

**REPORT OF THE WORK OF THE
OFFICE OF INTERNAL OVERSIGHT
SERVICES FOR 2022**

Organizational oversight reports

Additional documents for this item:

Report of the External Auditor (UNAIDS/PCB (52)/23.17);

Report of the Ethics Office (UNAIDS/PCB (52)/23.18);

Report of the Independent External Oversight Advisory Committee (UNAIDS/PCB (52)/23.19).

Management Response to the Organizational Oversight Reports (UNAIDS/PCB (52)/23.20).

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

- a. *take note of the report of the Ethics Office;*
- b. *accept the External Auditor report for the financial year ended 31 December 2022;*
- c. *take note of the Internal Auditor report for the financial year ended 31 December 2022;*
- d. *welcome the report of the UNAIDS Independent External Oversight Advisory Committee and look forward to the next report in 2024;*
- e. *take note of the rules of procedure for the UNAIDS Independent External Oversight Advisory Committee; and*
- f. *approve the revised terms of reference of the UNAIDS Independent External Oversight Advisory Committee, as reflected in annex 1 of the IEOAC's 2023 annual report (UNAIDS/PCB(52)/23.19); and*
- g. *take note of Management's response to oversight reports.*

6 June 2023

Report of the work of the Office of Internal Oversight Services for 2022

1. The Office of Internal Oversight Services (IOS) of the World Health Organization transmits herewith its annual report for the year 2022 for the information of the Programme Coordinating Board (PCB) of the Joint United Nations Programme on HIV/AIDS (UNAIDS).

OBJECTIVE AND SCOPE OF WORK

2. IOS provides independent and objective assurance and advisory services, designed to add value to and improve the operations of UNAIDS. Work is conducted in accordance with the International Standards for the Professional Practice of Internal Auditing 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 making recommendations to improve the effectiveness of processes for risk management, internal control and governance. IOS is also responsible for conducting administrative fact-finding investigations of alleged wrongdoing reported to the Office, in accordance with the Uniform Principles and Guidelines for Investigations endorsed by the 10th Conference of International Investigators.

3. The scope of work was to evaluate whether the framework of processes for risk management, internal control and governance, as designed and implemented by UNAIDS Management, was adequate and functioning in a manner to fulfil the intended purpose. In particular, IOS assessed whether: (a) risks were appropriately identified and managed; (b) significant financial, managerial and operating information was accurate, reliable and timely; (c) staff actions complied with UNAIDS and WHO regulations, rules, policies, standards and procedures; and (d) resources were acquired economically, used efficiently, and protected adequately. IOS is authorized full, free and prompt access to all records, property, personnel, operations and functions within the Organization which, in

its opinion, are relevant to the subject matter under review. There were no limitations to the scope of work of IOS during 2022.

4. IOS provides the above-mentioned oversight services to UNAIDS in accordance with terms outlined in the revised Memorandum of Understanding (MoU)¹ between UNAIDS and IOS, dated January 2022.

MANAGEMENT OF IOS

5. During 2022, IOS maintained regular contact with the Organization's External Auditor to coordinate audit work and avoid overlaps in coverage. IOS provided copies of internal audit reports to the External Auditor. IOS regularly participated in meetings of the Independent Expert Oversight Advisory Committee (IEOAC) in order to maintain an open dialogue with its members and implement their guidance and recommendations on matters under their oversight responsibilities. IOS also maintained regular contact with other departments of the Organization and continued to work with UNAIDS accountability functions in order to further contribute to the strengthening of UNAIDS corporate values.

6. IOS uses a functional case-management system based on a SharePoint technology which serves as a confidential repository for investigation case files.

7. IOS maintains an internal quality assurance and improvement programme for its audit function, which includes engagement-level quality assurance; ongoing self-assessments, including feedback from clients; and an external quality assessment every five years. The next independent validation is planned for 2023, the results of which will be reported to the 77th World Health Assembly in May 2024.

