.
Recommendation 5: Audit recommends UNAIDS to reinforce control on adherence to standard competitive process, document deviations and to upload mandatory supporting documents in the ERP, including past performance. Also, it may ensure that deliverables are made specific in the ToR. (High)	Management accepts the recommendations. The remedial actions detailed in response to recommendation 4 will also contribute to address recommendation 5. In addition we will reintroduce mandatory ex-ante Quality Control for higher value contracts.

Implementation of past External Audit recommendations

10. In their report the External Auditor noted that, of the six (6) past External Audit recommendations, four (4) were implemented, two (2) were under implementation as of 31 December 2024 (see Table 2 for details).

Table 2. Past audit recommendations implemented

Recommendation	Status
Audit Report 2023 - Recommendation 2: Management may take the necessary action to revise the contract and ensure that final payment is made to the vendor after making necessary adjustments.	Implemented
Audit Report 2023 - Recommendation 3: We recommend that Management should continue to follow-up with offices where assets have been reported as 'not found' and impress upon the offices to submit the disposal documents in cases where the assets are being retired.	Implemented
Audit Report 2021 - Unified Budget, Results and Accountability Framework: UNAIDS may ensure reporting of all performance indicators of the UBRAF in the Performance Monitoring Report to reflect comprehensive picture of the progress and to measure organizational performance quantitatively using the output indicators.	Implemented

Recommendation	Status
<p>Audit Report 2021 - Recommendation 6 – Programme funding agreements</p> <p>UNAIDS may strengthen the regulation of programme funding agreements through</p> <p>(a) incorporation of FENSA mechanism in the procurement manual,</p> <p>(b) use of assessment matrix to select proposals, (c) fixing timelines for returning of unspent balance by the implementing partners to UNAIDS, and</p> <p>(d) developing SOP for the conduct of assurance activities.</p>	Implemented

11. Table 3 provides management's update on the recommendations under implementation.

Table 3. Management update on recommendations under implementation

Recommendation	External Auditor's assessment	Management's comments
Audit Report 2022 – Recommendation 1: We recommend that UNAIDS needs to work in closer collaboration with SHI to ensure that the Actuary uses accurate demographic data for more accurate actuarial valuation , in future periods.	Action is yet to be finalized. Open	The next full actuarial valuation will be done in 2025 and close collaboration with SHI is already in place and will continue to ensure that accurate demographic data is used.
Audit Report 2023 - Management may ensure timely creation, updating and monitoring of the BCP in all its offices.	Action is yet to be finalized. Open	A new version of the BCP has been developed and deployed. All Country Offices and Liaison Offices are required to complete their BCP by 30 August 2025, with some identified priority country offices required to complete their BCP by 30 June 2025.

Internal Audit activities in 2024, recurrent audit findings and emerging risks

12. The management of UNAIDS recognizes and wishes to express its appreciation to the Office of Internal Oversight Service (IOS) of WHO for its continued support to UNAIDS through the provision of independent audit assurance.
13. Management is pleased to note that IOS reported an overall improvement in control effectiveness compared to 2023 (73% in 2024, compared to 71% in 2023 and to 55% in 2022). IOS also assessed three (3) audit reports as "*partially satisfactory with some improvement required*", and one (1) as "satisfactory" which, once again, is an improvement compared with 2023 and 2022.
14. Offices and teams audited in 2024 will address as a priority high risk recommendations with the support of the Regional Support Teams and the Global Center. Implementation has already started resulting in the closure of eleven (11) recommendations, including three (3) high risk findings.

