

UNAIDS 2012-2015 Unified Budget, Results and Accountability Framework

Agenda item 5

Financial reporting

Overview of financial situation

- Second set of financial statements prepared in 2013 according to new accounting standards (IPSAS)
- Unqualified opinion provided by the external auditors and all 2012 external audit observations closed
- Financial situation remains stable with 98% of resource mobilization target for 2013 reached



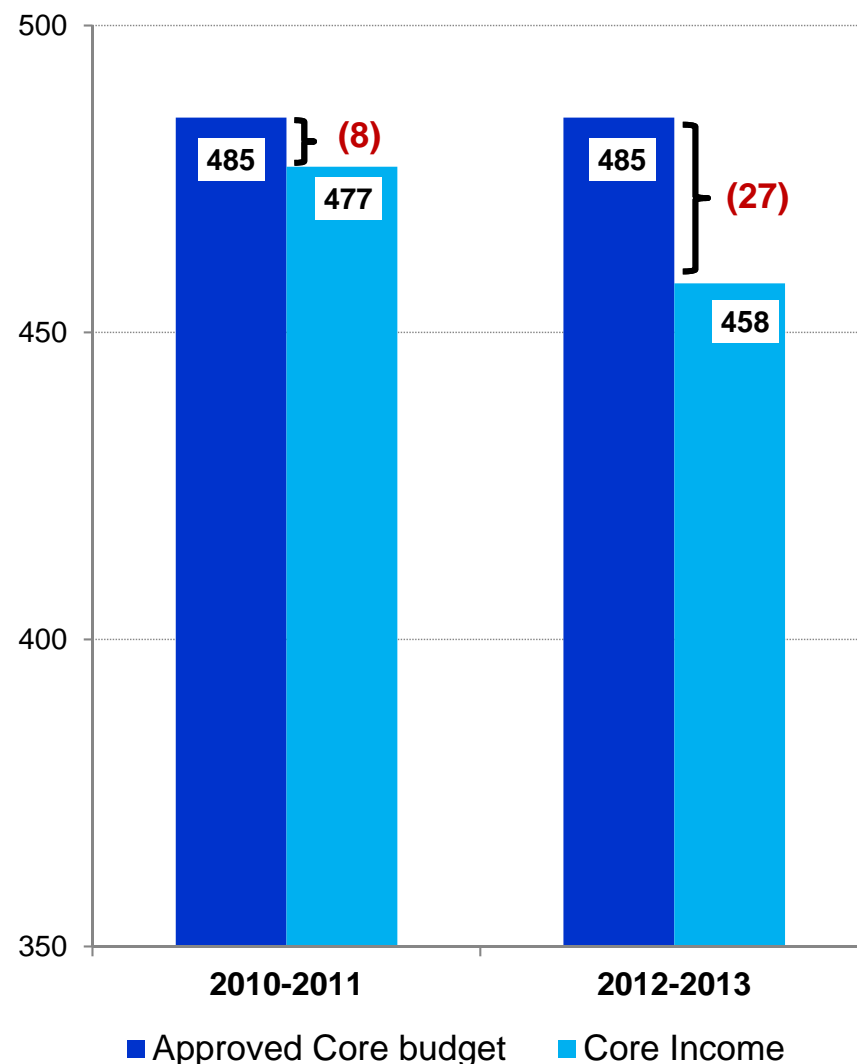
Highlights

- Core **income** totaling **US\$237.4 million** was mobilized in 2013 compared to **US\$220.2 million** in 2012
- Total core **expenditures** in 2012-2013 amounted to **US\$ 476.4 million**; financial implementation almost 100%
- **The gap** between revenue and expenses **of US\$ 27 million** has been covered from the fund balance

Funds mobilized in the last two biennia

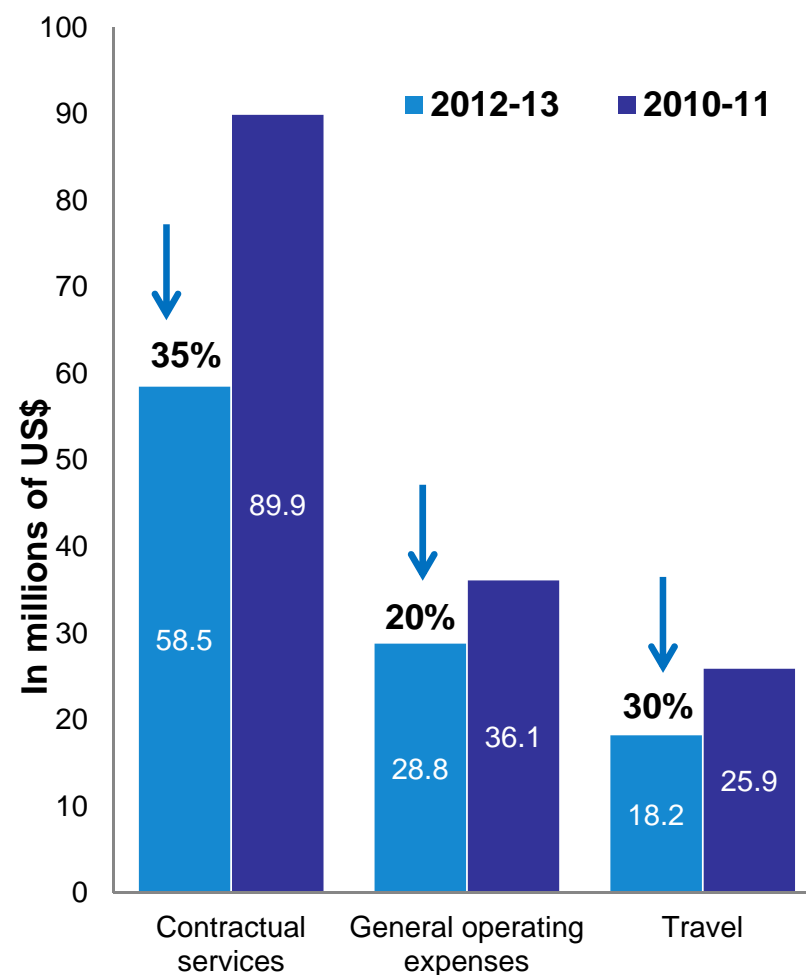
(in millions US dollars)

