

UNAIDS IEOAC MEETING

Date: 24 May 2022

Time: 13:00-17:00

Venue: Virtual session

PARTICIPANTS:

Committee Members: Mr Saad Bounjoua, Mr David Kanja, Ms Bushra Malik (Chair), Mr Ibrahim Pam, Ms H el ene Rossert, & Mr Benoit de Schoutheete

Secretariat Support: Mr Morten Ussing, Director of Governance; Ms Samia Lounnas, Senior Governance Advisor; Ms Maggie Lemons, Governance Officer

Apologies for absence: Ms Agnieszka Golebiowska

MEETING AGENDA

1. **Introduction (13:00-13:15):** *The Chair will introduce the meeting agenda.*
2. **Report of the External Auditor (13:15-14:00):** *The members of the IEOAC will have an opportunity to discuss the report and any questions or concerns that they have with the External Auditor as well as the Director, Finance, UNAIDS.*
3. **Closed session with the External Auditor (14:00-14:20):** *The IEOAC will have a closed discussion with the External Auditor.*
4. **Internal IEOAC session (14:20-14:30):** *The IEOAC will have a chance to wrap-up their discussion on the External Auditor's report and any concrete recommendations they may want to include in their report.*
5. **Report of the Internal Auditor (14:45-15:30):** *The members of the IEOAC will have an opportunity to discuss the report and any questions or concerns that they have with the Internal Auditor as well as the Director, Finance, UNAIDS and Director, Human Resources, UNAIDS. In addition to the Internal Auditor's report, the IEOAC will also have an opportunity to review the conference room papers submitted by the Human Resources Department related to disciplinary and other corrective actions.*
6. **Closed session with the Internal Auditor (15:30-15:50):** *The IEOAC will have a closed discussion with the Internal Auditor.*
7. **Internal IEOAC session (15:50-16:00):** *The IEOAC will have a chance to wrap-up their discussion on the Internal Auditor's report and any concrete recommendations they may want to include in their report.*

8. **Report of the Ethics Officer (16:00-16:30):** *The members of the IEOAC will have an opportunity to discuss the report and any questions or concerns that they have with the Ethics Officer.*
9. **Discussion on the IEOAC Report (16:30-17:00):** *The IEOAC will discuss the finalization of their draft report to the PCB and next steps. A draft annotated outline of the report will be provided to the IEOAC ahead of the meeting for their review and to provide comments. The IEOAC will also take this opportunity to review any proposed revisions to its workplan further to the day's session and the draft rules of procedure, which will be included in the IEOAC's report to the PCB. The IEOAC will wrap up its discussion on recommendations to be included in the report related to the Report of the External Auditor, Report of the Internal Auditor, and Report of the Ethics Officer.*

10. AOB

SUMMARY:

1. **Introduction:** *The Chair introduced the meeting agenda.*

The Chair of the UNAIDS Independent External Oversight Advisory Committee (IEOAC) welcomed members and outlined the IEOAC's approach to its work for the day. The work would include discussing three reports—the External Auditor's, Internal Auditor's and Ethics Officer's—with each report's author and members of the UNAIDS Executive. Drafts of these reports had been distributed to IEOAC members in the previous week. The IEOAC would also hold closed sessions with the authors of the reports. The Chair also noted that the outcomes of the day's discussions were a key input in the preparation of the IEOAC's inaugural report to the UNAIDS Programme Coordinating Board (PCB) at its 50th meeting in June 2022. A draft outline of the report had been developed from previous IEOAC discussions, circulated among members and would be discussed further during the course of the day. The Chair also indicated that the IEOAC's draft rules of procedure will be circulated for comment in the coming days.

2. **Report of the External Auditor:** *The members of the IEOAC received a briefing from the External Auditor and discussed the report with the External Auditor and the UNAIDS Finance Director.*

The Chair welcomed the Comptroller and Auditor General of India in their capacity as External Auditor of UNAIDS and invited them to brief the IEOAC on the draft External Audit Report for the 2021 financial year. The External Auditor highlighted that their report carried an unqualified opinion for the period under review. The External Auditor also indicated that their work entailed a compliance audit and an audit of the annual financial statements, and confirmed that UNAIDS management had accepted all the audit observations and recommendations. Management had also resolved the vast majority of the issues and provided an acceptable plan for resolving the remaining in the new financial year. The remaining issues related to: i.) a time lag in capturing

assets, ii.) the accounting treatment of refundable property lease security deposits of less than US\$ 5000, iii.) missing or incomplete reporting on some indicators in the 2020 annual Performance Monitoring Report (PMR), and gaps in data in the Ethics Officer report prior to 2019.

