
Unified Budget,
Results and
Accountability
Framework
2020-2021

Agenda 7.2
FINANCIAL
REPORTING



Financial Highlights

- Seventh set of financial statements prepared according to **IPSAS** accounting standards
- **Unmodified audit** opinion provided by the external auditors
- All recommendations of the **external audit** conducted in 2018 implemented
- Financial situation has been relatively stable during 2018 – but remains tight

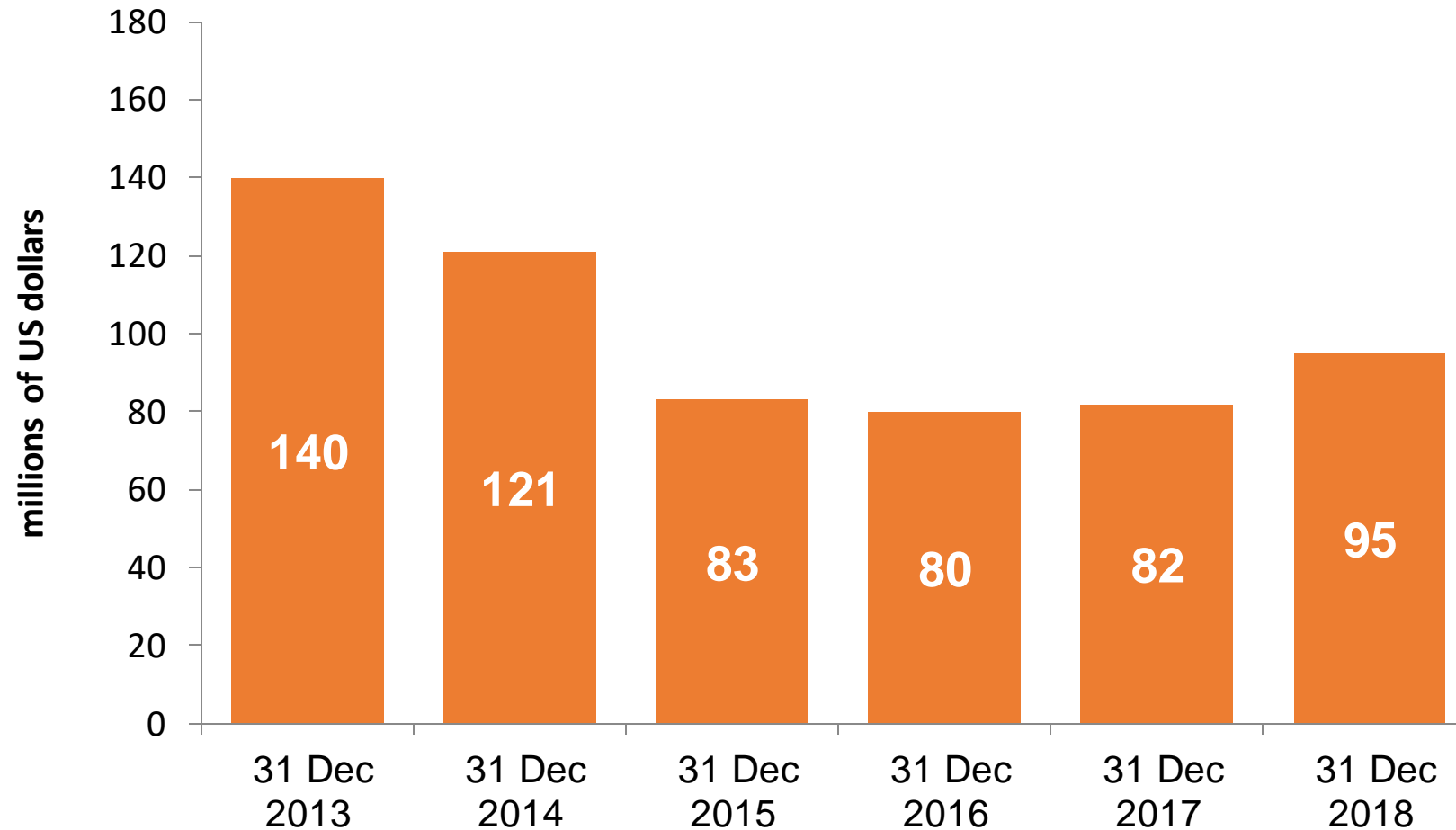


Financial Highlights (Continued)

