Management Response to the Organizational Oversight Reports

UNAIDS

52nd PCB Meeting

AGENDA ITEM 7.5

Contents

- External Audit recommendations
- Status of implementation of past recommendations
- Internal Audit and investigations
- Report of the Ethics Office
- External Oversight Advisory Committee (IEOAC) report

External Audit Recommendations

2022 External Audit – Recommendations and Responses

- **Unmodified opinion** on the UNAIDS Financial statements on 31 December 2022
- **4 audit recommendations** related to ASHI, assets, Direct Financial Contributions and travel

Area	Management's response and actions
1. Closer collaboration with SHI for **more accurate actuarial valuation** in future periods	Implementation of regular coordination and collaboration activities with SHI to be conducted
2. **Asset verification:** Concrete steps to be taken for completion of verification of all assets, and to devise mechanisms for timely asset verification	- Mechanisms have been implemented, and adherence to the 2023 deadline to be reinforced via training, early dissemination of instructions and sanctions for non-compliance. - Follow-up with Regional Operations Officers undertaken and full review of all outstanding assets initiated.
3. **Direct Financial Contributions:** discharge payment obligations per DFC Agreement terms, and justifications/reasons for release of funds not in conformity with DFC provisions to be investigated	• To review reasons and justifications from the responsible office for any non-compliant DFC payment(s) • To reinforce controls to ensure that final technical and financial reports are received and saved into the online management platform • To undertake region-wide training on DFCs (and other non-commercial agreements).
4. **Travel:** a) examine cases where staff under contract with UNDP/cosponsoring organizations and not submitted travel claims, UNAIDS to develop mechanism to recover unclaimed travel payments; b) Ensure travel requests (non-emergency) are approved prior to travel and compliant with external travel regulations	To implement mechanism to track travel claims from the very limited number of staff on non-WHO contracts and also remind staff that travel request must be approved at least 10 working days before departure

Note: Some text has been shortened for the purposes of this presentation

Implementation of past external audit recommendations (1)

11 past external audit recommendations. As of 31 December 2022: 4 were implemented, 1 overtaken by events, and 6 being implemented according to the External Auditor.

Area	Management's response and actions
Country data on key parameters: ensure that country data on key parameters disclosed in various reports be consistent, complete, accurate and comparable	Notes that all available data in the 2020-2021 regional and country report was consistent, completed, comparable and accurate in the Performance Monitoring Report and on UNAIDS Results and Transparency Portal
Unified Budget, Results and Accountability Framework: ensure reporting of all UBRAF performance indicators in the Performance Monitoring Report reflect comprehensive progress and to measure organizational performance quantitatively using the output indicators	**Under Implementation:** a) performance reporting on results achieved in 2022 against the UBRAF 2022-2026, its results framework and performance indicators to be submitted to the June 2023 PCB; b) the new structure of the Performance Monitoring Report allows for more succinct presentation of analyses of data on the performance indicators including overview of all indicator reporting and detailed scorecard including details per indicator
Ethics Office: "Other cases including misconduct" category during reporting of status of allegations received, needs to be disaggregated to truly reflect nature of misconduct involved for enhanced transparency and better monitoring	**Under Implementation:** Disaggregated conduct data will be presented in the June 2023 PCB Report.

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Implementation of past external audit recommendations (2)

11 past external audit recommendations. As of 31 December 2022: 4 were implemented, 1 overtaken by events, and 6 being implemented.