METHODOLOGY

8. IOS views risk as the possibility of an event occurring that will influence the achievement of objectives. In order to ensure that available audit resources are focused on the areas of highest relative risk, IOS uses a risk assessment model. This model supports professional judgments made in the prioritization of the IOS annual plan of work, which have been shared with the IEOAC. The model comprises three basic components: (i) the audit universe of the budget centres and cross-cutting areas, drawn from the Enterprise Resource Planning (ERP) system (WHO Global Management System

¹ The initial MoU between UNAIDS and IOS was signed in 2008 and updated in January 2022.

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 “soft” 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 determine the relative risk of the auditable areas. In accordance with IOS’ procedures, input from UNAIDS senior Management on potential areas of audit is also taken into consideration in the preparation of the annual audit plan of work.

9. The results of the updated audit risk assessment had been discussed with UNAIDS Management and a plan of work subsequently prepared for the year 2022.

10. IOS conducted one advisory assignment (see paragraphs 30-31), the results of which was summarized in a memorandum to UNAIDS Management, which included recommendations for improvements, as relevant.

11. At the conclusion of each audit, IOS prepared a detailed report of observations describing the internal control weaknesses observed and made recommendations to Management, designed to help manage risk, improve internal controls, improve efficiency in operational processes and value for money, and implement an effective governance within the Secretariat. IOS uses a four-tier rating system for its audit conclusions, namely (1) Satisfactory; (2) Partially satisfactory, with some improvement required; (3) Partially satisfactory, with major improvement required; and (4) Unsatisfactory.

12. In 2022, three out of four audits performed were rated as “partially satisfactory, with major improvement required”, and one audit was rated “partially satisfactory, with some improvement required”. For comparison purposes, in 2021, three audits were found to be “partially satisfactory, with some improvement required”, one audit was found to be “partially satisfactory, with major improvement required”, and one audit was found to be “satisfactory” (see **Table 1**).

Table 1: Summary of audit conclusions, for the period 2020-2022

Audit conclusions	2022	2021	2020
Satisfactory	0	1	0
Partially Satisfactory (some Improvement required)	1	3	4
Partially Satisfactory (major Improvement required)	3	1	0
Unsatisfactory	0	0	0
Total audits	4	5	4
Advisory reviews (no rating included)	1	1	2

13. The main findings from IOS audit reports issued in 2022 on the effectiveness of internal controls are summarized hereafter. The top two areas with a high level of residual risk found in 2022 related to Direct Financial Cooperation (DFC) and Programme Funding Agreements (PFAs), followed by Awards, which both were reported ineffective at least once like in 2021, as outlined in **Table 2**.

Table 2: Number of ineffective controls with a high level of residual risk, per process (for Country Offices/Liaison Offices/Regional Support Teams)

Process	Total number of ineffective controls with high level of residual risk		
	2022 Number of audits: 3	2021 Number of audits: 4	2020 Number of audits: 4
Direct Financial Cooperation and Programme Funding Agreements	5	7	1
Awards	2	3	1
Human Resources	1	1	1
Asset Management	1	1	0
Control Environment	1	0	2
Information and Communication	1	0	0
Interns and Volunteers	1	0	0
Monitoring and Performance Assessment	1	0	0
Procurement of Services	1	0	3
Travel	1	0	0
Risk Management	0	2	0
Imprest and Petty Cash	0	1	0
Security	0	2	0
Total	15	17	8

14. Overall, we noted a deterioration in the effectiveness of controls tested, down to 55% in 2022, compared to 70% in 2021 (and 68% in 2020). The number of controls with a high level of residual risk also increased slightly from 7.5% in 2021 to 8.7% in 2022. Based on the audit work conducted in 2022, IOS identified the process areas with the lowest effectiveness of internal controls and, more significantly, the highest levels of residual risk (see **Annex 2**) with a potential negative impact on the Organization's operations and achievement of results. IOS has also prepared a meta-analysis of the results obtained from audits of UNAIDS country offices (UCOs) and RSTs conducted during the period 2020-2022 in order to demonstrate the overall trends in the compliance with WHO's rules and regulations across operating processes (see **Annex 3**, which provides a summary trend analysis of audit findings at UCOs, by process area and year, for the period 2020-2022).