- Core **income** totaling **US\$ 189 million** mobilized in 2018 compared to **US\$ 177 million** mobilized in 2017.
- Total core **expenditures** (expenses and encumbrances) amounted to **US\$ 176 million** in line with 2017 level of US\$ 175 million)
- The net **fund balance** on 31 December 2018 stood at **US\$ 95 million** an increase of US\$ 13 million when compared to US\$ 82 million in 2017)

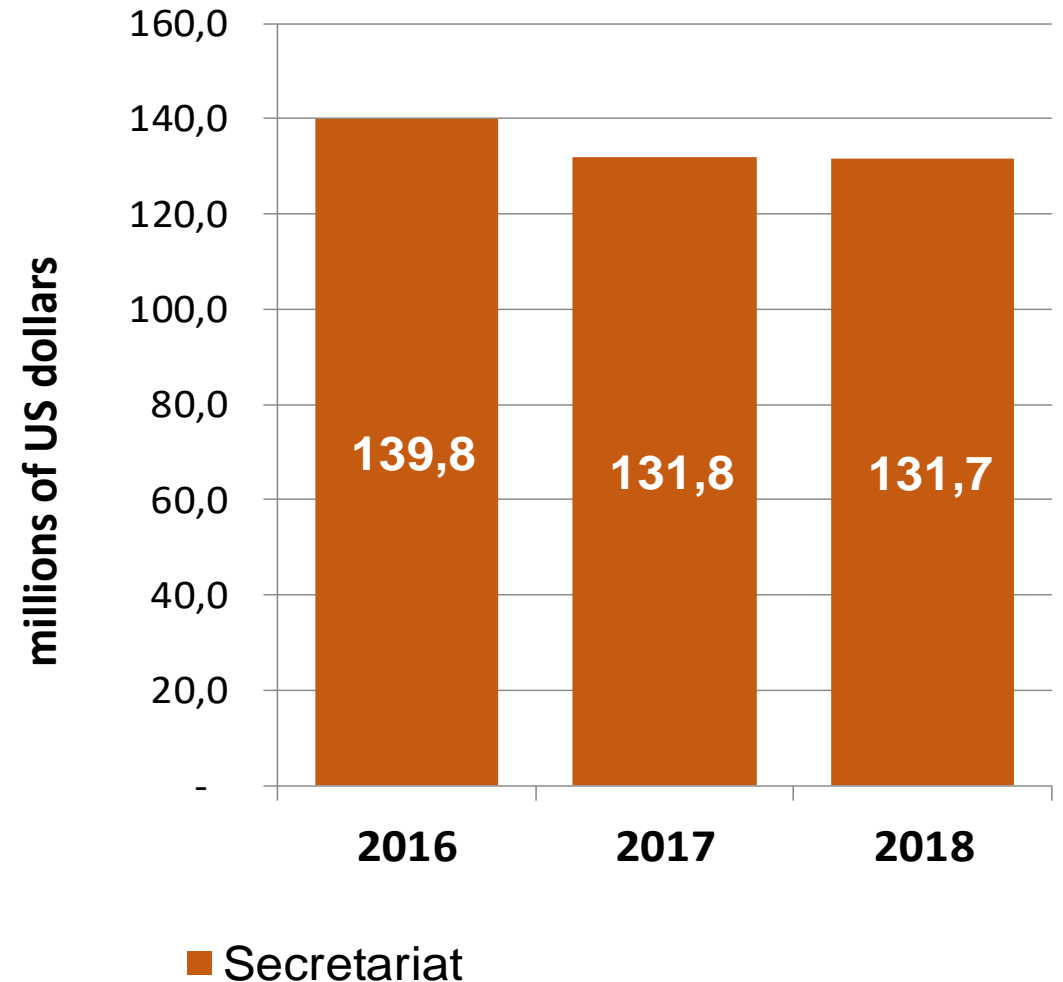


Management of the core fund balance



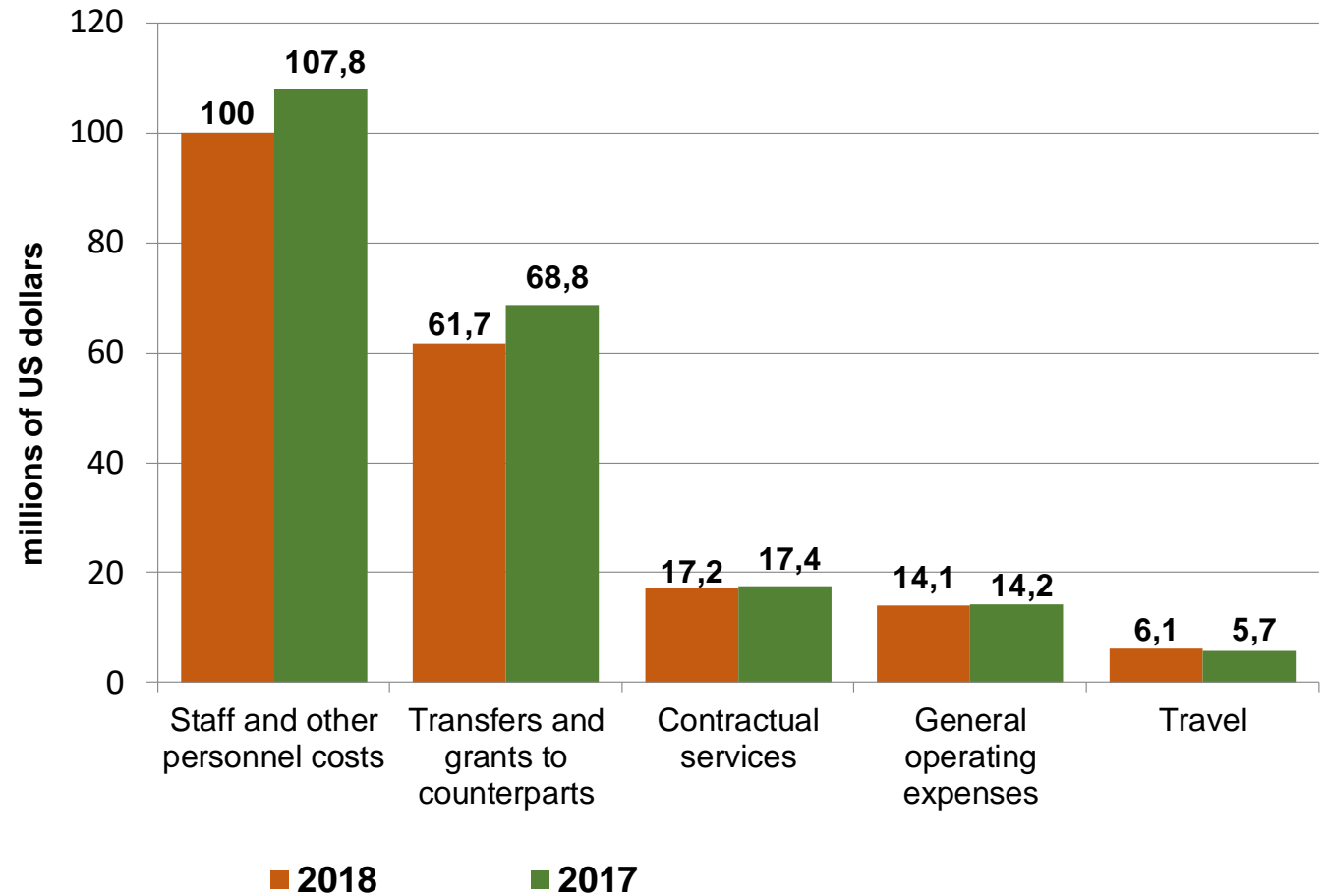
UBRAF Core Secretariat expenditures 2016 - 2018

- Secretariat 2018 expense of **US\$ 132 million** is in line with that of 2017
- Represented a saving of **US\$ 8,3 million** against the approved core budget of USD 140 million.