- In 2010-2011 core funding totalling **US\$ 477 million** was mobilized; **US\$ 8 million** less than the approved budget.
- In 2012-2013 core funding totalling **US\$ 458 million** was mobilized; **US\$ 27 million** less than the approved budget, covered from the fund balance.
- Non-core funding amounting to **US\$ 77 million** was mobilized in 2012-2013 compared to **US\$ 58 million** in 2010-2011; an increase of **US\$ 19 million**.
- Fund balance stands at **US\$ 140.2 million** which is within the approved maximum level of 35% (US\$ 170 million).



Cost savings and efficiency gains

- Reduction in the total expenditure in 2012-2013 **US\$ 48.6 million** compared to 2010-2011 (8%).
- Net reduction exceeded by **20%** the US\$ 40 million cost saving target set by UNAIDS Secretariat.
- Reduction in general operating costs **20%**; travel costs **30%**; contractual and consultancy costs **35%**.



Developments in 2014

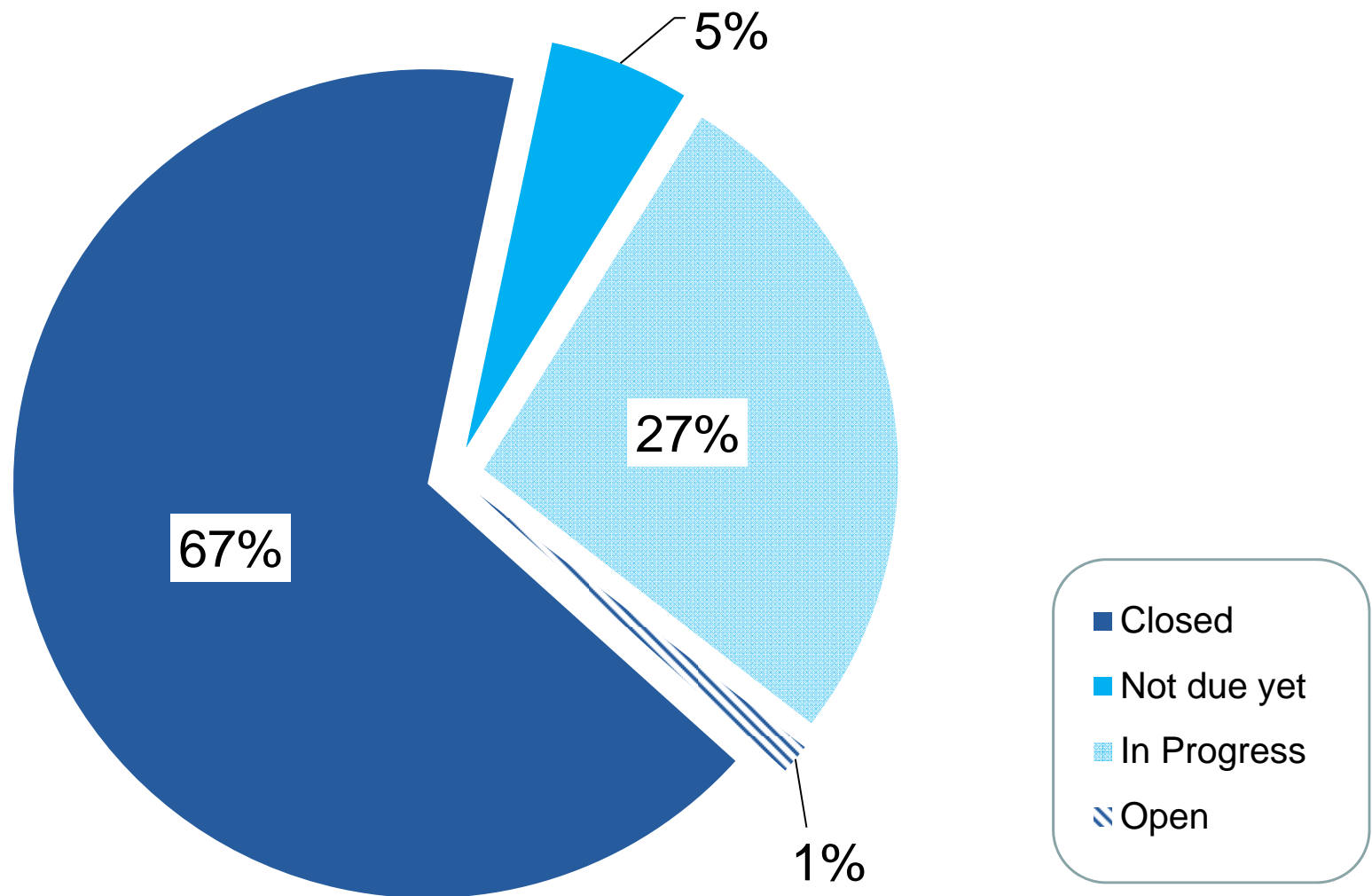
- Total revenue of **US\$ 140.5 million or 58%** has been raised against the 2014 core UBRAF of US\$ 242.4 million
- **US\$ 87.3 million** has been transferred to Cosponsors representing 100% of their respective 2014 allocations
- In total **US\$ 195 million** or 40% has been expended and encumbered against the 2014-2015 UBRAF
- Donors are requested to **retain and where possible increase funding** to UNAIDS
- Member states who are not yet contributing to UNAIDS budget are invited to **become donors**