15. Other areas covered through WHO audits² or cross-cutting audits in 2022 were:

- Global Human Resources (GHR): Human Resources processes and impact on programme delivery and results were reviewed. The scope of the audit covered transactions for the 2020-2021 biennium and included some analysis to better understand transaction trends and changes related to the fact that the entire Organization (WHO and hosted entities) operated in extraordinary conditions because of the COVID-19 pandemic. The scope of the audit included Human Resources actions and related transactions processed for UNAIDS by the WHO Global Service Centre (GSC).
- Project Governance for the new ERP Implementation (Business Management System - (BMS): The objective of this work was to review and assess the project governance and oversight mechanisms in support of project execution activities in preparation for the new ERP implementation in WHO, in order to identify potential high-risk areas and provide recommendations for risk-mitigation and contingency strategies, as relevant, based on the state of the overall project as of December 2022.
- IOS representatives also attended the regular meetings of the BMS Project Board, as observers.
- IOS periodic data analytics procedures (i.e., continuous audit process) also included steps to identify potential issues relevant to UNAIDS ERP processes.

AUDITS

Cross-cutting

Technical Support Mechanism at UNAIDS (Audit Report 22/1246)

16. The objective of the audit was to assess the effectiveness of the governance, risk and internal control processes in operation within the Technical Support Mechanism (TSM) at UNAIDS. The work was performed with respect to the (i) TSM policies/guidelines: The long-term vision for managing the TSM (including donor requirements); (ii) Control activities: Review and testing of a sample of transactions for TSM contracts (i.e., compliance testing for a sample of the consultant selection

² Document WHA76/23, Report of the Internal Auditor.

processes and others); and (iii) Monitoring: Assessment of the effectiveness and completeness of the monitoring and evaluation process of the performance of contractors engaged under the TSM.

17. The audit found that the overall effectiveness of risk management and control processes in key areas of the TSM at UNAIDS was partially satisfactory, with major improvements required.

18. The audit identified ineffective controls across most of the areas reviewed. Issues identified with a high level of residual risk which require Management's attention included the following:

- (a) Some sections of the guidelines and manuals related to the TSM process had not been updated;
- (b) Consultants with contracts which had a cumulative value exceeding stated thresholds, and therefore requiring a pre-approval of assignments per UNAIDS procurement rules, did not obtain such additional approval for the cases tested prior to November 2022. UNAIDS informed IOS that a mitigating mechanism was implemented during the audit (i.e., end of December 2022);
- (c) OPM did not have an effective process in place to request and follow up on information related to potential conflicts of interest of the consultants engaged through the TSM and in order to ensure the communication of such information to UNAIDS. Only in 5 cases out of the 19 assignments tested, were we able to obtain complete CoI forms for all consultant assignments;
- (d) UNAIDS did not have a process in place to request that TSM consultants complete trainings related to PSEAH. In addition, and to help mitigate potential reputational risks, it is recommended as a good practice that TSM consultants be subject to the "ClearCheck" screening prior to issuance of any new TSM contracts;
- (e) Evaluations of consultants' assignments were not systematically performed and documented; and
- (f) There were no controls in place to ensure that consultancy rates were consistently compared between assignments awarded under TSM and those awarded under ERP, potentially impacting value for money.

19. Additionally, the audit identified issues with a moderate level of residual risk which are also included in the report.

Regional Support Teams

Regional Support Team for Latin America and the Caribbean (Audit Report 22/1242)

20. The audit found that the overall effectiveness of risk management and control processes in the areas of administration and finance at the RST for Latin America and the Caribbean (LAC) was partially satisfactory, with major improvements required to address identified risks.

21. The audit identified the following areas with a high level of residual risk that should be addressed by UNAIDS Management as a priority:

- (i) Recruitment of staff in the LAC Region not conducted in a timely manner, potentially negatively impacting achievement of strategic objectives;
- (ii) Insufficient transparency in the selection process for consultants and procurement of services;
- (iii) PFA assurance activities (i.e., field visits and spot checks) of Implementing Partners not conducted;
- (iv) Insufficient *post facto* verification of PFA expenditures reported by Implementing Partners in the Funding Authorization and Certification of Expenditure (FACE) reports;
- (v) Fixed assets register not updated in a timely manner;
- (vi) Insufficient guidance for information sharing and knowledge management;
- (vii) Roles and responsibilities of organizational entities not clearly defined (i.e., between headquarters, RSTs, and UCOs); and
- (viii) The recruitment of volunteers not following the standard recruitment mechanism.