The members of the IEOAC requested clarification on certain aspects of the External Auditor's report and presentation:

- Auditing standards followed by the External Auditor, if the audit included the Statement of Internal Control issued by management and if the External Auditor had plans to carry out a performance audit in the future
- Whether the External Auditor had any findings on the adequacy of anti-fraud measures at UNAIDS
- The ways and extent to which External Audit relied on the work of Internal Audit
- Elaboration on country office reporting against UNAIDS' Unified Budget, Results and Accountability Framework (UBRAF) and management's response to finding on the missing or incomplete indicators
- The root cause of the delay in the recording of fixed assets and whether this indicated issues with regard to controls around cash and the bank reconciliation
- How the procurement issues noted were resolved and why the recommendation was left open
- Elaboration of the finding on the data gaps in the Ethics Officer's report
- The External Auditor's plans for the 2022 financial year
- How the External Auditor anticipates working with the IEOAC in future.

The External Auditor indicated that they follow the International Standards of Supreme Audit Institutions. The external audit furthermore does not cover the Statement of Internal Control as the External Auditor develops their own assessment of risk and internal controls, including on the adequacy of anti-fraud measures. The External Auditor confirmed that they meet with the Internal Auditor every three months, and do place reliance on the latter's work.

The External Auditor indicated that performance audits are carried out at the World Health Organization (WHO) and, due to limited time and resources, on selected entities such as UNAIDS where necessary. Reporting against the UBRAF varies by country and the External Auditor referred further explanation on the indicators to management, who had indicated they would take corrective action in the coming financial year. The External Auditor indicated that the audit takes proportionality into account and that samples of procurement transactions, which are not significant at UNAIDS, would include those at country level in cases that meet the materiality threshold. Procurement issues noted were basic and the external audit recommendation would be simply that procurement process procedures be followed. As for the delay in the recording of fixed assets, the External Auditor accepted management's explanation of the underlying cause as stemming from the limitations of the current Enterprise Resource Planning system, which is set to be replaced by a new system that will prevent future recurrence of the issue.

On the data gaps in the Ethics Officer report, the External Auditor indicated that the issues were picked up during the compliance audit on the functioning of the Ethics Office. Data in the office's

case management system prior to 2019 was not available, presumably because all cases prior had been finalized and closed. The Ethics Officer accepted the external audit recommendation that historical data should be maintained.

The External Auditor welcomed future opportunities to engage with the IEOAC, in particular at the audit planning stage and ahead of reporting to the PCB.

The Ethics Officer confirmed that it is important that all cases are properly tracked. Prior to 2020, the first year a separate report was issued by the Ethics Office, statistics on cases were included in the report on human resource management issues, hence the 2020 report indicating no cases prior. The Ethics Officer highlighted that her office's new case management system—as well as a new memorandum of understanding (MOU) with the Office of Internal Oversight Services (IOS) of the WHO—would improve the coordination, handling and reporting of ethics cases.

On the audit finding on the PMR, the UNAIDS Finance Director indicated that some countries have difficulty reporting systematically on all the indicators. A decision was taken previously for the sake of comparability between years to only include those able to consistently report. The Finance Director indicated that this, however, does not mean the reporting does not happen.

The Chair thanked the External Auditor, Finance Director and Ethics Officer, and closed this agenda item.

3. Closed session with the External Auditor: *The IEOAC held a closed discussion with the External Auditor.*

The IEOAC held a closed session with the External Auditor.

4. Internal IEOAC session: *The IEOAC wrapped-up their discussion on the External Auditor's report and discussed recommendations for possible inclusion in their report.*

The members of the IEOAC finalized their discussion on the External Auditor's report. In terms of matters for inclusion in their report to the PCB, the IEOAC noted the relationship between the WHO and UNAIDS as an important area in terms of the work of External Audit on performance. A further area for reporting to the PCB related to the UBRAF, in particular the timing issues as the 2021 reports had not yet been finalized and the External Auditor commented on the 2020 reports. The members noted the resourcing of the Ethics Office as another area for possible inclusion in their report.

