



UNAIDS PROGRAMME COORDINATING BOARD

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THIRTY-EIGHTH MEETING

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Venue: Executive Board Room, WHO, Geneva

Agenda item 4.2

Financial reporting

Interim financial management update for the 2016–2017 biennium for the period 1 January 2016 to 31 March 2016

Additional documents for this item: Financial report and audited financial statements for the year ended 31 December 2015 (Document: UNAIDS/PCB(38)/16.8).

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

- i. *take note* of the interim financial management update for the 2016–2017 biennium for the period 1 January 2016 to 31 March 2016, including the replenishment of the Building Renovation Fund;
- ii. *encourage* donor governments to make multi-year contributions and release their contributions towards the 2016–2021 Unified Budget, Results and Accountability Framework as soon as possible;
- iii. *urge* pursuant to decision 6.8 of the 37th PCB meeting, UNAIDS to continue expanding its donor base and *encourage* new donors to make contributions towards the full funding of the 2016-2021 Unified Budget, Results and Accountability Framework; and
- iv. *request* UNAIDS Secretariat to continue to monitor the fund balance of the UBRAF with a view of increasing it to be within the minimum and maximum levels established by the PCB;

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I. INTRODUCTION

1. This document presents interim financial management information on the 2016–2017 biennium for the period 1 January 2016 to 31 March 2016. The presentation at the 38th meeting of the Programme Coordinating Board will include financial information up to 31 May 2016. [The audited financial statements of UNAIDS up to the end of 2011 covered two consecutive calendar years, beginning with an even-numbered year. Since the adoption of the International Public Sector Accounting Standards (IPSAS) in 2012, however, annual audited financial statements have been prepared since 2012].
2. The accounts and operations of UNAIDS are subject to continuous examination and review by both internal and external auditors of WHO, which provides some administrative services in support of the Programme as per Economic and Social Council of the United Nations (ECOSOC) resolution 1994/24, and Article XI of the Memorandum of Understanding among Cosponsors establishing UNAIDS.

II. THE UNIFIED BUDGET, RESULTS AND ACCOUNTABILITY FRAMEWORK FOR THE 2016–2017 BIENNIUM

Approved Budget and Workplan

3. At its 37th meeting in October 2015, the Programme Coordinating Board approved the 2016–2021 Unified Budget, Results and Accountability Framework with a core budget of US\$ 484.8 million for the 2016–2017 biennium (the same level as for the previous four biennia), and distribution of US\$ 310.2 million managed by the Secretariat and US\$ 174.6 million to be allocated among the eleven Cosponsors.

Funds made available for the 2016–2017 biennium

4. During the period under review, revenue totaling US\$ 35.9 million from eight governments was made available towards year 2016 of the Unified Budget, Results and Accountability Framework. *Table 1* provides the details of revenue attributed towards the 2016–2017 Unified Budget, Results and Accountability Framework during the period 1 January 2016 to 31 March 2016.

Table 1

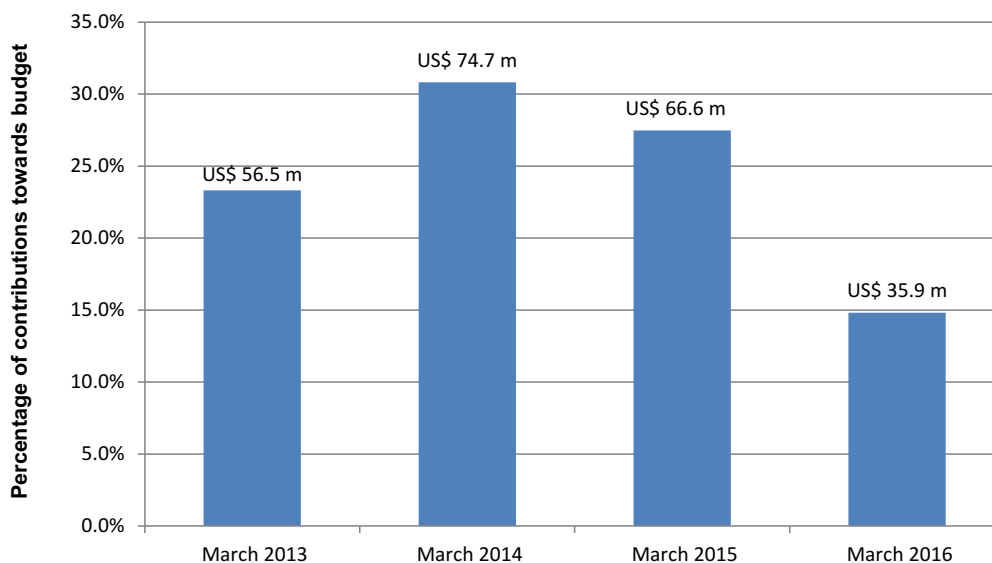
Unified Budget, Results and Accountability Framework—details of revenue for the period 1 January 2016 to 31 March 2016 (in US dollars)