15. Management notes a decrease in the number of high residual risk found related to **non-commercial contracts (Programme Funding Agreements and Direct Financial Contributions)** in 2024 compared with 2023. In relation to overdue non-commercial agreements, considerable progress has been achieved. The number of overdue agreements decreased from 162 in August 2023 to 49 in March 2025, representing a 70% reduction since August 2023.
16. Nonetheless, priority initiatives will continue to ensure the timely completion of activities and submission of reports, transfer agreements to regional or multi-country offices in light of office closures, maintain ongoing follow-up for the prompt closure of overdue projects, and develop alerts and monitoring tools to assist managers in tracking agreements.
17. **Procurement:** to improve compliance, management will provide targeted training, adjust ex-ante quality control thresholds, create new dashboards for managers to track compliance and strengthen the payment clearance process.
18. **New WHO Enterprise Resource Planning (ERP) system:** Management takes note of the changing timelines for the new Business Management System (BMS) to replace the existing ERP. UNAIDS continues its involvement in the project, with the dedicated project manager coordinating with the WHO project team to ensure UNAIDS focal points participate in all testing and verification workshops. Through participation at these events, now currently scheduled to begin Q3 2025, UNAIDS will identify where process revisions will be required or internal controls enhanced.
19. **Resource mobilization:** To address the reduction of core funding, UNAIDS has intensified its efforts to transition to non-core funding. This has involved the development of concept notes in areas of strategic importance for the AIDS response, support to country and regional offices, and the development of tools and resources, resulting in US\$ 15.5 million secured, and several other opportunities pending. UNAIDS has issued an emergency appeal to approach a broad range of member states for support. There have been some positive responses to the appeal letters and follow up is ongoing. Core funding remains critical and UNAIDS maintains close working relationships with all donors. Negotiations are on-going with a number of countries for securing multi-year agreements for core funding, which helps long-term financial planning.
20. **Restructuring:** Driven by a sense of urgency amid a challenging financial outlook and declining donor funding, the restructuring process of the Secretariat is informed by the work of the High-Level Panel on a new Operating Model and aligns with wider UN reform processes such as the UN80 initiative. This unprecedented restructuring aims to streamline operations, align resources with strategic priorities and consolidate country footprint to support the HIV/AIDS response in the most cost-effective way. It incorporates lessons from past alignments and includes measures to mitigate risks while ensuring accountability, transparency, and fairness. Management will provide clear communication, support measures, and guidance during the restructuring that affects staff across the organization.

Outcomes of investigations

21. Reference is made to the report of the work of the Office of Internal Oversight Services (IOS) of WHO for 2024. In 2024, IOS received 10 new allegations involving UNAIDS staff and resources, compared with 29 in 2023. Management notes that 9 out of the 10 allegations received in 2024 6 were subject to a full investigation by IOS, the other 4 were closed (two at intake, one following preliminary review, and one after a full investigation, which was unsubstantiated)

22. 2024 is marked by decrease in the number of new allegations received compared to previous years, in particular as relates abusive conduct and sexual misconduct (please see Table 4 in section 23 of the said Report).
23. Where the allegations were found to be substantiated following investigation, UNAIDS took appropriate corrective administrative action. For a comprehensive review of actions taken on investigative or other findings or irregular practices and conduct in 2024, reference is made to the Annual report on corrective administrative action including disciplinary measures imposed in 2024 UNAIDS/PCB (56)CRP5.
24. UNAIDS will continue with every effort to make UNAIDS a safe, equal, and empowering workplace, with zero tolerance for sexual exploitation, abuse, harassment and other forms of misconduct, and important progress have been made in strengthening its safeguarding oversight, improving policies and systems and transforming organizational culture (cf. MOPAN report, 2023). Following review in a number of improvements are under implementation including:
- prevention of sexual exploitation, abuse and harassment as mandatory training for staff and consultants,
 - performance reviews include specific safeguarding related indicators for managers,
 - online footprint checks for all new recruits for staff positions has been instituted, and consultants are required to complete ethics and sexual abuse prevention online courses before being contracted
 - social media guidelines are being updated.
25. In addition to the above, UNAIDS has continued to pursue its #RESPECT campaign working closely with staff on promoting a respectful and safe workplace. UNAIDS relaunched the materials of the #RESPECT campaign on our internal social media channel with a series of posts highlighting scenarios that help explain the policy and the Code of Conduct.
26. Management also continued to promote the UNAIDS Code of Conduct to Prevent Abusive Conduct and Sexual Misconduct at Events and Gatherings for use by all staff during different types of events and gatherings.
27. Reference is made to the Update on strategic human resources management issues, for more information on the initiatives and actions taken.

Implementation of past Internal Audit recommendations

28. Management is pleased to report continued progress in addressing past audit recommendations:
- Since last reporting to PCB, IOS closed a total of 70 audit recommendations, of which 22 high residual risk recommendations.
 - The balance of recommendations not closed continued to decrease and stood at its lowest level since 2020 (Figure 1).
 - All outstanding recommendations from the 2022 audit work plan were closed during the year and significant progress was made on recommendations from the 2023 audit workplan (Figure 2).
29. Regular monitoring and support to offices to address audit recommendations will continue with due consideration to the impact of the restructuring during 2025.