22. Observations with a moderate level of residual risk related to the following:

- (i) Use of consultants on a long-term basis;
- (ii) Non-compliance with the Programme Review Committee (PRC) conditions for timely approval;
- (iii) ERP not updated to reflect the approved delegation of authority;
- (iv) Security assessment not timely conducted; and
- (v) Deliverables for service procurement did not contain sufficient details on the required services.

23. The audit report also includes one recommendation under the main responsibility of headquarters, relating to the need to develop a strategic document for RSTs, with a view to improve coherence and harmonization of RSTs across the Organization. The document should comprehensively describe, *inter alia*, the roles and responsibilities of the RSTs. We issued a similar recommendation as part of the audit of the RST Western and Central Africa (IOS Audit Report 2019/1179).

Country Offices

Country Office in Mali (Audit Report No. 21/1231)

24. The audit found that the overall effectiveness of risk management and internal control processes in the areas of administration and finance at the UCO in Mali was partially satisfactory, with some improvement required.

25. The audit identified one area with a high level of residual risk that should be addressed as a priority by Management: FACE reports for DFC and PFAs were not properly completed, and the supervisory review was not adequately evidenced. Also, Implementing Partners had not been provided with practical guidance/training to ensure FACE reports meet UNAIDS expected standards.

26. The audit identified additional observations with moderate levels of residual risk, as follows:

- (i) The petty cash system has not been operational for two years (reportedly due to COVID-19 restrictions), which has led to the UNAIDS Country Director (UCD) advancing petty cash payments that should be reimbursed;

- (ii) Focused training for UCO staff, including awareness of ethical principles and refresher sessions on the ERP had not been conducted;
- (iii) One project reviewed was not implemented in a timely manner, mainly due to weaknesses in the planning process of Implementing Partners;
- (iv) Some adjudication reports were not adequately documented;
- (v) The calculation of common costs required review, as the rationale for the calculation was not appropriate;
- (vi) The physical fixed asset verification was not conducted on an annual basis, as required, and the fixed asset register was not updated in a timely manner; and
- (vii) Handover notes were not systematically prepared for changes in key staff positions before leaving the UCO.

Country Office in India (Audit Report No. 22/1238)

27. The audit found that the overall effectiveness of risk management and internal control processes in place at the UCO in the areas of administration and finance was partially satisfactory, with major improvement required. However, during the audit the testing of more recent transactions showed a noted improvement in the control environment since the new UCD joined in November 2021.

28. Control deficiencies with a high level of residual risk which need to be addressed by UNAIDS Management as a priority, were found in the following areas:

- (i) In relation to tone at the top, several issues were identified as a result of a lack of compliance with relevant rules and regulations or guidance by former UCO Management (for example, in areas such as travel, procurement, awards, performance evaluation). Roles and responsibilities in these areas were not clearly established;
- (ii) FACE reports for DFC and PFAs were not properly completed, and the supervisory review was not adequately evidenced. Spot checks of supporting documentation were not conducted;

- (iii) DFC Implementing Partners had not been provided with practical guidance/training to ensure that FACE reports meet UNAIDS expected standards;
 - (iv) Contracts were issued to consultants who were performing staff tasks;
 - (v) Non-compliance in the area of travel (such as travel allowances), leading to potential loss of funds to the Organization; and
 - (vi) Insufficient planning and delays in the implementation of activities have led to repeated requests for no-cost extensions, which have been a recurring issue at the UCO.
29. Observations with a moderate level of residual risk related to the following areas:
- (i) The petty cash system had not been operational for two years (reportedly due to the COVID-19 pandemic restrictions);
 - (ii) Focused training for UCO staff had not been conducted, including awareness of ethical principles and refresher sessions on the ERP system;
 - (iii) The staff performance evaluation process was deficient in relation to timeliness and quality of the evaluations;
 - (iv) Adjudication reports for procurement of services were not adequately documented, including the selection process for suppliers who obtained recurring contracts;
 - (v) Documentation available at the UCO was incomplete (for example, the host agreement and delegation of authority to the UCD);
 - (vi) A physical verification of fixed assets was not conducted on an annual basis, as required;
 - (vii) Vehicle logbooks were not adequately completed and reviewed, and fuel consumption was not adequately monitored;
 - (viii) ERP access rights were not regularly reviewed;

- (ix) Some activities implemented had not reportedly met the expected results of donors; and
- (x) Handover notes were not properly prepared by key staff before leaving the UCO.

