

MANAGEMENT RESPONSE

Organizational oversight reports

Additional documents for this item:

Report of the work of the Office of Internal Oversight Services for 2022 (UNAIDS/PCB (52)/23.16);

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).

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

- *take note* of the Report of the work of the Office of Internal Oversight Services for 2022;
- *accept* the External Auditor report for the financial year ended 31 December 2022;
- *take note* of the report of the Ethics Office;
- *welcome* the report of the UNAIDS Independent External Oversight Advisory Committee and look forward to the next report in 2024;
- *take note* of the Rules of Procedure for the UNAIDS Independent External Oversight Advisory Committee;
- *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*
- *take note* of Management's response to oversight reports.

Cost implications for the implementation of the decisions: *none*

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Introduction

1. As requested by the Programme Coordinating Board (PCB) at its 46th meeting, this document contains the UNAIDS management's response to the organizational oversight reports. It should be read in conjunction with the following documents: *Report of the work of the Office of Internal Oversight Services for 2022* (UNAIDS/PCB (52)/23.16); *Report of the External Auditor* (UNAIDS/PCB (52)/23.17); *Report of the Ethics Office* (UNAIDS/PCB (52)/23.18); and *Report of the Independent External Oversight Advisory Committee (IEOAC)* (UNAIDS/PCB (52)/23.19). This report also includes an analysis of the implementation of recommendations from the Joint Inspection Unit's (JIU) reports.
2. The management response and the independent oversight reports before the Board for this agenda item, should all be read in the context of a significant strengthening of the Board's oversight role since 2019, as well as the recommendations of the JIU. This strengthening includes the annex added to the modus operandi of the PCB, which clarifies the oversight role of the PCB; establishes an annual, dedicated PCB agenda item on independent oversight reports; strengthens the evaluation and ethics functions; and provides for the establishment of the Independent External Oversight Advisory Committee (EOAC). The Board and the UNAIDS Secretariat have moved speedily to implement the JIU recommendations.
3. In addition to responses to oversight reports, UNAIDS management presents an overview of actions taken to further strengthen internal controls and organizational accountability, and ensure more effective use of financial and human resources.

External Audit activities in 2022

4. The management of UNAIDS recognizes and wishes to express its appreciation to the Office of the Comptroller and Auditor General of India for their support to UNAIDS via the independent External Audit service they provide.
5. The External Auditor audited the UNAIDS financial statements for the year ended 31 December 2022 and performed a compliance audit at the Geneva Global Centre.
6. UNAIDS financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations and Rules of the World Health Organization (WHO).
7. Management is pleased to note that the External Auditor issued an "unmodified", or clean, opinion on the UNAIDS financial statements for the financial year ended 31 December 2022.
8. Pursuant to their financial and compliance audit, the External Auditor issued four recommendations. Management's responses to the audit recommendations are outlined in Table 1.

Table 1. Management's responses to External Audit observations and recommendations

Recommendations	Management's response
<p>Recommendation 1:</p> <p>We recommend that UNAIDS needs to work in closer collaboration with Staff Health Insurance (SHI) to ensure that Actuary uses accurate demographic data for more accurate actuarial valuation, in future periods.</p>	<p>Management is in agreement with the recommendation and will implement regular coordination and collaboration activities with SHI to ensure accurate demographic data are used, thereby providing a more precise actuarial valuation.</p>
<p>Recommendation 2:</p> <p>We recommend that UNAIDS needs to take concrete steps to complete the verification of all assets and devise a mechanism that all assets are verified in a timely manner.</p>	<p>Management is in agreement with the recommendation.</p> <p>Mechanisms (i.e. online platforms, dashboards and relevant guidelines) are in place, and adherence to the specified deadline for 2023 will be reinforced via training, early dissemination of instructions and punitive sanctions for non-compliance.</p> <p>In addition, follow-up with the Regional Operations Officers has already occurred and a full review of all outstanding assets has been initiated.</p>
<p>Recommendation 3:</p> <p>We recommend that UNAIDS needs to discharge its payment obligations as per the terms of Direct Financial Contribution (DFC) Agreement, and the reasons and justifications for release of funds not in conformity with the DFC provisions need to be looked into.</p>	<p>Management is in agreement with the recommendation.</p> <p>To respond to Recommendation 3, and at the same time to similar IOS findings, the following actions will be undertaken:</p> <ul style="list-style-type: none"> ▪ Review the reasons and justifications from the office responsible for the non-compliant DFC payment; ▪ Reinforce controls to ensure that the final technical and financial reports are received and saved into the online management platform; and ▪ Undertake region-wide training on DFCs (and other non-commercial agreements).
<p>Recommendation 4:</p> <p>We recommend that UNAIDS needs to:</p> <ol style="list-style-type: none"> a) Examine cases where staff are under UNDP/other cosponsoring organization contracts and have not submitted the travel claim, and to develop a mechanism so that the amount of unclaimed travel payments is recovered; and b) Ensure that travel requests that are not in emergency circumstances are approved before the travel start date, to ensure compliance with the extent travel regulations. 	<p>Management agrees with the recommendation and will implement mechanism to track travel claims from the very limited number of staff on non-WHO contracts, and it will also remind staff that travel requests must be approved at least 10 working days before departure.</p>

Implementation of past External Audit recommendations

9. In their report for the year ended 31 December 2022, the External Auditor noted that, of the 11 past External Audit recommendations, 4 were implemented, 1 was overtaken by events and 6 were under implementation as of 31 December 2022 (see Table 2 for details).