5. Report of the Internal Auditor: *The members of the IEOAC received a briefing from discuss the report and any questions or concerns that they have with the Internal Auditor as well as the Director, Finance, UNAIDS and Director, Human Resources, UNAIDS. In addition to the Internal Auditor's report, the IEOAC will also have an opportunity to review the conference room papers submitted by the Human Resources Department related to disciplinary and other corrective actions.*

The Chair welcomed IOS of WHO in their capacity as Internal Auditor of UNAIDS and invited them to brief the committee on their draft report for 2021. The Internal Auditor provided context to the new MOU, which was signed in January 2022. The new MOU clarifies responsibilities and provides clearer timing for IOS's delivery of services to UNAIDS, including investigative services and management of the integrity hotline, which prior to 2022 was an Ethics Office responsibility. The Internal Auditor noted there were no factors affecting the implementation of the workplan for 2021 and that the audits for the period followed a desk-based approach due to the pandemic. In terms of the four-tiered internal audit conclusions system, only one audit was classified in the third tier of "partially satisfactory, with major improvement required". The rest were the top two tiers of "Satisfactory" and "Partially satisfactory, with some improvement required". There had been a slight improvement—from 68% in 2020 to 70% in 2021—in Internal Audit's assessment of the effectiveness of internal controls, which was in line with those for WHO country offices. In terms of findings, Internal Audit indicated that there were some long-outstanding items, some of which had high residual risk. There was also a need to adopt a more holistic approach as some issues found previously and resolved in some country offices recurred in 2021 in other offices. Management was aware of the issues and had been trying to improve. The Internal Auditor welcomed questions from the IEOAC.

The IEOAC requested clarification on certain aspects of the Internal Auditor's report and presentation. These included:

- The appropriateness of the title of the report given that it covers both internal audit and investigations
- The need including a statement on there being no scope limitations to internal audit's work
- Why long-outstanding recommendations have not been implemented
- Why internal auditor reports are not publicly disclosed as issued (in addition to being summarized in the annual report)
- Reporting on case-handling statistics for investigations and whether this information would help the PCB understand IOS's performance in this regard
- The adequacy of the process to assess and refer cases of misconduct
- Whether the audits being carried out provide adequate coverage of the risks
- What the most optimal arrangement is for the investigative function and whether in the long-term UNAIDS needs its own investigative services
- The audit plan, approach and topics to be covered in the coming year.

The Internal Auditor indicated openness to a title that reflected the report's contents more appropriately and to including a statement on there being no scope limitations. The Internal Auditor also expressed openness to publishing summaries of audit reports once management has had an opportunity to review and address comments. In terms of reporting on case-management statistics, the new MOU covers this and the next report from IOS will include them. In terms of internal audit coverage and investigative services, the Internal Auditor indicated that UNAIDS benefits from IOS covering both aspects in that the work done on the WHO's systems and policies provides additional assurance on UNAIDS—over and above the specific audits—as

there is overlap. In terms of matters referred for investigation, the Internal Auditor indicated that the Ethics Officer would be best positioned to respond on the adequacy of the process. The Internal Auditor also deferred questions on long-outstanding items to UNAIDS management.

The UNAIDS Financial Director indicated that the long-outstanding items are in the process of being resolved. Staffing issues, in particular at country offices, which are small, have affected the implementation of recommendations.

The Chair indicated that the IEOAC would engage with the internal audit plan for the coming financial year at its September meeting. She thanked the Internal Auditor and Financial Director, and closed this agenda item.

6. Closed session with the Internal Auditor (15:30-15:50): *The IEOAC will have a closed discussion with the Internal Auditor.*

The IEOAC held a closed session with the Internal Auditor.

7. Internal IEOAC session (15:50-16:00): *The IEOAC will have a chance to wrap-up their discussion on the Internal Auditor's report and any concrete recommendations they may want to include in their report.*

The members of the IEOAC concluded their discussion of the Report of the Internal Auditor and discussed points to be included in their first report to the PCB. This includes recommendations on a revised report title, reporting case statistics, fast-tracking resolution of long-outstanding audit items, and assurance provided by cross-cutting audits that cover UNAIDS.