Advisory reviews

30. In accordance with its Charter, IOS “*may provide advisory services to WHO Management³ to the extent that its independence and objectivity are not compromised. Such provision is based on IOS’s knowledge of governance, risk management and controls, and of WHO activities. IOS may participate in reviewing draft policies, guidance, systems and work processes, but shall not participate in the decision-making process*”.⁴

Closing procedures at the Country Office in Eritrea

31. UNAIDS has gone through a realignment exercise, which was implemented as of 1 January 2022. One of the decisions was to close several UCOs, one of them being UCO Eritrea. The IOS advisory review verified outstanding and ongoing transactions and contracts of the UCO - based on information from the ERP and provided by the UCO - to assess whether there were significant risks of loss of funds related to the office closure.

32. IOS noted the following issues for Management’s consideration: (i) Lack of exit strategy (no formal guidance provided to staff on the process to follow with regard to the closure of the office); and (ii) Insufficient consultation with cosponsors to take over the HIV response in the country, in the case UNAIDS discontinues its presence in the country; (iii) Weaknesses in the planning and operational preparations for closure (for example, in the area of asset management - disposal, handover, sale, settling outstanding contracts - and the considerations to ensure the effective handover of ongoing activities to cosponsors).

GOOD PRACTICES

33. IOS also noted some examples of good practices during the year 2022, such as:

- (i) RST LAC was in the process of standardizing templates in order to focus more on results-based work, to adapt them for partnerships with civil society and to be more consistent in terms of accountability *vis-à-vis* the mandate of UNAIDS.

³ In this context, applies to UNAIDS Management.

⁴ Charter of the Office of Internal Oversight Services (updated January 2023), Section C, “Advisory Services”, paragraph 12.

- (ii) In relation to the TSM, key parties interviewed highlighted that the TSM added value to support UNAIDS and its key partners in the implementation of work in the field. UNAIDS has ensured that the contract with OPM is linked to continuous funding from donors, and therefore risks relating to contract funding are minimized. With the new organizational structure put in place in early 2022, improvements in compliance were also noted.

INVESTIGATIONS

34. IOS provides investigation services to UNAIDS, pursuant to the MoU between IOS and UNAIDS, dated January 2022. The scope, principles and procedures of investigation services provided to UNAIDS are based on the IOS Charter and the IOS Investigation Process. The investigative approach adopted by IOS, from the receipt of a report of concern to the conclusion of the investigation, was described in document UNAIDS/PCB (50)/22.18 and has not changed in 2022. Additional steps and key performance indicators, as detailed in the MoU, have been integrated into the IOS processes, to ensure compliance and facilitate monitoring and reporting.

35. IOS provides investigation services on the basis of full-cost recovery, with staff investigators augmented by investigative consultants, as required. In 2022, the equivalent of one full-time investigator was required to address UNAIDS matters.

36. In 2022, IOS received 16 new allegations involving UNAIDS staff and UNAIDS resources, a significant (33%) increase compared to 2021. As depicted in **Table 3** below, allegations of sexual misconduct - in particular – were reported for the first time, increasing from zero cases received in 2020 and 2021 to six in 2022. Overall, the vast majority of allegations received in 2022 (75%) related to abusive workplace conduct, including sexual exploitation and abuse and sexual harassment (six), workplace harassment (three), and retaliation (three), whereas only 25% involved proscribed practices, such as fraud (three) and other failures to comply with professional standards (one).