Table 2. Past audit recommendations implemented and overtaken by events

Recommendation	Status
Audit report for the year ended 31.12.2020	
We recommend that UNAIDS should adhere to the UBRAF performance indicator guidance in reporting its performance and ensure better data quality, consistency and comparability.	Overtaken by events
We recommend that Country Office Myanmar may continue to closely monitor the progress on the targets to prevent any slippage in the significant gains made so far on several indicators, and to improve on some of the high-risk areas where the progress was slow.	Implemented
Audit report for the year ended 31.12.2021	
Recommendation 5 We recommend that management strengthen its controls and ensures adherence to procedures in relation to final payments to DFC partners, in order to minimize errors.	Implemented
Recommendation 4 Management may prescribe stage-wise timelines for addressing all categories of complaints and requests for advice.	Implemented

10. Table 3 provides management's update on the recommendations under implementation, as of 31 December 2022.

Table 2. Management update on recommendations under implementation, as of 31 December 2022

Recommendation	External Auditor's assessment (as per report provided 19 May 2023)	Management's comments
<p>Country data on key parameters</p> <p>UNAIDS should ensure that the country data on key parameters, disclosed in various reports should be consistent, complete, accurate and comparable.</p>	<p>Regional and country reports as part of Performance Monitoring Report (PMR) 2021 were examined. Though the region-specific progress was mentioned, country data on key parameters could not be found. Audit recommendation is considered "Under Implementation".</p>	<p>UNAIDS is not in agreement with the progress status "Under Implementation".</p> <p>Management 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.</p>
<p>Performance of contractors</p> <p>UNAIDS may consider evaluating the performance of contractors diligently and in a timely manner. As suggested by the Country Office, UNAIDS could develop an organization-wide online platform for contractors' performance evaluation.</p>	<p>Necessary changes in the BMS have not yet been carried out by WHO, hence the audit recommendation is still under implementation.</p>	<p>UNAIDS agrees with the progress status "Under Implementation".</p> <p>Management notes 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).</p>
<p>Unified Budget, Results and Accountability Framework</p> <p>UNAIDS may ensure reporting of all performance indicators of the UBRAF in the PMR to reflect comprehensive picture of the progress and to measure organizational performance quantitatively, using the output indicators.</p>	<p>Though the reporting on indicators of UBRAF have been submitted by 2021–2022 PMR submitted to the 50th PCB. It was noticed that out of 25 indicators of 8 result areas, 1 remained challenging, with measurements not being met and 2 indicators changed over time and are not applicable.</p> <p>In addition, the final UBRAF indicator matrix for 2022–2026 was submitted and presented to the 50th PCB meeting on June 2022. It defines the complete set of new indicators, rationale, data sources, baseline, milestones by 2023 and 2025, and targets by 2026.</p> <p>The UBRAF indicator matrix for 2022–2026 will inform the reporting with the first PMR due to the PCB by June 2023. Hence, the process is under implementation.</p>	<p>UNAIDS agrees with the progress status "Under Implementation."</p> <p>The performance reporting on results achieved in 2022 against the UBRAF 2022–2026, its results framework and related performance indicators will be submitted to the June 2023 PCB.</p> <p>In addition, the new structure of the PMR allows it to more succinctly present the analysis of data on the performance indicators, including an overview of all indicator-reporting and a detailed scorecard, including details for each indicator.</p>