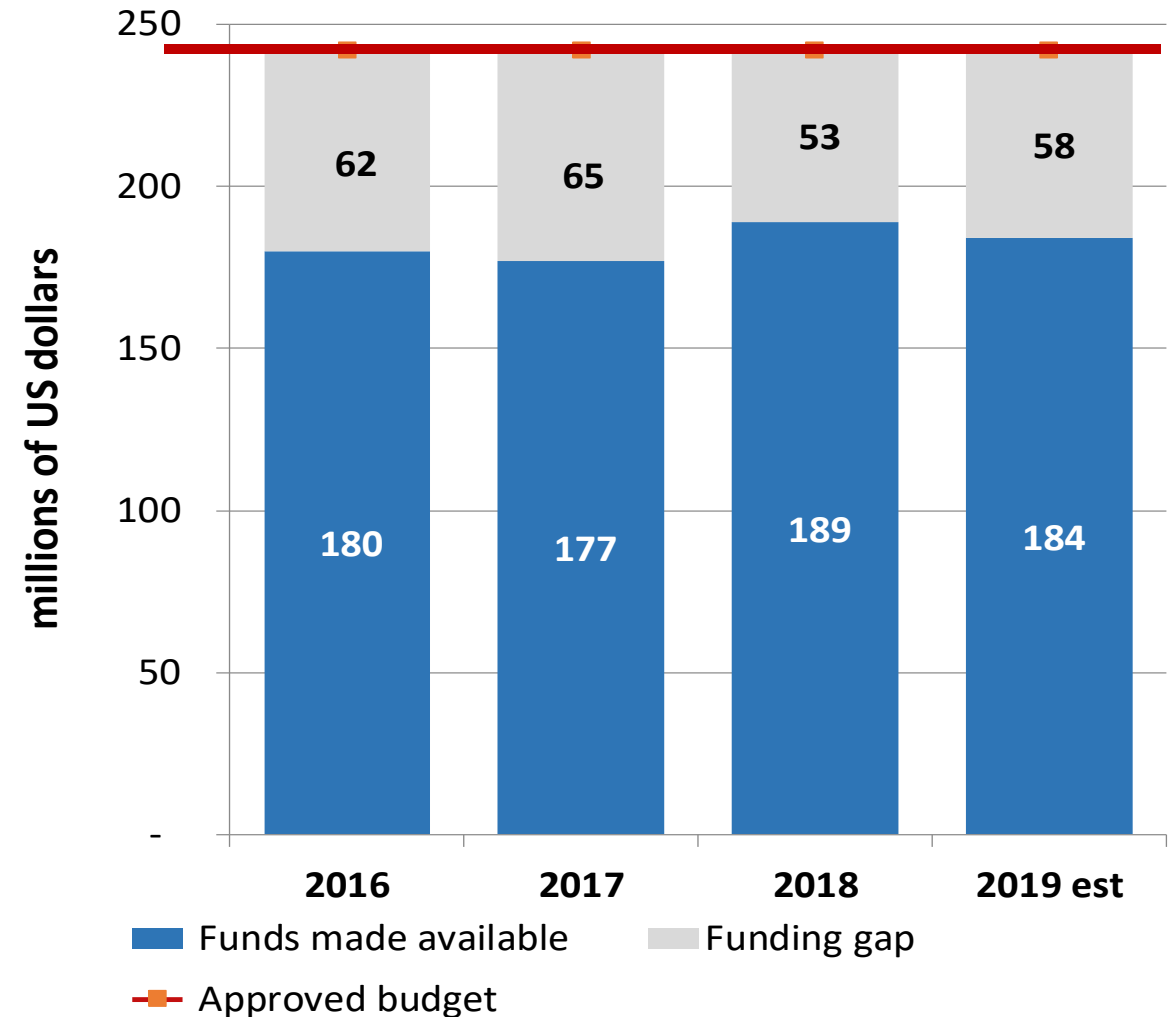
Cost savings and efficiency gains

- Continued emphasis **on cost effectiveness** and **cost containment**
- Overall level of expenditure under major expense categories in 2018, **in line with 2017 expense.**
- Savings were mainly generated under **staff costs** and **transfers to counterparts**



Funds mobilized during the last three years and 2019 estimate

- In 2018 UNAIDS mobilized **US\$189 million**
- In 2019 it is **projected** to mobilize **US\$ 184 million** – i.e. fully fund the 2019 core budget