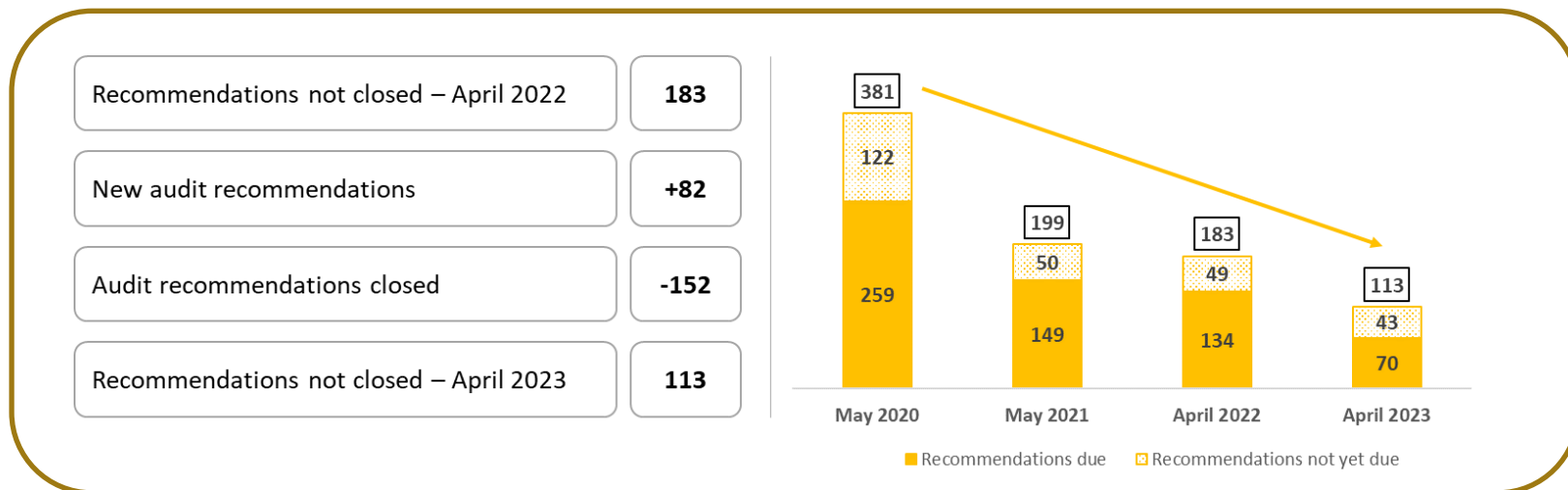| Area	Management's response and actions
Performance of contractors: consider evaluating contractor performance diligently and in a timely manner, such as through an organization wide online platform for contractors' performance evaluation	**Under Implementation:** a request to WHO has already been made in relation to the inclusion of the required functionality in the design of the new ERP system (BMS)
Asset Management: ensure incorporation of necessary controls in the ERP system to prevent delayed recording of assets.	**Under Implementation:** the required functionality is now available in the ERP and that a request to WHO has already been made in relation to the inclusion of the required functionality in the design of the new ERP system (BMS).
Programme Funding Agreements: Strengthen regulation of programme funding agreements through (a) incorporation of FENSA mechanism in procurement manual, (b) use of assessment matrix to select proposals, (c) fixing timelines for returning of unspent balance by the implementing partners to UNAIDS, and (d) developing SOP for the conduct of assurance activities.	**Under Implementation:** a) UNAIDS has undertaken an analysis of WHO FENSA documents, tools and checklists and already developed an its own online partner assessment platform, including related FENSA components, to be rolled out in 2023.; b) Assessment matrix to support non-commercial request for proposals to be rolled out in 2023; c & d) SOPs on unspent balances and for assurance activities under development.

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Internal audit and investigations

Continued improvement of internal audit recommendation closures

Recommendations not closed – April 2022	**183**
New audit recommendations	**+82**
Audit recommendations closed	**-152**
Recommendations not closed – April 2023	**113**

- Between April 2022 and April 2023, IOS issued 82 new recommendations and closed a total number of 152 recommendations

- Resulting in a balance of 113 recommendations, the lowest since 2020

- Significant reduction in the number of recommendations due down to 70 recommendations in April 2023 (compared with 134 in April 2022)

- Percentage of recommendations overdue is improved: 22% in April 2023 compared with 31% in April 2022

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2022 audits and past audit recommendations

2022 audits

- **Focused actions on high residual risk areas and systemic findings**
- Compliance
- Non-commercial contracts
- Asset management
- Roles and responsibilities across the secretariat
- Technical Support Mechanism

Past audit recommendations

- **Long outstanding recommendations: dedicated support to audited entities**
- Highest closure rate achieved: 78%
- 8 reports closed (1 advisory report and 7 audit reports, 152 recommendations closed)
- 57 recommendations closed from long outstanding reports, down to 12 as of April 2023.