Recommendation	External Auditor's assessment (as per report provided 19 May 2023)	Management's comments
<p>Ethics Office</p> <p>While reporting the status of allegations received by the Ethics Office, the category "Other cases including misconduct", needs to be disaggregated to truly reflect the nature of the misconduct involved so that there is enhanced transparency and better monitoring.</p>	<p>Audit recommendation under implementation.</p>	<p>UNAIDS agrees with the progress status "Under Implementation."</p> <p>Disaggregated conduct data will be presented in the June 2023 report to the PCB.</p>
<p>Asset management</p> <p>We recommend that UNAIDS ensure incorporation of necessary controls in the ERP system to prevent delayed recording of assets.</p>	<p>Though adjustment has been made in the ERP to comply with the audit recommendation, necessary changes in the BMS have not yet been carried out by WHO.</p>	<p>UNAIDS agrees with the progress status "Under Implementation."</p> <p>Management notes that 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).</p>
<p>Programme funding agreements</p> <p>UNAIDS may strengthen the regulation of programme funding agreements through: (a) incorporation of a Framework for Engagement with Non-State Actors (FENSA) mechanism in the 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 SOPs for the conduct of assurance activities.</p>	<p>Audit recommendation is yet to be implemented by UNAIDS.</p>	<p>UNAIDS agrees with the progress status "Under Implementation."</p> <p>a) UNAIDS has undertaken an analysis of WHO FENSA documents, tools and checklists, and it has already developed its own online partner assessment platform, which includes related FENSA components, to be rolled out in 2023.</p> <p>b) Assessment matrix to support non-commercial request for proposals to be rolled out in 2023.</p> <p>(c, d) SOPs on unspent balances and for assurance activities are under development.</p>

Internal Audit activities in 2022 and recurrent audit findings

11. The management of UNAIDS recognizes and wishes to express its appreciation to the Office of Internal Oversight Service (IOS) of WHO for its continued support to UNAIDS through the provision of independent audit assurance.
12. UNAIDS is taking a **holistic approach** to respond to recurrent and systemic audit findings and improve compliance as noted in the Country and Regional Office audits.
13. In relation to the management of **non-commercial contracts (Programme Funding Agreements and Direct Financial Contributions)**:
 - A risk-based approach to assurance activities is being finalized. Guidance will be provided to technical units and offices together with harmonized approach and templates to support the specific risks of the engagement with the partner and the project activities.
 - The Quality Control Teams will be trained to ensure that the assurance activities for non-commercial contracts are adequately documented, and a more structured approach to post-facto verifications will be introduced in coordination with Regional Support Teams. This is in response to management's efforts to empower teams at all levels and to implement quality control more systematically throughout the process.
 - An online platform for the assessment of partnerships has been developed. This tool will not only support adherence to the requirements, with a standardized process, but will also contribute to enhance transparency and information-sharing across the Secretariat. In addition, it will help enhance effectiveness of collaboration across the Secretariat and reduce process times.
 - Finally, the process for assurance activities relating to UNAIDS' engagements with stakeholders under Programme Funding Agreements (generally non-state actors, community groups, etc.) are being reviewed to ensure a risk-based approach by adapting relevant components of WHO's Framework for Engagement with Non-State Actors (FENSA), and applying UNAIDS's latest protection against sexual exploitation, abuse and harassment policies to its assessment and screening tools.
14. To support units in their monitoring of contract implementation, automated alerts and reports have been developed. In addition, the finance team performed an analysis of pending reports and followed up with offices and units concerned with outstanding deliverables to ensure corrective actions are taken swiftly. Monitoring and follow-up activities will continue to be undertaken on a regular basis in coordination with the regional operations officers.
15. Management has taken measures to reinforce adherence to the **asset management** policies and procedures. To this end, a follow-up with the Regional Operations Officers has already been undertaken and a full review of all outstanding assets has been initiated and is currently underway for all UNAIDS offices at country, regional and Global Centre levels. A process of undertaking more regular follow-up with all Country Offices is also being carried out by the Compliance Team and Regional Operations Officers, and punitive sanctions will be put in place for non-compliance with the asset verification process.
16. **Training sessions** were prepared and delivered to staff, particularly in relation to procurement policies, procedures and processes. Moreover, presentations and discussions on management accountability and compliance were delivered to further raise awareness during a regional cluster meeting held during 2022. Quality control teams were reminded of key control points for the processing of contracts; reminders and

updated check lists have been provided to them to enhance compliance across the units in the Secretariat.