Voluntary contributions	Funds made available towards year 2016 of the Unified Budget, Results and Accountability Framework
Governments	
Belgium - Flanders	843 645
Germany	1 969 365
Ireland	2 631 579
Japan	650 000
Monaco	167 598
Netherlands	22 346 369
Norway	7 195 532
Thailand	85 937
Total	35 890 025

5. *Figure 1* compares the funds made available by 31 March of each year towards the Unified Budget, Results and Accountability Framework in 2013, 2014, 2015 and 2016. A total amount of US\$ 35.9 million has been made available for 2016 (of the 2016–2017 Unified Budget, Results and Accountability Framework) representing only 14.8% of the annual budget, which is much lower than what was made available at the same time in previous years. It should be noted that out of the US\$ 35.9 million made available as at 31 March 2016, US\$ 33 million or 92% was only made available during March 2016.¹ This highlights the need for donors who have already made commitments to pay the outstanding amounts, and for those donors who have not yet done so to pledge and pay their contributions to UNAIDS for 2016 in full.

Figure 1

Revenue made available as at 31 March of each year towards the Unified Budget, Results and Accountability Framework from 2013 to 2016



III. FUNDS EXPENDED AND ENCUMBERED UNDER THE 2016–2017 UNIFIED BUDGET, RESULTS AND ACCOUNTABILITY FRAMEWORK

6. During the period 1 January 2016 to 31 March 2016, expense and encumbrance (including transfers to Cosponsors) totaling US\$ 79.7 million were incurred against the budget of US\$ 484.8 million approved for the 2016–2017 Unified Budget, Results and Accountability Framework. This corresponds to a financial implementation rate of 16.4%. The total expense and encumbrance for the implementation of the AIDS activities contained in the Unified Budget, Results and Accountability Framework were distributed as follows: US\$ 43.7 million was transferred to Cosponsors representing 50% of the Cosponsors' budget for 2016 under the 2016–2017 Unified Budget, Results and Accountability Framework (figure 2 provides information on the proportion of funds transferred to each individual Cosponsor); and US\$ 31.2 million was expended and US\$ 4.7 million encumbered for Secretariat activities and staff costs.

¹ Details on the impact of the low level of contributions made available are explained in part IV - the fund balance.

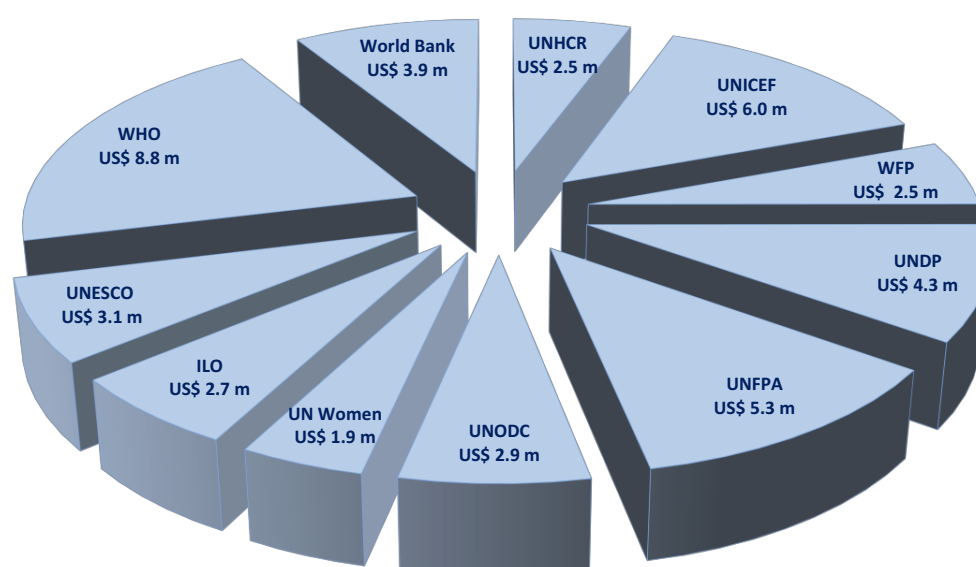
7. Table 2 provides details on the 2016–2017 Unified Budget, Results and Accountability Framework approved core budget, expense and encumbrances, broken down by result areas and the Secretariat core functions for the period 1 January 2016 to 31 March 2016.