Table 3: Comparison of typology of reports of concern received in 2020-2022

Type of report of concern	2020	2021	2022
Fraud	5	8	3
Failure to comply with professional standards	1	0	1
Recruitment irregularity	0	2	0
Harassment, Discrimination, Abuse of Authority	3	2	3
Sexual Harassment	2	0	2

Sexual Exploitation and Abuse	0	0	4
Retaliation	0	0	3
Other	0	0	0
Total	11	12	16

37. Only three of the 16 allegations received could be concluded within the six months timeframe stipulated in the MoU, due to IOS limited investigation resources throughout 2022. As detailed in **Table 4** below, five allegations received in 2022 remain under preliminary review, three are under full investigation, three are at the reporting or closure stage, and five have been closed as unsubstantiated, of which one after full investigation.

38. Overall, as at 5 May 2023, IOS had a caseload of 25 UNAIDS cases received up to and including 2022, at various investigation stages, as detailed in **Table 4** below.

Table 4: Status of open cases per year of receipt*

Year	Preliminary review	Investigation	Report writing	Case closure	Total
2018		1			1
2019	1	5	2		8
2020					
2021	3	1	1		5
2022	5	3	1	2	11
Total	9	10	4	2	25

39. In November 2022, a reformed structure for the IOS investigation function was approved by the WHO Director-General, including 15 new staff positions. In addition, IOS has established a roster of investigative consultants and, during the second quarter of 2023, has engaged 12 additional, senior and experienced investigative consultants to provide support with ongoing investigations. Implementation of the new structure, including recruitment of new staff, is well underway and should be completed by September 2023. As such, it is expected that once fully staffed, the reformed investigation function will be able to address new allegations received by IOS in accordance with the six-month timeframe. Regular progress updates on the handling of investigation cases will also be provided to the UNAIDS Independent Expert Oversight Advisory Committee (IEOAC) in confidential discussions during its periodic meetings.

FOLLOW-UP AND IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

40. IOS monitors the implementation of all its audit recommendations to ensure either that action has been taken effectively by Management or that senior Management has accepted the risk of not

taking action. Audit recommendations are categorized by priority and residual risk, and are monitored against a target implementation date. Reporting on and monitoring of each individual audit recommendation is performed using a web-based portal, which provides automated email notifications to responsible officers of upcoming milestones for action on the progress of implementation.

41. Since the prior Report of the Internal Auditor in 2022, IOS is pleased to report that, as of 26 April 2023, it was able to close seven audits and one advisory review (see **Table 5**). Moreover, IOS notes that the number of recommendations outstanding decreased over the period 2021-2022 from a balance of 184 recommendations on 22 April 2022 to 113⁵ recommendations as of 26 April 2023. Since the last report, IOS has closed 57 recommendations from long outstanding audits, however, there are still 12 long-standing recommendations in progress from four audits, dating back to 2018 and 2019, all from the same region (RST Eastern and Southern Africa). (see **Table 6**). Additionally, the number of “open” and “in progress” overdue recommendations (excluding recommendations not yet due) represent 22% of all recommendations, which has shown improvement in that this has decreased from 31% compared to the prior year (see **Annex 1** for a detailed status by individual audit report).⁶

Table 5: List of audits closed since April 2023 (as at 26 April 2023)

Audit no.	Audit title	Date of final report	Closing date	Months to close the audit
18/1140	UCO in the Democratic Republic of Congo	2018/07	2022/08	49
18/1146	UCO in Haiti	2018/09	2023/04	54
19/1168	UCO and the Regional-Sub Office in Jamaica	2019/10	2023/01	38
20/1166	Advisory Service UCO Congo	2020/03	2023/02	35
20/1174	UCO Côte d'Ivoire	2020/12	2023/04	28
21/1214	Audit of Password and Account Management at UNAIDS	2022/02	2023/04	13
21/1215	UNAIDS Regional Support Team AP - Asia and Pacific	2022/01	2023/04	15
21/1216	UCO in China	2021/12	2023/04	16

Table 6: Situation of long-outstanding UNAIDS audits, as of 26 April 2023

Audit Report No.	Audit Title	Responsible Officer	# of years since report issuance	Number of Recommendations open or in progress	Number of Recommendations with high residual risk	Comments on changes since prior year's report (20 May 2022)
18/1158	UNAIDS Regional Support Team ESA	RST Director ESA	4.5	1	0	8 recommendations closed during the period

⁵ Excludes recommendations from the TSM report (in draft as of April 2023).