17. A new dedicated oversight and compliance office team has been created (as part of the alignment exercise), including a new position for a contract quality-assurance officer (under recruitment), which is tasked with reinforcing the verification and reporting on assurance activities.
18. In relation to the **Advisory report**, management welcomes the IOS advice provided in support of the ongoing structural changes, and specifically those related to office closures.
19. Management has also already taken concrete steps in response to the audit findings on the **Technical Support Mechanism (TSM)**:
 - **Guidelines and manuals:** The UNAIDS TSM is in the process of updating its policies and guidelines to align with the audit recommendations and proposed action points. UNAIDS will also provide relevant guidance to staff on the updated policy.
 - **Approval of consultants' contracts with cumulative value exceeding stated threshold:** As an additional control, the UNAIDS TSM, in agreement with the UNAIDS finance team, set up a policy to monitor consultancy contracts with cumulative value of US\$ 100 000 and over. Clearance from the UNAIDS Procurement Specialist is required for consultancy contracts with a cumulative value of US\$ 100 000 up to US\$ 199 999. For any contracts above US\$ 200 000, sign-off is required from the Director of Finance and Accountability. The policy has been in place since December 2022.
 - **Conflict of interest:** The UNAIDS TSM team will strengthen the monitoring of conflicts of interest, including by updating the declaration form and setting up a system to alert the UNAIDS TSM team of any conflict-of-interest issues.
 - **ClearCheck:** As per advice from WHO legal and WHO human resources sections, ClearCheck is not required for sub-contractors. While implementing ClearCheck is over and above the needs of the existing policy, UNAIDS will implement it for TSM consultants.
 - **Training on PSEAH:** UNAIDS will require all TSM consultants to complete a PSEAH course. UNAIDS has identified a platform which is accredited by United Nations and is accessible to consultants in several languages. The course certificate will be mandatory before qualifying for consultancy with TSM, but this requirement will be implemented in a staggered manner to ensure non-disruption of technical assistance to countries during the Global Fund funding round.
 - **Evaluation of consultants' assignments:** UNAIDS TSM will improve the monitoring controls of consultants' performance. The completion of the consultant's performance evaluation form will be a prerequisite for the final payment to any TSM assignment.
 - **Controls on consultancy rates:** UNAIDS TSM will enhance the consultancy tracker to continue monitoring consultants' previous rate and cumulative contract amounts. UNAIDS TSM will continue to apply the daily fee rates set out by WHO on rates of payment for consultants.

Roles and responsibilities across the Secretariat

20. The Internal Auditor noted that the roles and responsibilities across the units of the Secretariat at Geneva Global Centre, Regional Support Teams (RSTs) and Country Offices needed to be clarified.

21. In 2021, UNAIDS's senior leadership endorsed a new organizational structure for the Secretariat, which: (i) builds on the organization's unique added value; (ii) is knowledge-driven and networked; (iii) is closer to the needs of people living with and affected by HIV and is better equipped to deliver on its mandate; and (iv) responds to the financial realities and future funding landscape.
22. The new organizational structure introduces two branches that work at global, regional and country levels to deliver efficiently on the core structure, as well as four global thematic practices. Furthermore, critical global functions are decentralized and have been moved to hubs, while a smaller presence is retained in Geneva. This ambitious change in the structure of the Secretariat is taking place in a phased manner. In the transition to the new structure, staff are provided with support, including expanded staff counselling function, training and career management support services.
23. With regards to the RSTs, they provide leadership and coordinate support for an expanded UN System response at regional and country levels. They steer, promote and support regional and national partners and the UN System towards ending AIDS as a public health threat by 2030. Using an equity and equality lens as part of the Sustainable Development Goals, the RSTs promote effective use of strategic information on epidemic trends and the status of the response, and provide technical leadership on people-centered HIV prevention and responses in their regions, focused on the populations and locations that are most at risk.
24. Each RST has capacity vis-a-vis each of the four practice areas,¹ as a first line of support to UNAIDS Country Offices. The approach and configuration is differentiated in line with the epidemic and operational context, to optimize Country Office coordination of Joint Teams on AIDS and the UN's support to countries and communities. In relation to operational support from the regional level, this has been configured to reflect enhanced delegations of authority for procurement and human resources (e.g. creation of "human resources business partner" and assistant roles.)
25. **Accelerating the recruitment process.** Management notes that extensive ongoing alignment changes placed a high workload on human resource staff. In order to streamline processes and enhance capacity, the following steps have been taken:
- Decentralization of regional and country-level selection and recruitment to the regional "human resources business partners". In the case of regional and country-level general service and NPO positions (except NPO heads of office), the final decision is made by director of the RST, and the Review Board is simply informed of the decision.
 - A memorandum of understanding with the WHO Tunis centre for provision of G4–G5-level WHO staff to support selection logistics (e.g. launch of advertisements, organizing of interviews).
 - Clearer timelines and a simplified approval process for the recruitment Review Board to make decisions.
 - The PCB paper, "Update on Strategic Human Resource Management Issues", notes that, at a global level the "average time to recruit between the date of advertisement of a vacant position and the acceptance of an offer by the selected candidate decreased significantly since its peak in 2020, from 231 days to 188 days in 2022".
 - The UNAIDS Secretariat has undertaken efforts in 2022 to closely track the time taken by each step of the selection process to identify where delays occur and to

¹ Data for Impact; Science, Services and Systems for All; Equality and Rights for All; and Equitable Financing.

address bottlenecks with a view to reducing the time it takes from the advertisement of a position until the selected candidate joins the organization.

26. **ClearCheck for non-staff individuals employed by UNAIDS.** Additional accounts for human resources staff have been approved by the ClearCheck platform administrators to strengthen compliance and reduce potential process bottlenecks.
27. **Improving the preparation and documentation of adjudication reports.** Management has already conducted an administrative and operations training for staff in Africa, held on 5–9 June 2023. This training included contract preparation, and a dedicated session on drafting Adjudication Reports and Justification Notes. Further trainings will be organized for the other regions and reminders will be sent to all staff.