Figure 1. Recommendations past due and not yet due: year-on-year progress

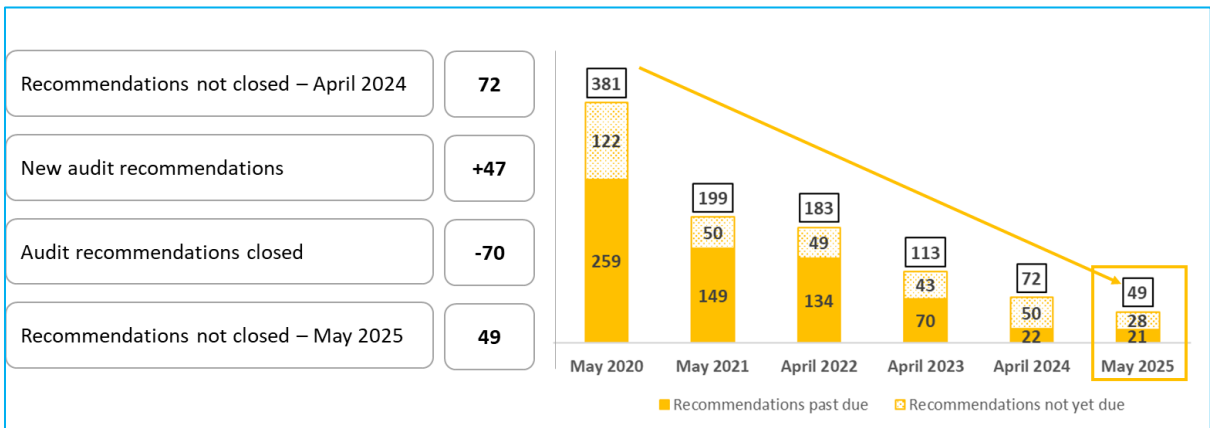
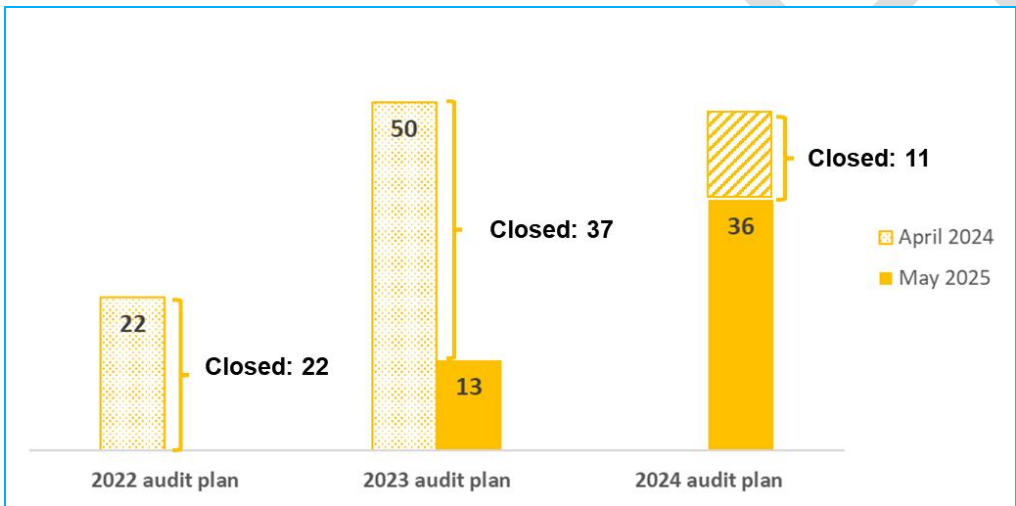


Figure 2. Long-outstanding recommendations: progress achieved during the year



Management’s response to the independent Ethics Office report

- 30. Management expresses its gratitude to the Ethics Office for the report and the significant contributions in strengthening policy coherence and procedures to reflect the values UNAIDS is committed to. The work of the Ethics Office is instrumental in providing staff and non-staff with a safe space to request confidential advice, seek support and protection.
- 31. Management notes the slight reduction in the completion rate of staff training and are committed to working closely with Ethics office in ensuring that staff have the necessary access to training and support to complete mandatory trainings.
- 32. Management appreciates the Ethics Office participation in the New Staff Orientation programs and other office specific trainings, covering UNAIDS’ ethical principles and values, expected behaviours, and how to contact the Ethics Office, and welcomes the supportive feedback received.
- 33. As UNAIDS reviews its MOU with IOS it will take into account the need for speedy and timely sharing of information with UNAIDS including the Ethics office.

34. As a follow up to restructuring UNAIDS will review its systems for safeguarding and clarify roles and responsibilities.