⁶ Data available in the audit management web-based portal (TeamMate+), as of 26 April 2023.

18/1159	UCO in Mozambique	UNAIDS Country Director	3.8	3	1	3 recommendations closed during the period
19/1170	UCO in Malawi	UNAIDS Country Director	3.2	4	0	10 recommendations closed during the period
19/1183	UCO in Botswana	UNAIDS Country Director	2.7	4	0	17 recommendations closed during the period

42. In considering [further progress on implementation of audit recommendations](#), we note that recurring issues have been identified in the following areas, suggesting that UNAIDS should adopt a more “holistic approach” to achieve sustainable improvements in these high-risk areas:

- *Post facto* assurance and spot checks of DFC and PFA supporting documentation are not consistently conducted or sufficiently well documented to ensure the integrity of financial reports (IOS has been informed in several instances that this root cause was due to a lack of resources).
- Staff tasks being performed by consultants and consultancy contracts provided on a long-term basis.
- Lengthy recruitment processes related to limited capacity at Human Resources Management (HRM).
- ClearCheck is not consistently performed for all individuals (particularly for non-staff) employed by UNAIDS.
- Some adjudication reports for procurement of services are not adequately prepared.
- Risk management processes can be improved as risks are currently identified at the project owning organization level; however, activities that go across these levels are not systematically assessed from an end to end perspective of risks in an inclusive manner.

43. The Reports of the Internal Auditor for 2020 and 2021 included a comment in relation to an old outstanding issue on the need to implement a system to request Declarations of Interest (DoI) from Experts under UNAIDS contracts or working on a voluntary basis, or participating in scientific or technical advisory meetings and others. The process to finalize the templates for DoI for Experts was

delayed and IOS had been informed that the templates were planned to be finalized by the third quarter of 2021; however, there were further delays and this has still not been implemented at the time of drafting this report. Ethics Office staff indicated that this will be rolled out during 2023. IOS recommends that this issue be addressed in a timely manner, such that a uniform approach to DoI can be adopted. The auditor will monitor this area during upcoming audits of UCOs.

MAIN OPERATIONAL RISKS AND OPPORTUNITIES FACING UNAIDS

44. The realignment process of UNAIDS was initiated in 2022 and has an ongoing impact, as some key positions are vacant at the time of drafting this report. A number of posts were abolished or relocated, and some operations significantly reduced the staffing at all levels of the Organization. The realignment also had an impact on the mapping of Budget Centres, which makes a comparison of financial data over the biennia more difficult. The strategy of UNAIDS for exiting countries is an important consideration to address the challenges relating to the closing of offices.

45. Additionally, the new ERP system (BMS) will require efforts to adjust systems and procedures currently in place; however, this situation also provides Management with the opportunity to revise internal control mechanisms and enhance operational efficiencies and related business benefits. Management should consider this accordingly in the planning, and further changes in the Organization should be aligned to this development.

ACTION BY THE PROGRAMME COORDINATING BOARD

46. The Programme Coordinating Board is invited to take note of this report.

Annex 1

Implementation Status Dashboard of Internal Audit Recommendations, as at 26 April 2023