Implementation of past Internal Audit recommendations

28. Management is pleased to note that the IOS closed 7 audits, 152 recommendations and 1 advisory report during the year, of which 3 audits are from the 2018 and 2019 audit work plans.
29. There was significant improvement in the implementation of past audit recommendations compared with previous years:
 - The implementation rate is 78% of the total number of recommendations tracked, which is the highest achieved since 2020 (Figure 1);
 - The balance of recommendations not closed is at its lowest level since 2020 (Figure 2); and
 - The percentage of recommendations overdue improved: 22% in April 2023 compared with 31% in April 2022, 27% in May 2021 and 46% in May 2020.
30. Regular monitoring and dedicated support were provided to offices with outstanding audit recommendations, resulting in a significant decrease of long outstanding recommendations:
 - 57 recommendations of the 69 recommendations outstanding from the 2018–2019 audit workplans were closed during the year (83% closed since April 2022); and
 - 79 recommendations of the 114 recommendations outstanding from the 2020–2021 audit workplans were closed during the year (Figure 3).
31. Follow-up with the concerned offices will continue in order to address the remaining long-outstanding recommendations.

Figure 1. Implementation rate:² year-on-year progress

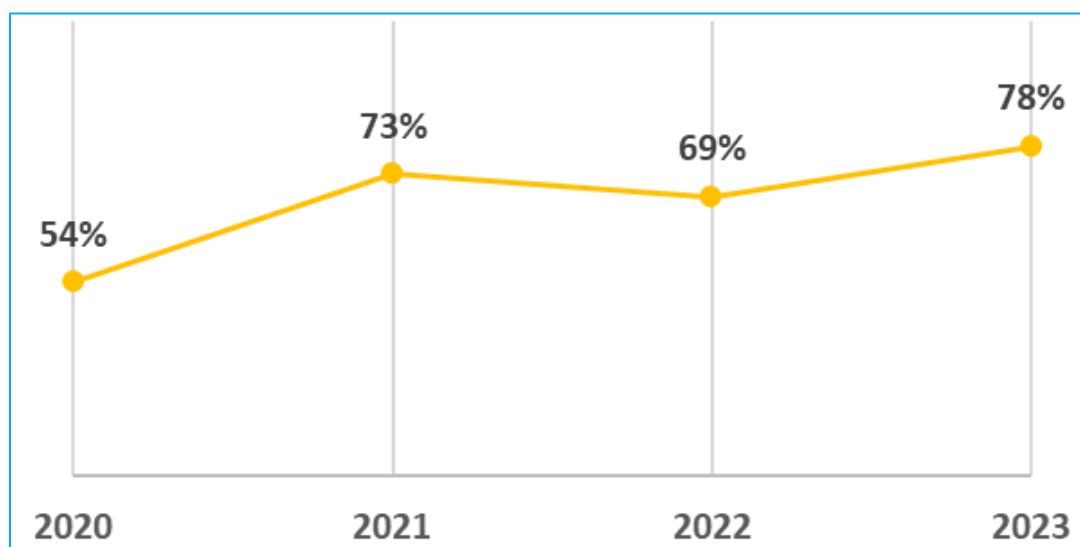
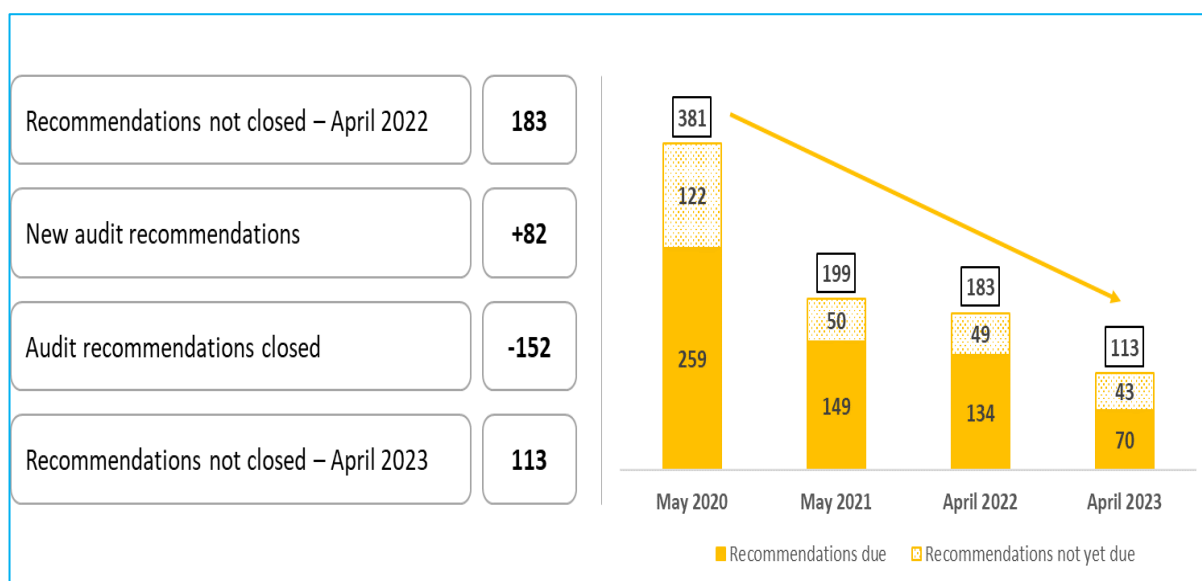
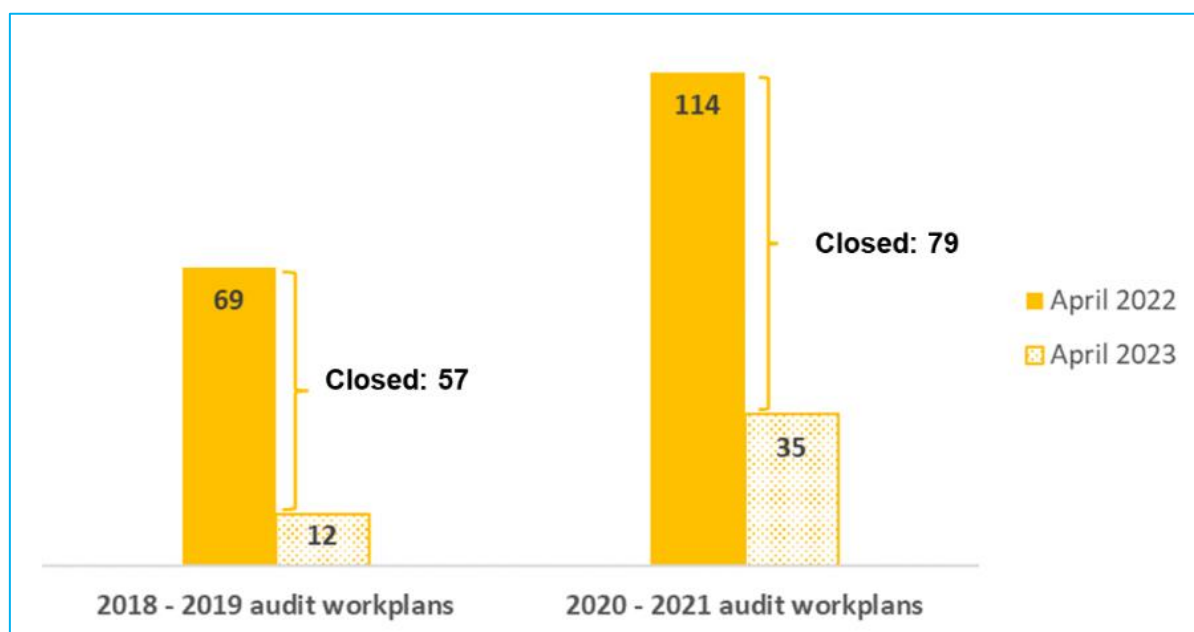