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Management actions on recurring issues

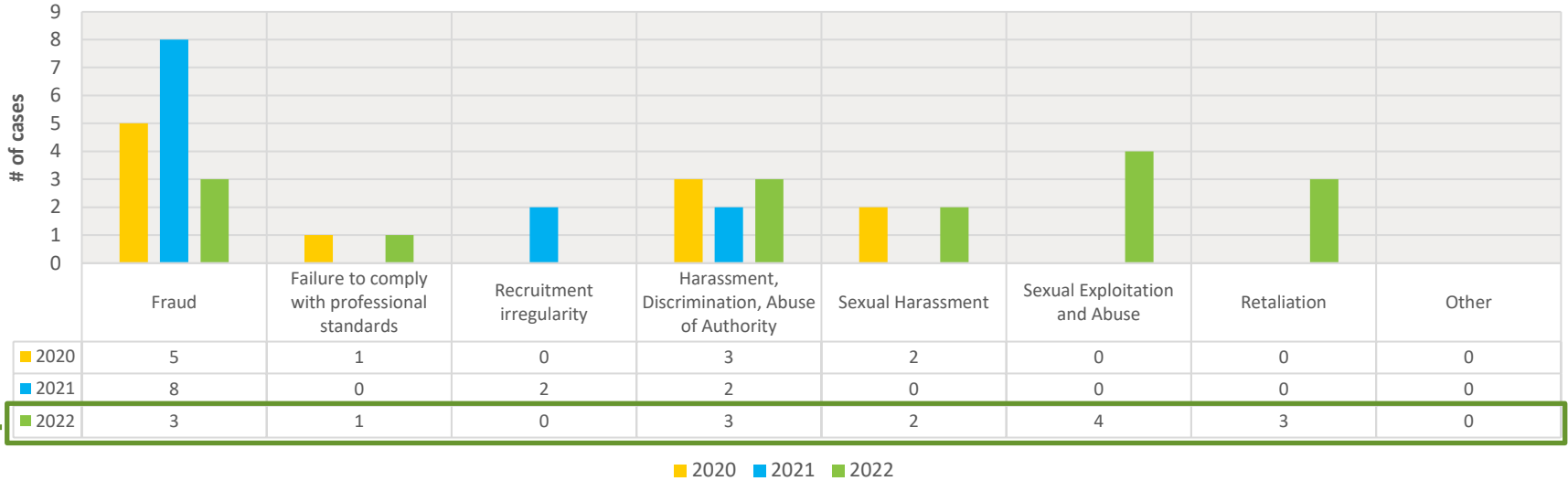|	Risk Management	Procurement	Assurance activities	Recruitment	Declaration of interests
Actions taken	Annual update of risk register with strengthened QA review and guidance material ——— Online platforms updated and new dashboards	Updated QA checklists and automated alerts ——— Sessions on operational efficiency to all Country Directors ——— Focused training – regional operations workshop	QA of mandatory requirements reinforced ——— Targeted follow up on overdue reports ——— Alignment: new oversight and compliance team	Decentralization of regional and country level selection and recruitment ——— MOU with WHO Tunis Centre ——— Simplified approval process for recruitment Review Board	Updated templates (in coordination with Ethics Office)
Forthcoming actions	Full integration/ automation with new ERP ——— Risk assessment for cross cutting activities	Compliance indicators in performance appraisals ——— Consultancy recruitment to be managed by HR	SOPs - developing and verifying assurance activities ——— New contract assurance officer position	Continue to closely track recruitment time to address bottlenecks ——— Expand # accounts to efficiently undertake UN Clear Check for non-staff individuals	Expansion of DOI requirement to all individual contractors

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Outcomes of WHO IOS investigations - 2022

Reports of concern by type, 2020-2022

	Fraud	Failure to comply with professional standards	Recruitment irregularity	Harassment, Discrimination, Abuse of Authority	Sexual Harassment	Sexual Exploitation and Abuse	Retaliation	Other
2020	5	1	0	3	2	0	0	0
2021	8	0	2	2	0	0	0	0
2022	3	1	0	3	2	4	3	0