Table 2
2016–2017 Unified Budget, Results and Accountability Framework approved core budget, expense and encumbrances for the period 1 January 2016 to 31 March 2016 (in US dollars)

	2016-2017 Approved core budget	Expense	Encumbrance ^{a/}	Total	Balance	Percentage implementation
	(a)	(b)	(c)	(d) = (b + c)	(e) = (a-d)	(f) = (d / a)
I. Result Areas						
1 HIV testing and treatment	50 905 800	12 726 485		12 726 485	38 179 315	25.0%
2 Elimination of Mother To Child Transmission	9 259 800	2 314 800		2 314 800	6 945 000	25.0%
3 HIV prevention among young people	27 588 500	6 897 538		6 897 538	20 690 962	25.0%
4 HIV prevention among key populations	27 730 900	6 932 210		6 932 210	20 798 690	25.0%
5 Gender inequality and gender-based violence	17 980 200	4 494 997		4 494 997	13 485 203	25.0%
6 Human rights, stigma and discrimination	13 040 700	3 260 338		3 260 338	9 780 362	25.0%
7 Investment and efficiency	10 905 900	2 726 486		2 726 486	8 179 414	25.0%
8 HIV and health services integration	17 188 200	4 297 146		4 297 146	12 891 054	25.0%
Total Cosponsors	174 600 000	43 650 000	-	43 650 000	130 950 000	25.0%
II. Core Functions						
1 Leadership, communication and advocacy	83 443 000	9 435 958	1 291 102	10 727 060	72 715 940	12.9%
2 Effective partnerships for impact and sustainability	55 797 000	5 156 976	725 390	5 882 366	49 914 634	10.5%
3 Strategic information for planning and evaluation	49 268 000	5 050 558	956 088	6 006 646	43 261 354	12.2%
4 Coordination, coherence and convening role	60 004 000	5 577 564	1 162 762	6 740 326	53 263 674	11.2%
5 Mutual accountability	61 708 000	6 067 288	592 966	6 660 234	55 047 766	10.8%
Total Secretariat	310 220 000	31 288 324	4 728 308	36 016 632	274 203 368	11.6%
Grand Total	484 820 000	74 938 324	4 728 308	79 666 632	405 153 368	16.4%

^{a/} Encumbrances representing firm commitment for goods and/or services which have not yet been delivered

Figure 2
Funds transferred to Cosponsors as at 31 March 2016



IV. FUND BALANCE

8. The nature of UNAIDS as a voluntary funded programme requires a fund balance which serves as a working capital to initiate and implement activities pending receipt of firm pledges/contributions. To ensure continuity of activities from one year to the next including allocating funding to Cosponsors, a sufficient fund balance at the end of each year is necessary to ensure the smooth start up and implementation of the Unified Budget, Results and Accountability Framework in the following year/biennium.
9. At its 26th meeting held in Geneva from 22-24 June 2010, the Programme Coordinating Board approved a maximum level for the Unified Budget, Results and Accountability Framework net fund balance equivalent to 35% (i.e. US\$ 170 million) of the UNAIDS biennial budget. The decision to set the maximum level at 35% was based on the following key factors:
 - a) The nature and timing of donor contributions;
 - b) The role of UNAIDS Secretariat in funding Cosponsors' workplans; and
 - c) The payment of salaries and other costs in the Secretariat budget
10. Based on the request of the Programme Coordinating Board at its 34th meeting in July 2014, the Secretariat conducted an analysis to determine the appropriate lower-level threshold for the net fund balance and reported back to the Programme Coordinating Board at its 36th meeting.
11. At its 36th meeting held in Geneva from 30 June – 2 July 2015, the Programme Coordinating Board established the minimum level for UNAIDS net fund balance equivalent to 22% of the UNAIDS biennial budget (i.e. US\$ 107 million of the approved budget for 2016-2017).
12. As at 31 December 2015, the net fund balance of the Unified Budget, Results and Accountability Framework stood at US\$ 82.6 million or 17% of the biennial budget.² This is below the approved minimum level of 22% (or US\$ 107 million) of the biennial budget. It also represents a reduction of US\$ 38.3 million when compared to the net fund balance of US\$ 120.9 million (or 25% of the biennial budget) as at 31 December 2014.
13. The reduction in the Unified Budget, Results and Accountability Framework fund balance is due to the lower income received during 2015, (83% or US\$ 200.9 million was mobilized in 2015 towards a target of US\$ 242.4 million) and the high implementation rate during 2015 which resulted in a net fund balance of US\$ 82.6 million.
14. As highlighted under paragraph 8, the Unified Budget, Results and Accountability Framework fund balance available at the start of each year is the Joint Programme's working capital. This enables the Joint Programme to operate without interruption, including transferring funds to the Cosponsors. The net fund balance as at 31 December 2015 was US\$ 82.6 million (i.e. US\$ 24.4 million lower than the approved minimum level) and the Secretariat had no formal pledges for 2016 as at 31 December 2015. Given this