Figure 2. Recommendations due and not due:³ year-on-year progress



² Percentage of recommendations closed of the total number of recommendations from audit reports tracked, excluding recommendations not yet due.

³ The draft audit of the TMS is not included in the April 2023 tally.

Figure 3. Long-outstanding recommendations: progress achieved during the year

Outcomes of investigations

32. Reference is made to the report of the work of the Office of IOS for 2022. In 2022, IOS received 16 new allegations involving UNAIDS staff and resources, compared with 12 in 2021 (a 33% increase), and 11 reports of concern in 2020.
33. Following the issuing, together with WHO, of a new policy on preventing and addressing abusive conduct, an internal #Respect campaign was launched in September 2021. Based on six scenarios which raised awareness about examples of harassment, sexual harassment and discrimination, this multiyear campaign aims to build a solid understanding as to what constitutes abusive conduct. Staff are engaged in "virtual" conversations around themes to unpack definitions, increase knowledge of support and redress mechanisms, and become empowered to take action to prevent and address abusive conduct in the workplace. Informed by user research, new scenarios were developed and launched in March 2023 during an all-staff meeting. These highlight examples of good behaviour and contribute to building trust in support services and reporting channels. Accompanied by a conversation guide for teams, these scenarios serve as conversation starters.
34. As the multiyear #Respect campaign continues, it will incorporate the new policy on preventing and addressing sexual misconduct (including, but not limited, to sexual exploitation and abuse, sexual harassment, and sexual violence), which was launched by WHO in March 2023.
35. Reference is made to the *Update on strategic human resources management issues*,⁴ for more information on the initiatives and actions taken.
36. For a comprehensive overview of actions taken on investigative and other findings or irregular practices and conduct in 2022, reference is made to the *Annual report on*

⁴ UNAIDS/PCB (52)/23.14

corrective administrative action, including disciplinary measures imposed in 2022 UNAIDS/PCB (52)/CRP6.