Audit No.	Audit Title	Responsible Manager	Date of Final Report	# of Years since Report Issuance	Previous Status as of 22-04-2022			Current Status as of 26-04-2023				Implementation Rate	High Residual Risk		High Priority		Comments on changes since previous status report (22-04-2022)	
					Number of Recs	Open	In Progress	Closed	Number of Recs	Open	In Progress		Closed	Overdue Not Closed*	Overdue In progress	Overdue Not Closed*		Overdue In progress
Audit Reports of the 2018 Workplan																		
18/1140	UCO in the Democratic Republic of Congo	UNAIDS Country Director	20-Jul-18	4.8	50	0	4	46	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
18/1146	UCO in Haiti	UNAIDS Country Director	28-Sep-18	4.6	49	0	6	43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
18/1158	UNAIDS Regional Support Team ESA	RST Director ESA	19-Jul-19	3.8	47	7	2	38	47	0	1	46	98%	0	0	0	0	8 recommendations closed during the period
18/1159	UCO in Mozambique	UNAIDS Country Director	5-Jun-19	3.9	32	0	6	26	32	0	3	29	91%	1	1	1	1	3 recommendations closed during the period
Audit Reports of the 2019 Workplan																		
19/1168	UCO and the Regional-Sub Office in Jamaica	RST Director RSJ	28-Oct-19	3.5	37	0	9	28	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
19/1170	UCO in Malawi	UNAIDS Country Director	5-Feb-20	3.2	45	2	12	31	45	0	4	41	91%	0	0	0	0	10 recommendations closed during the period
19/1183	UCO in Botswana	UNAIDS Country Director	21-Aug-20	2.7	34	9	12	13	34	0	4	30	88%	0	0	0	0	17 recommendations closed during the period
Audit Reports of the 2020 Workplan																		
20/1166	Advisory Service UCO Congo	RST Director WCA	2-Mar-20	3.2	10	2	2	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
20/1174	UCO Côte d'Ivoire	UNAIDS Country Director	15-Dec-20	2.4	12	0	7	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
20/1188	UCO Ethiopia	UNAIDS Country Director	23-Aug-20	2.7	29	0	10	19	29	0	8	21	72%	2	2	2	2	2 recommendations closed during the period
20/1189	African Union Liaison Office	Director AULO	31-Aug-20	2.7	31	5	3	23	31	0	6	25	81%	1	1	1	1	2 recommendations closed during the period
20/1190	Data Management at UNAIDS	Director, Strategic Information and Evaluation	13-May-21	2.0	15	13	1	1	15	0	6	9	60%	3	3	3	3	8 recommendations closed during the period
Audit Reports of the 2021 Workplan																		
21/1199	UCO in Uganda	UNAIDS Country Director	14-Jun-21	1.9	33	5	15	13	33	0	8	25	76%	3	3	3	3	12 recommendations closed during the period
21/1214	Audit of Password and Account Management at UNAIDS	Deputy Executive Director, Management and Governance, UNAIDS	28-Feb-22	1.2	10	10	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
21/1215	UNAIDS Regional Support Team AP - Asia and Pacific	RST Director AP	18-Jan-22	1.3	15	11	3	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
21/1216	UCO in China	UNAIDS Country Director	13-Dec-21	1.4	7	4	3	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
21/1221	UCO in Zimbabwe	UNAIDS Country Director	3-Feb-22	1.2	20	19	1	0	20	0	7	13	65%	0	0	0	0	13 recommendations closed during the period
Audit Reports of the 2022 Workplan																		
22/1231	UCO in Mali	UNAIDS Country Director	14-Jul-22	0.8	N/A	N/A	N/A	N/A	18	1	10	7	39%	0	0	0	0	7 recommendations closed during the period
22/1242	RST Latin America	RST Director LAC	16-Jan-23	0.3	N/A	N/A	N/A	N/A	32	30	2	0	0%	0	0	0	0	Follow-up in progress for 2 overdue recommendations
22/1238	UCO in India	UNAIDS Country Director	26-Oct-22	0.5	N/A	N/A	N/A	N/A	32	0	23	9	28%	6	6	6	6	9 recommendations closed during the period
22/1246	Technical Support Mechanism at the Joint United Nations Programme on HIV/AIDS **	Director Science, Systems and Services for All (SSA)	N/A	N/A	N/A	N/A	N/A	N/A	16	16	0	0	N/A	N/A	N/A	N/A	N/A	Final report not yet issued

* Not Closed = either Open or In Progress

** The report is still in draft

ALL RECOMMENDATIONS	476	87	96	293	384	47	82	255
		100%	18%	20%	62%	100%	12%	21%

EXCLUDING RECOMMENDATIONS NOT DUE	427	39	95	293	325	0	70	255
		100%	9%	22%	69%	100%	0%	22%

Breakdown of audit controls tested in 2022, by audit risk category, control effectiveness and residual risk



Annex 3

Trends in operating effectiveness of internal controls in UCO and RST audits over time, conducted in the period 2020-2022