² In addition to the expense of US\$ 239.3 million in 2015 under the 2014-2015 Unified Budget, Results and Accountability Framework, US\$ 3 million was encumbered during 2014 (representing firm commitments of goods and services to be delivered in 2015). As a result, the net fund balance as at 31 December 2015 under the Unified Budget, Results and Accountability Framework to cover 2016 Unified Budget, Results and Accountability Framework activities was US\$ 82.6 million (US\$ 85.6 million less US\$ 3 million reserved for 2015 encumbrances).

situation, in January 2016, it was decided to transfer to the Cosponsors 50% of their core budget for 2016 of the 2016-2017 Unified Budget, Results and Accountability Framework (as opposed to 100% in previous years). The advance of funding was only made possible by temporarily funding Secretariat staff salaries on a monthly rolling basis, pending receipt of sufficient donor funds to fund salaries for four to six months as per established rules and procedures.

15. In total, 69% or US\$ 168 million is forecasted to be mobilized during 2016 against the core budget of the 2016-2017 Unified Budget and Accountability Framework (i.e. US\$ 75 million less than the resources mobilization target of US\$ 242.4 million for 2016).
16. A number of cost saving measures have been introduced to narrow the funding gap, however, if additional contributions are not mobilized during 2016, there will be serious implications for the working of the Joint Programme and its ability to deliver on the expectations of the Board and on the Unified Budget, Results and Accountability Framework.
17. Therefore, it is imperative that additional resources are mobilized in order to replenish the fund balance to its lower level of US\$ 107 million established by the Programme Coordinating Board to guarantee the continued smooth operations of the Joint Programme.
18. Furthermore, the need to mobilize additional resources was recognized at the 37th meeting of PCB in October 2015, at which the PCB urged “intensification of resource mobilization efforts and full funding of the 2016-2021 UBRAF to fund the Joint Programme, while noting the necessity to ensure that the UNAIDS Secretariat is sufficiently funded to secure its core functions to implement the Fast Track approach and the 2016-2021 Strategy”. The PCB also acknowledged “current efforts, and encourages all Cosponsors to continue to strengthen their role in resource mobilization in support of their programmatic contributions to the Joint Programme” (decision 6.8).

V. Staff-related liabilities

19. UNAIDS staff-related liabilities are determined by professional actuaries. As per the actuarial studies as at 31 December 2015, the total staff-related liabilities amounted to US\$ 126.6 million (US\$ 116.8 million as at 31 December 2014). Of this amount, US\$ 99.3 million is funded; the remaining balance of US\$ 27.3 million or 21.6% was unfunded (as detailed in *Table 3* below).