Management's response to the independent Ethics Office report

37. Management expresses its gratitude to the Ethics Officer for the report. The work of the Ethics Office is instrumental in providing staff and non-staff with a safe space to request confidential advice, seek support and protection.
38. UNAIDS considers the role of the Ethics office as critical to enable staff to uphold the highest standards of conduct and to ensure that all activities of the organization are undertaken in full compliance with the organization's values, rules, policies and procedures. The office is also important in promoting an ethical culture within and across the organization.
39. UNAIDS welcomes the increased trust shown in the Ethics Office by staff and will strive to further increase this trust in the coming years.
40. 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. Accountability of managers will also be increased to ensure that all staff complete the training within a specific time period. With the adoption of the new policy on preventing sexual misconduct, the organization will pursue its zero tolerance of sexual misconduct within the organization and strengthen its capacity to take prompt, victim-centered action when cases arise.
41. Management has partnered with the Ethics office to build awareness on preventing and addressing misconduct through the #RESPECT campaign. UNAIDS will continue to promote this campaign, targeting existing and new staff. The updating of the intranet page on ethics and the creation of standardized forms and standard operating procedures are welcome measures in supporting staff. It is heartening to note that communications and training efforts have been effective in raising awareness among staff. Refresher trainings will also be supported.
42. UNAIDS is commissioning an external expert review that will identify the needs and opportunities to further strengthen the organization's safeguarding procedures and culture within and beyond these contexts. UNAIDS management is committed to implementing a safeguarding framework that ensures UNAIDS meets its responsibilities to the members of the communities it serves.
43. Management has a zero-tolerance stance against retaliation of any kind against staff and has implemented the recommendations made by the Ethics Office. The new policy on whistle-blowers and protection against retaliation that will be issued shortly will support further actions against retaliation and protection.
44. There has been progress on the four recommendations made by the JIU in 2022 related to the ethics function in UN organizations. These will be fully implemented in collaboration with the Ethics Office.
45. Management welcomes the engagement of the Ethics Office in the diversity survey completed last year, and its involvement in the respect campaign. The diversity survey allowed for a more nuanced picture of the composition of the UNAIDS workforce, including racial composition, and led to the implementation of follow-up actions. To gain better understanding of experiences of UNAIDS staff with racial discrimination, additional questions were added to the 2022 global staff survey. Responses to the racial

discrimination issues raised in the survey are incorporated into the UNAIDS anti-racism plan. The plan was developed based on organization-wide dialogues with staff, which began in 2020, following the #BlackslivesMatter global movement.

46. A number of anti-racism learning sessions were undertaken, including facilitated dialogues by external experts during prominent international commemorative days. UNAIDS contributes to initiatives that seek greater coherence and coordination across the UN System in order to respond to racism, including through the informal inter-agency group on anti-racism. In 2023, as part of the High-Level Committee on Management (HLCM) Working Group UNAIDS contributed to production of Diversity Equity and Inclusion (DEI) and anti-racism products, including the DEI glossary; DEI vision and principles; and a collection of DEI good practices. UNAIDS actively engaged with the JIU review of the measures and mechanism for addressing racism and racial discrimination in the UN System and provided substantive input to the process, findings and recommendations.
47. The Ethics Office has been established as an independent office, and UNAIDS is committed to ensuring that the Office is able to support the demands made on it in a balanced manner that is in line with the overall staffing levels and budgetary capacity of the organization. UNAIDS will explore the possibility of establishing a backstop function through WHO.

Management's response to the annual report of the Independent External Oversight Advisory Committee

48. Management expresses its appreciation to the members of the UNAIDS Independent External Oversight Advisory Committee (IEOAC) for their report and the quality advice provided during the course of this reporting period.
49. **Risk management and internal controls:** Management is in agreement with the recommendations and had already sourced top-down risks from the senior management team. It has initiated the process, in coordination with the Risk Management Committee, of assigning owners for each top risk, including related mitigation actions.
50. Management has taken note of the recommendation managing changes in the fund balance and has already taken action for 2023 to maintain the fund balance by moving with cautiously optimistic funding scenario of US\$ 160 million against an approved base budget of US\$ 187 million. Furthermore, we will address fund balance level in the context of ongoing efforts to strengthen both resource mobilization and cost-efficiency/value for money.
51. Management takes note of the recommendations related to **UBRAF performance monitoring reporting (PMR)**, specifically in relation to challenges linked to reduced funding, Management notes that:
- Cosponsors have been requested to provide further information on the impact which the UBRAF funding shortfall is having on their activities in the field, as per their respective mandates, as part of the PMR; and
 - some of the benchmarks produced for the indicators during the COVID-19 pandemic could be somewhat conservative, which also explains the positive results in 2022. We expect to see a greater impact of the funding shortfall in the 2023 PMR.
52. Management is in agreement with the recommendation to arrange for the UBRAF PMR to be periodically audited.