8. Report of the Ethics Officer (16:00-16:30): *The members of the IEOAC will have an opportunity to discuss the report and any questions or concerns that they have with the Ethics Officer.*

The Chair again welcomed the Ethics Officer and invited her to give an overview of her report to the PCB. The Ethics Officer indicated that the report is for the 2021 reporting period and covers the establishment of the office as an independent unit, its functioning in the areas of confidential advisory services, and its priorities for the period ahead. She indicated that there were two key policy updates in the period: a new policy on preventing and addressing abusive conduct, and a new policy directive on protection against sexual exploitation and abuse. In terms of the types of cases the office dealt with in the period, the Ethics Officer highlighted that none were requests for protection against relation. Requests for advice decreased compared to 2020, possibly due to the pandemic and the organizational focus on the ongoing alignment restructuring process. The broadening of the eligibility criteria for the declarations of interests programme increased the number of people filing significantly. The office also engaged in a variety of training and awareness activities, and the Ethics Officer invited questions from the IEOAC on any aspect of her report.

The IEOAC requested clarification on certain aspects of the Ethics Officer's report and presentation. These included:

- The main challenges faced by the Ethics Office
- The need for fixed timelines for the processing of requests for advice and complaints submitted by staff (except in cases involving retaliation, which have set timelines)
- The inclusion of further details on case statistics (date received, status, date closed, etc.), and timelines to enable the PCB to assess how the Ethics Office is performing, and why these have not already been included
- The effectiveness of the preliminary assessment of allegations before referring those needing investigation to IOS
- How allegations not referred for investigation are handled, resolved and reported
- Information on how the work of the office provides protection against sexual exploitation and abuse, and also how it protects whistleblowers
- Reporting lines of the Ethics Office
- The Ethics Officer's strategy to raise the level of confidence UNAIDS staff have in her office.

The Ethics Officer explained that the whistleblower policy has fixed timelines for when a prima facie determination has to be made on retaliation. The new prevention of abusive conduct policy says that matters should be treated promptly but does not specify exact timelines. The Ethics Officer indicated that, in response to one of the audit recommendations, she planned to create internal operating procedures that have target timelines for responding to requests for advice.

In terms of main challenges, the Ethics Officer indicated that her office faced a shortage of resources, which made case management administratively difficult. Keeping detailed records on each case in the case management system takes time and not having dedicated support in this regard may have led to gaps in reporting in the past. Another challenging area is outreach given that the Ethics Officer prioritizes requests for advice, leaving less time for outreach and training. The Ethics Officer also indicated that her office is also doing more reporting to the PCB and its workload has increased in this regard.

In terms of case statistics, the Ethics Officer agreed that they were necessary to allow the PCB to assess the performance of her office. She indicated that additional information in this regard would be included in her next PCB report.

The Ethics Officer indicated that the referral of matters for investigation is based on guidance in the UNAIDS Secretariat ethics guide. When matters are not referred for investigation, the office operates on confidentiality and consent to advise the staff member on the best way to handle the matter. The Ethics Officer indicated that she is careful not cross into any investigatory work, which is the domain of IOS. Focal points on the prevention of sexual exploitation and abuse have been appointed in each country office and their work is coordinated through a UN-wide network on the issue. The Ethics Officer has also been providing the focal points with information on the standards and on mandatory training.

The Ethics Officer indicated that she engaged in activities that highlighted her office's role as independent and confidential, as a part of gaining the confidence of staff. Other ways the office has been gaining the trust and confidence of staff is responding in a timely manner to requests.

In terms of reporting, the Ethics Officer noted the IEOAC's observations. She indicated that her report was modelled on the previous report and those of other ethics officers in the UN system. In general, information on specific cases is not reported on due to the confidential nature of the work of the office. However, reporting can be improved through other enhancements that better enable the PCB to assess the performance of the office.

The Chair thanked the Ethics Officer, closed this agenda item and moved the meeting to a closed session with the Ethics Officer.

Thereafter, the Chair returned the meeting to an open session for the IOEAC to finalize its discussion on the report of Ethics Officer and key messages in this regard to include in the first IEOAC report to the PCB. Matters up for consideration included resourcing, reporting statistics on performance of the Ethics Office, and the need for a single report showing the entire lifecycle of cases from reporting, referral for investigation (if necessary) and through to resolution. The IOEAC also noted that resource constraints faced by UNAIDS as wider context for the staffing issues affecting the Ethics Office.

9. **Discussion on the IEOAC Report:** *The IEOAC discussed their draft report to the PCB based on the day's discussions with the External Auditor, Internal Auditor, Ethics Officer and members of the UNAIDS Executive.*

The Chair moved the meeting to a closed session for members of IEOAC to discuss key messages for their first report to the PCB.

10. AOB

The Chair agreed to revise the draft report and circulate it among members for comment with a view of finalizing the report in the first week of June 2022.