Table 3

Staff-related liabilities as at 31 December 2015 (in millions of US dollars)

	Actuarial requirement end 2015	Accrued end 2015					Total Accrued	Under provision
		Funded	Appropriation from UBRAF in 2012	Appropriation from UBRAF in 2013	Appropriation from UBRAF in 2014			
After Service Health Insurance (ASHI)	104.9	49.5	13.9	5.0	6.2	74.6	(30.3)	
Annual leave	8.5	4.4	2.2	0.4	0.5	7.5	(1.0)	
Terminal payments	12.2	11.8	3.9	0.8	0.3	16.8	4.6	
Special account for compensation	1.0	-	0.0	0.2	0.2	0.4	(0.6)	
Total	126.6	65.7	20.0	6.4	7.2	99.3	(27.3)	

20. At its 30th meeting (held in June 2012), the Programme Coordinating Board endorsed the Executive Director's recommendation to fully fund the organizational staff-related liabilities from the fund balance. It also approved the funding of an initial amount of US\$ 20 million, with the shortfall to be covered from the fund balance over a period of five years or less, subject to availability of funds.
21. In line with the Programme Coordinating Board's approval to fund the remaining shortfall under the staff-related liabilities, in 2015, the Executive Director authorized the transfer of a total of US\$ 7 million from the fund balance to partially fund the staff-related liabilities. The Programme Coordinating Board took note of the Executive Director's decision during its 36th meeting (held in Geneva from 30 June – 2 July 2015). However, only 83% of the core budget or US\$ 200.9 million was mobilized in 2015 (towards a target of US\$ 242.4 million) resulting in a shortage of US\$ 42 million. This shortage was covered from the fund balance thus bringing it below its approved minimum level as at 31 December 2015. Based on the above, the Executive Director decided not to transfer funds from the fund balance to cover staff-related liabilities pending the recovery of the current financial situation and the replenishment of the fund balance.

VI. Building Renovation Fund

22. At its 30th meeting in June 2012, the Programme Coordinating Board endorsed the Executive Director's recommendation to establish a Building Renovation Fund. It also approved the annual replenishment of the fund for an amount equivalent to the accumulated depreciation of the UNAIDS building (or such other amount as might be determined by the Programme Coordinating Board).
23. In line with the Programme Coordinating Board's approval that the Fund be replenished on an annual basis out of the fund balance for the accumulated depreciations of the UNAIDS building, the Executive Director has decided to put aside US\$ 0.43 million from the Unified Budget, Results and Accountability Framework fund balance for this purpose in 2016.

[Annex follows]

Annex I



May 2016

Report of the Internal Auditor for 2015

1. The Office of Internal Oversight Services (IOS) of the World Health Organization transmits herewith its report for the year 2015 for the information of the Programme Coordinating Board (PCB) of the Joint United Nations Programme on HIV/AIDS (UNAIDS).

OBJECTIVE AND SCOPE

2. IOS provides an independent and objective assurance and advisory activity, which is designed to add value to and improve the operations of UNAIDS. Work is conducted in accordance with the International Professional Practices Framework promulgated by the Institute of Internal Auditors. The standards provided by the Institute have been adopted for use throughout the United Nations system and provide independent, authoritative guidance designed to ensure an effective oversight function. Using a systematic and disciplined approach, IOS helps UNAIDS accomplish its objectives by evaluating and improving the effectiveness of processes for risk management, control and governance. IOS is authorized full; free and prompt access to all records, property, personnel, operations and functions within UNAIDS which, in its opinion, are relevant to the subject matter under review.
3. The scope of work was to evaluate whether the framework of processes for risk management, control and governance, as designed and implemented by UNAIDS management, was adequate and functioning in a manner so as to fulfill specific purposes. In particular, IOS assessed that: (a) significant financial, managerial and operating information was accurate, reliable and timely; (b) staff actions complied with UNAIDS and WHO regulations, rules, policies, standards and procedures; and (c) resources were acquired economically, used efficiently, and protected adequately.

OVERSIGHT FRAMEWORK

4. IOS provides oversight services to UNAIDS in accordance with the Memorandum of Understanding of 9 January 2008 between IOS and UNAIDS.

METHODOLOGY

5. IOS views risk as the possibility of an event occurring that will influence the achievement of objectives. In order to ensure that its available audit resources are focused on the areas of highest risk, IOS uses a risk assessment model. This model supports professional judgments made in the prioritization of the annual plan of work. The model comprises three basic components: (i) the audit universe drawn from the Enterprise Resource Planning (ERP) database (WHO Global Management System (GSM) database); (ii) a set of weighted risk parameters which are applied consistently to obtain

a relative risk ranking of entities in the audit universe; and (iii) a further screening against specific risk factors. The risk assessment process incorporates both subjective and objective measures - such as financial exposure, recent changes in staff or systems, and the internal control environment - which determines the relative risk of the auditable areas.