- **In 2022, IOS received 16 new reports of concern (compared to 12 in 2021).**

- **As noted in the IOS report, as of 5 May 2023, of the 16 allegations received in 2022:**

5 cases were under preliminary review

3 cases were at the report writing or case closure stages

3 cases were undergoing investigation

5 cases had been closed (as unsubstantiated), of which 1 was after full investigation
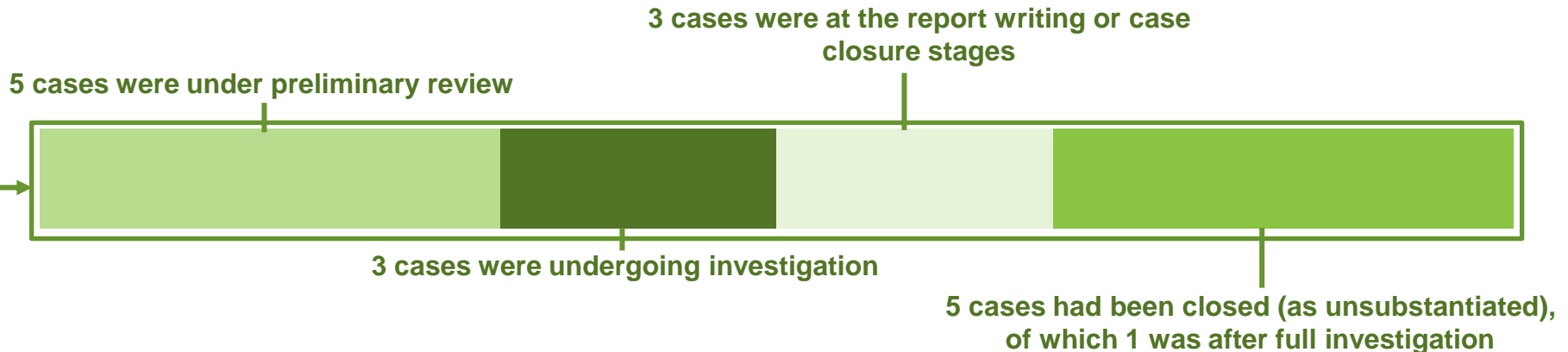
Report of the Ethics Office

Report of the Ethics Office

- Welcomes the increased trust reposed in the Ethics office by staff

- UNAIDS commits to ensure that all staff complete the training on Ethics and the UN System wide training on sexual exploitation and abuse as well as other mandatory training.

- Managers will be held accountable to ensure that all staff complete the training within a specific time period.

- # RESPECT- an ongoing campaign together with Ethics office to build awareness and prevent misconduct.

- UNAIDS committed to implement safeguarding framework

- Anti-racism actions implemented including dialogues with staff; workforce diversity survey; and inter-agency collaboration (e.g. JIU Survey)

- UNAIDS committed to supporting the ethics function in line with the overall staffing and budgetary capacity.

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Independent External Oversight Advisory Committee (IEOAC)

IEOAC: UNAIDS actions related to the key observations*

UBRAF Performance Reporting and financing

- UNAIDS to arrange for periodic review of the UBRAF PMR
- UNAIDS continues to closely monitor income and fund balance and is undertaking efforts in resource mobilization and cost-efficiency

Ethics

- Strengthen the capacity of the Ethics offices as much as possible given current funding situation

Internal and external oversight and investigations

- Review and address JIU recommendations relevant to UNAIDS
- Provide consolidated reports on all oversight recommendations to senior management and the IEOAC on a regular basis
- Coordinate regular meetings between UNAIDS EXD and the Internal and External Auditors
- Investigate expansion of audit scope to efficiency and economy aspects
- In coordination with IOS, post information on internal audits on UNAIDS website
- Differentiate between budget allocations for investigations and audits.

*To avoid repetition, IEOAC key observations covered by internal/external audit recommendations actions have not been listed

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Thank you