Management's response to the annual report of the Independent External Oversight Advisory Committee

35. Management expresses its appreciation to the members of the UNAIDS Independent External Oversight Advisory Committee (IEOAC) for their report and the quality advice provided during the course of this reporting period.
36. **Monitoring disruptions to the Global AIDS response:** as noted in the Committee's report, Management has been closely monitoring disruptions and remaining alert to the environment's changes.
37. **Operating reserve fund:** Management appreciates the Committee's review and assessment of the proposal to a proportion of the operating reserve fund in 2026. As noted in the Committee's report, the associated risks are limited as the Secretariat will be reducing its operating budget.
38. **Enhanced emphasis on non-core resource mobilisation:** Besides maintaining clear and transparent communication with donors and adapting to the evolving funding landscape, Management is refining the cost recovery process and tools to ensure comprehensive recovery of expenses associated with the implementation of non-core funds.
39. Management welcomes the Committee's expert advice on **enterprise risk management** and will continue to enhance the risk framework and associated processes as advised, with the development of a risk appetite statement, enhanced escalation and monitoring process embedded in the risk platform of the Strategic Planning module of the WHO new Enterprise Resource Planning (ERP).
40. **Human resources management:** Management also welcomes the Committee's advice on the restructuring of the Secretariat. Whilst the restricted funding landscape urges UNAIDS to downsize its structure significantly, the process is guided by the following principles:
- Prepare UNAIDS to deliver on the Global AIDS Strategy, transforming the Joint Programme and accelerating progress towards sustainable country responses
 - Align the Secretariat with the High-Level Panel recommendations on a new operating model
 - Maintain commitment to diversity, equity and inclusion
 - Ensure sustainability and adaptability in an evolving landscape
 - Leverage and optimize UN Reform (UN80)

Implementation of the Joint Inspection Unit recommendations

41. In 2024, the JIU issued 3 system-wide reviews of interest to UNAIDS¹. See table 4. Overall, Management welcomes the findings and recommendations of the JIU, whilst noting that some of the recommendations are either already implemented or require

¹ JIU reviews addressed to single organizations excluded.

action from inter-agency mechanisms. Management shared its draft comments on JIU recommendations with the IEOAC for review.

42. During 2024, the acceptance and implementation rates of JIU recommendations for UNAIDS stood at 77.2% and 72%², respectively.
43. In order to address the backlog of past JIU recommendations, Management undertook a thorough review which has identified priority actions and will also result in the closure of 41 additional recommendations.
44. As the Secretariat's resources continued to decrease, and considering the unprecedented staffing reductions in 2025, a prioritization exercise will be reconducted in the first quarter of 2026.
45. Whilst Management values JIU's review of cross cutting issues across the UN system, the smaller scale of UNAIDS Secretariat, and the cosponsored nature of the Joint Programme render some of JIU's recommendations impractical to implement or not fully relevant to UNAIDS. With a view to ensuring effective and focused use of Secretariat's limited resources, Management has sought the IEOAC's advice on continuing with full participation in the JIU post restructuring. The Committee agreed that participation in JIU engagements should be prioritized to those that are most relevant to UNAIDS.

² Status of acceptance and implementation of recommendations from 2016–2023, as of January 2025 (A/79/34).

Table 4 JIU reviews and notes issued in 2024

JIU review	Highlights and CEB comments
JIU/REP/2024/2 : Review of consideration of and action taken on the reports and recommendations of the Joint Inspection Unit by United Nations system organizations	Review highlights. CEB comments
The main objective of the review was to determine the current situation regarding the consideration of JIU reports and the decision-making process relating to acceptance and implementation of its recommendations by participating organizations and their legislative organs and governing bodies, and to assess the progress made since 2017 when the Unit reviewed and made proposals on the same subject matter (JIU/REP/2017/5).	
JIU/REP/2024/3 (Part I) : Budgeting in organizations of the UN system Part I – Comparative analysis JIU/REP/2024/3 (Part II) : Budgeting in organizations of the UN system Part I – Reference tables	Review highlights – Part I and Part II
The purpose of the present review is to provide the legislative organs, governing bodies and executive heads of JIU participating organizations with up-to-date information on major budgeting procedures and practices within the organizations.	
JIU/REP/2024/4 : Review of the implementation of the principle of mutual recognition within the United Nations system	Review highlights.
The objectives of the review were to assess, from a system-wide perspective, the status and progress on the implementation of the principle of mutual recognition and the adequacy and effectiveness of related policies and practices, as well as to identify challenges, lessons learned and good practices relating to the implementation of the principle of mutual recognition within the United Nations system.	

Conclusion

46. Management is pleased with the unmodified/unqualified (clean) audit opinion from the External Auditor on the 2024 financial statements and welcomes the recommendations that support the strengthening of internal controls, the effective use of resources and the quality of reporting.
47. Management reiterates its commitment to continue improving the timely implementation of audit recommendations and will continue to introduce measures in this regard.

Proposed decision points

The Programme Coordinating Board is invited to:

48. *Take note* of the Report of the work of the Office of Internal Oversight Services for 2024;
49. *Accept* the External Auditor report for the financial year ended 31 December 2024;

50. *Take note* of the report of the Ethics Office;
51. *Take note* of the report of the UNAIDS Independent External Oversight Advisory Committee; and
52. *Take note* of Management's response to oversight reports.

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UNEDITED