6. The results of the updated audit risk assessment had been discussed with UNAIDS management and a programme of work had been drawn up for the year 2015. IOS modified its agreed workplan during 2015 when an IT audit (Google Cloud and IT Helpdesk) was deferred on request from UNAIDS Management.
7. The main issues from IOS reports issued in 2015 are summarized hereafter.

AUDITS

Headquarters and cross-cutting functions

8. **Programme Funding Agreements and Direct Financial Cooperation (Audit Report No. 15/997).** The audit found that the overall effectiveness of risk management and control processes in relation to the Programme Funding Agreement and Direct Financial Cooperation mechanisms was partially satisfactory but requires some improvement to mitigate key risks. Compliance with rules and regulations needs to be strengthened to effectively address some shortcomings in the formal screening of UNAIDS partners and the related assurance activities (pre and post implementation), such as risk assessments, on-site reviews, and independent reviews of supporting documentation.
9. UNAIDS launched the new Procurement Manual in mid-2015. Although several deficiencies identified in this audit have been addressed by the new Manual, this was not yet reflected in the responses of staff in the field, and the benefits of the improvements will only take effect during 2016 and the following years.
10. The audit identified the need for increased clarity around policies governing the conditions for the use of DFC, PFA or "UN to UN Agreements". The review also identified the need to enhance compliance through harmonizing the level of minimum assurance procedures required, and more thorough and timely monitoring, as well as sanctions for continued non-compliance.
11. Since the cosponsors and UNAIDS have a joint responsibility for overall improvements in accountability, specific initiatives are required in order to reinforce implementing partners' accountability, through awareness and capacity-building, that will foster an integrated implementation approach between UNAIDS and implementing partners.
12. **Quality Assurance at UNAIDS (Audit Report No. 14/969).** The overall conclusion, based on the audit work performed, was that the controls in place for Quality Compliance Check (QCC) were generally adequately designed and found to be operating partially satisfactorily to mitigate key risks and to ensure accurate processing of Purchase Requisitions, though the efficiency and timeliness of the current process requires improvement.
13. The QCC is a good mechanism to identify shortcomings in compliance with UNAIDS procurement rules. While it is mandatory to route all transactions such as Agreements for Performance of Work (APWs) or Direct Financial Cooperation (DFC) through the QCC, initiators and approvers of transactions are currently able to bypass the QCC by processing the transactions directly in ERP. This is because the QCC review tool is an offline software and there is no interface between the two systems.

14. In general, management should take a decision on the strategy to maintain the QCC (and the iTrack tool), since it was initially implemented as a temporary review mechanism. IOS recommended to review the possibility of integrating the quality check in the Enterprise Resource Planning system (ERP) rather than working with an offline mechanism, in order to avoid duplication of work and make the entire process more efficient. If the current mechanism and system are to be maintained, the related controls require improvement to ensure that all Purchase Requisitions, which meet the requirements for QCC, are systematically routed through a compliance check rather than directly through the Global Service Centre.

Regional Support Teams and Liaison Offices

15. **UNAIDS Liaison Office, New York (Audit Report No.15/989)**. The audit found that overall, the effectiveness of risk management and control processes in the administration and finance areas was partially satisfactory and required some improvement.
16. Control deficiencies with a high level of residual risk which need to be rectified relate to the efficiency in the use of resources: (i) budgets for activities should be sufficiently detailed and justified; (ii) an assessment should be carried out regularly of the cost of current premises versus a move to rented office spaces, in order to optimize the work environment and potentially save costs to the Organization; (iii) deliverables under APWs should be in line with the requirements.
17. **UNAIDS Liaison Office, Washington, D.C. (Audit Report No.15/988)**. The audit found that the overall effectiveness of risk management and control processes in the administration and finance areas was partially satisfactory and required some improvement.
18. Control deficiencies with a high level of residual risk which need to be rectified relate to efficiency in the use of resources: (i) there is a need to ensure that market prices for important recurring services are compared on a regular basis to ensure that continued value for money is achieved; (ii) there is need for a formal agreement between Headquarters and the charitable entity "UNAIDS USA Inc.", comprising terms that protect the UNAIDS name and are otherwise in the best interest of UNAIDS, and furthermore to clarify the interface with UNAIDS staff in Headquarters and the Liaison Office; and (iii) accreditation should be obtained for the USO from the US State Department.