External audit

Key recommendations:

1. Improve guidance and procedures on transfers and grants to counterparts and strengthen internal mechanisms for monitoring and closure of grants
2. Formulate an overall procurement strategy and framework to integrate procurement processes at all levels into an overall plan and finalise procurement manual
3. Evaluate the use of long-term agreements (LTAs) and identify risks and mitigation measures for the use of LTAs

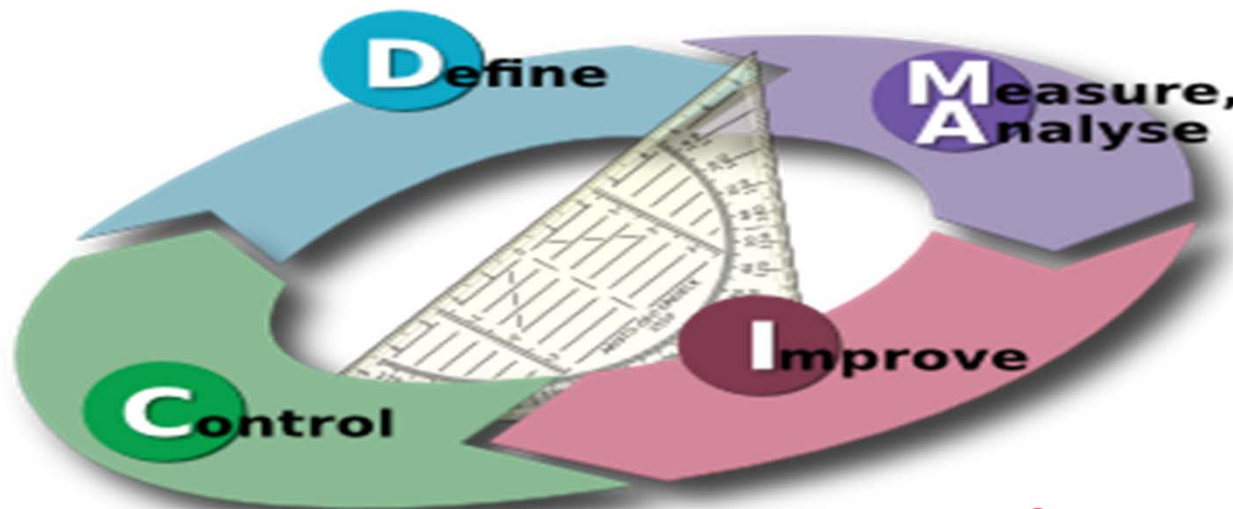
Internal audit: Implementation of recommendations



Enterprise Risk Management

Risk is **ANYTHING** that may affect the achievement of an organization's objectives. It is the **UNCERTAINTY** that surrounds future events and outcomes. Every risk has a cause, an effect and a perceived seriousness or risk level.

Enterprise Risk Management is a systematic and organization-wide approach which supports an organization's achievement of its strategic objectives by proactively **identifying, assessing, evaluating, prioritizing and controlling the probability or the impact of adverse events** and to maximise the realisation of opportunities across the organization.



Enterprise Risk Management – steps taken



Policy issued



Governance
Instituted



Risk Management
Committee formed

Risk Categories



Enterprise Risk Management – next steps



- Develop an organization-wide top risk register
- Develop the ERM guide and training materials
- Conduct risk assessments throughout the Secretariat
- Monitor and sustain ERM