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

- Closed: 67%
- Not due yet: 5%
- In Progress: 27%
- Open: 1%
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
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