Country Offices

19. Since 1 January 2012, all UCOs use the ERP system provided by WHO. However, the administrative and support services of the United Nations Development Programme (UNDP) are still in use to process payments on behalf of UNAIDS in a few Latin American and Caribbean countries. This is either due to no local WHO support, or to the fact that the WHO Global Service Centre cannot effect payments via standard electronic methods because of local monetary controls.
20. **Country Office in South Africa (Audit Report No. 15/982)**. We acknowledge that the UCO is facing a significant challenge since South Africa is one of the key countries for the fight against HIV/AIDS. A significant number of staff were recruited in 2013 and 2014, and the strategy of the country work changed following the decision to establish a presence in provinces with a high burden. This strategy helped to increase support to the Government and during the audit, IOS noted positive feedback from implementing partners. The audit found that the overall effectiveness of risk management and control

processes in the administration and finance areas was partially satisfactory and requires some improvement.

21. Control deficiencies with a high level of residual risk which need to be rectified relate to the following areas:

- Integrity of managerial information: transactions were recorded under erroneous expenditure types and there was a lack of monitoring of vehicle-related costs, as well as outstanding invoices for landline phone bills for previous years that need to be settled.
- Compliance with UNAIDS regulations: (i) there is a need to ensure that all required supporting documentation is uploaded in the Record Management System (now Enterprise Content Management); and (ii) we noted a lack of an established process for prequalification of suppliers used exclusively by the UCO.
- Safeguarding of assets: (i) the current premises are not secure and the MOSS compliance assessment needs to be updated; and (ii) the fixed assets register needs to be updated and obsolete items removed accordingly.

22. Improvement opportunities were identified as follows:

- Efficiency in the use of resources: (i) optimize the segregation of duties and ensure that the support function is strengthened, as well as provide training in ERP to staff in relevant areas of their work; (ii) ensure that budgets for activities are sufficiently detailed and justified; (iii) an assessment needs to be carried out of the cost of current premises versus a move to rented office space in order to optimize the working environment and address security concerns; and (iv) improve procedures to recover Value Added Tax.

23. **Country Office in Myanmar (Audit Report No. 15/1010)**. The audit found that the overall effectiveness of risk management and control processes in the administration and finance areas is partially satisfactory and requires some improvement. Control weaknesses requiring improvement include the following:

- Compliance with UNAIDS regulations:(i) all contracts should be signed and dated in compliance with UNAIDS rules and regulations and planning of activities should be strengthened in order to avoid workarounds, (ii) deliverables should be fully agreed with implementing partners upon signature and it should be ensured that the funding is sufficient to deliver the agreed reports.
- Safeguarding of assets: ensure that all individuals are granted sufficient access to ERP in order to perform their work and obtain the related trainings.
- Efficiency in the use of resources: ensure that staff take at least the minimum leave, in compliance with the requirements of the eManual and to attain a balanced work life situation.

Investigations

24. During 2015, one investigation report was issued. A country mission was fielded from 27 April to 3 May 2015 to investigate a complaint of non-financial nature received on 20 March 2015. IOS concluded that there was sufficient witness testimony to substantiate that the staff member concerned contravened Staff Regulations 1.1 and 1.5, paragraphs 42 and 44 of the Standards of Conduct for the International Civil Service, and paragraphs 2.5.1 and 3.4.1 of the UNAIDS Secretariat Ethics Guide. Accordingly, IOS recommended that the appropriate administrative and/or disciplinary action be taken by UNAIDS management.

FOLLOW-UP AND IMPLEMENTATION

25. IOS monitors the implementation of all its recommendations to ensure either that action has been taken effectively by management or that senior management has accepted the risk of not taking action. Reporting on and monitoring of each individual audit recommendation is performed with the assistance of a recommendation-tracking database maintained by IOS. Audit recommendations are categorized by risk category and significance.
26. As at 27 May 2016, out of 181 outstanding recommendations contained in previous reports, 57 have been satisfactorily addressed and closed, representing an implementation rate of 31%. Implementation for 43 recommendations is currently on-going or in progress, while the status for the remaining, in addition to 72 new recommendations, is being closely monitored. Finally, another 64 new recommendations will be due for progress update from September 2016.

MAIN OPERATIONAL RISKS AND OPPORTUNITIES FACING UNAIDS

27. The UNAIDS enterprise risk management process was initiated in 2013. However, a risk register is yet to be finalized and disseminated. Once completed, the documents will enable IOS to base testing methodologies upon management's assertions of risk.

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