53. **New Enterprise Resource Planning (ERP) system:** Management is in agreement with the recommendation and will continue to use every opportunity to ensure that UNAIDS's needs are considered during the WHO's development and implementation of the new ERP system. It is however important to note that WHO has made it very clear that the entities, including UNAIDS, are expected to adopt the WHO Business Management System (BMS) as developed for WHO. There are no customizations possible. Given this situation, UNAIDS has taken various measures to reduce the risks of this project, including setting up a project structure that is aligned with WHO's programme structure (with the recruitment of a senior external project manager and an expert on organizational change management and communication), and ensuring adequate training of staff. In addition, extensive testing is foreseen and contingency plans will be worked out.
54. As reported in paragraph 29 above, significant progress was achieved in the closure of **past audit recommendations**. Management will continue taking actions to close the remaining long-outstanding recommendations. Management is in agreement with the recommendation to enhance transparency on the internal audit reports issued during the year and will post information, in coordination with IOS, on the UNAIDS website.
55. **Internal and External Audit functions:** Management is in agreement with the recommendations and will coordinate with the Internal and External Auditors to:
- investigate the expansion of the Internal Audit scope to include efficiency and economy aspects ;
 - ensure regular meetings between the UNAIDS Executive Director and the Internal and External Auditors; and
 - monitor investigative case statistics, including on performance against the agreed timelines in the memorandum of understanding, develop an action plan for addressing the backlog of investigations, and ensure a budget is dedicated for investigations.
56. Management takes note of the advice to explore strategies for increasing resources for the Ethics Office, and will make concrete efforts to do so, while also noting that any action must take into account the current funding situation.
57. Management agrees and welcomes the recommendations to reinforce efforts to clear long outstanding investigations, raise the visibility of fraud prevention measures, and improve the completion rates for the organization's training courses on ethics and integrity; protection from sexual exploitation, abuse and harassment; and fraud. Management continues to be apprised of plans to strengthen the capacity of IOS and hopes to see this completed in 2023 so that memorandum of understanding commitments on timely investigations can be achieved.
58. With regards to the JIU, recommendations management notes that a significant number of the recommendations have been implemented, while others are not applicable to UNAIDS. An updated action plan will be presented on the status/progress of the JIU implementation.
59. Management agrees that consolidated reports on all oversight recommendations will be regularly provided to UNAIDS senior management and to the IEOAC for review.

Implementation of the Joint Inspection Unit recommendations

60. Management welcomes the reports of the JIU and appreciates their reviews of cross-cutting issues that promote administrative efficiency and contribute to greater coordination between UN agencies.

61. Detailed information on the implementation of the JIU review of the administration and management of UNAIDS was provided in a separate update to the PCB (UNAIDS/PCB (47)/20.40; and UNAIDS/PCB (47)/CRP5).
62. In the period 2014–2022, the JIU issued 59 system-wide and several organizational reports, notes and letters, for a total of 412 recommendations, excluding those recommendations addressed to single organizations.⁵
63. The JIU uses an online web-based tracking system to monitor and follow-up on the status of acceptance and implementation of their recommendations.
64. During 2022, the acceptance and implementation rates for UNAIDS reported in that tracking system stood at 78% and 65%,⁶ respectively.
65. Management is committed to continue its efforts to ensure timely follow-up of JIU recommendations, while recognizing that some of the recommendations may not be fully relevant to a small-scale and cosponsored programme such as UNAIDS. Therefore, a risk-based approach will be taken to prioritize actions with due consideration to the limited resources and smaller scale of the UNAIDS Secretariat, compared with other UN entities.

Conclusion

66. Management is pleased with the unqualified audit opinion from the External Auditor on the 2022 financial statements and welcomes the recommendations that support the strengthening of internal controls, the effective use of resources and the quality of reporting.
67. Management reiterates its commitment to continue improving the timely implementation of audit recommendations and will continue to introduce measures in this regard.

Proposed decision points

The Programme Coordinating Board is invited to:

- *take note* of the Report of the work of the Office of Internal Oversight Services for 2022;
- *accept* the External Auditor report for the financial year ended 31 December 2022;
- *take note* of the report of the Ethics Office;
- *welcome* the report of the UNAIDS Independent External Oversight Advisory Committee and look forward to the next report in 2024;
- *take note* of the Rules of Procedure for the UNAIDS Independent External Oversight Advisory Committee;
- *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*
- *take note* of Management's response to oversight reports.

[End of document]

⁵ Report of the Joint Inspection Unit for 2022 and programme of work for 2023 (A/77/34).

⁶ Status of acceptance and implementation of recommendations from 2014–2021, as at 13 January 2023 (A/77/34).