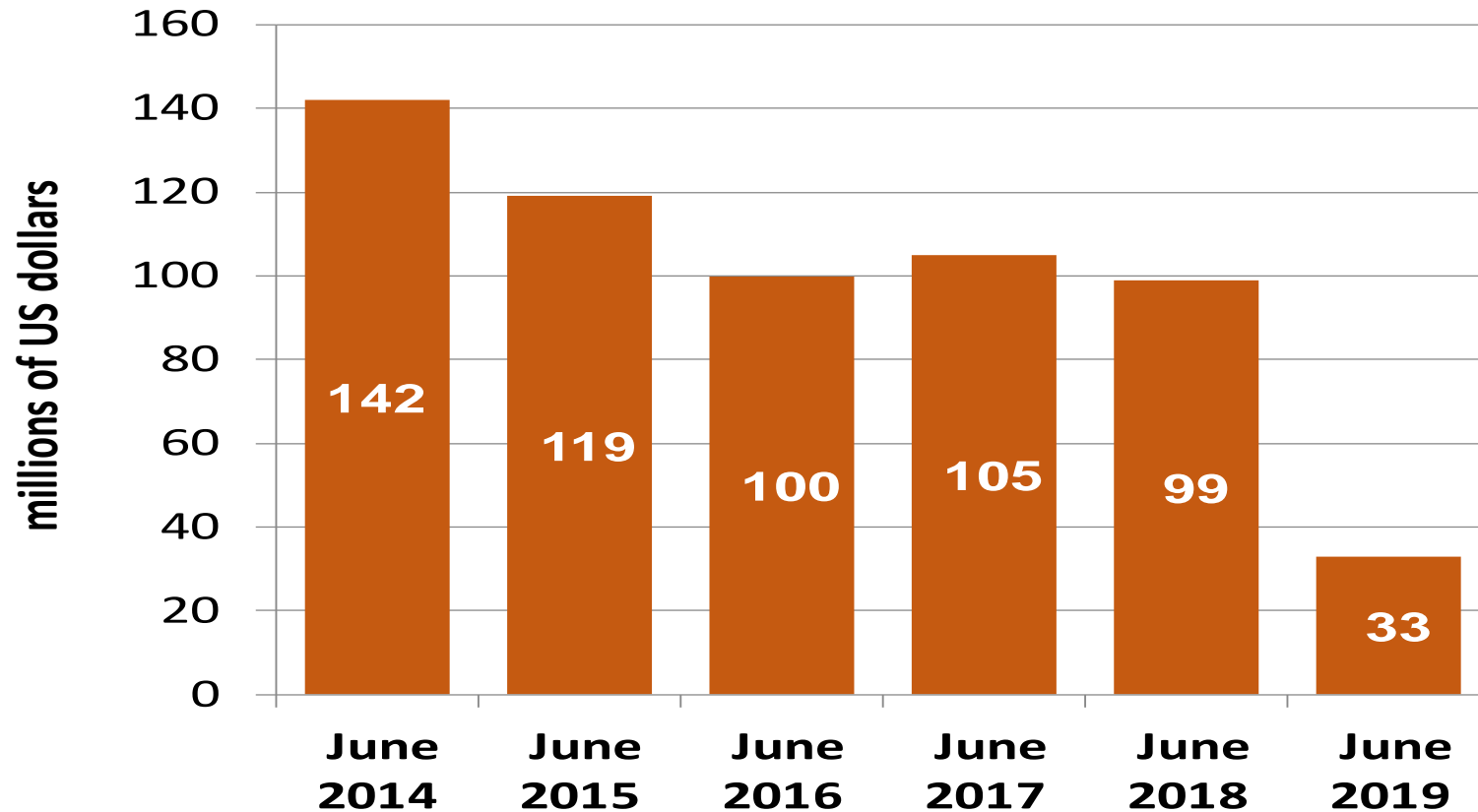


Developments in 2019 – Income and Expenditure

- Core expenditure and encumbrances as at 31 May 2019 amounted to **US\$ 102 million**.
- The Cosponsors share of the **2019 core budget of US\$ 44 million** has been fully transferred to the respective Cosponsors.
- Secretariat core expenditure and encumbrances amounted to **US\$ 58 million**.
- Income mobilized to date is only **US\$ 33 million lowest ever**



Comparison of revenue made available as at June of each year towards the UBRAF from 2014 to 2019



Internal and External Audit Reports for 2018

Proactive Management - Moving forward

- **Reinforce management accountability**
- New, enhanced and **interconnected online management tools** for Planning, Reporting and Accountability
- **Identification** of specific **country offices and operational areas** **deemed at risk** by UNAIDS management
- **Proactive management action** rolled out that respond to auditors' recommendations



2019 Internal Audit Overall Recommendations

Areas that require strengthening:

- Compliance with procurement procedures and competitive bidding process
- Consistency between fixed assets register and annual physical verifications
- Internal coordination and strategic planning between HQ, RST and CO, and strategic business plans for RSTs
- Monitoring procedures for organizational learning
- Regular review of user access rights to ERP Management System

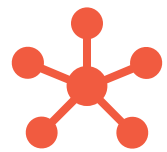


Summary Internal Audit reports of alleged misconduct for period 2016 -2018

Types of reports of concern	2016	2017	2018
Fraud	3	1	4
Failure to comply with professional standards	2	0	6
Harassment	2	0	1
Sexual harassment	1	0	1
Sexual exploitation and abuse	0	0	0
Retaliation	0	0	2
Total	8	1	14

2019 External Audit Overall Recommendations

1. Issued an **unmodified opinion** on the UNAIDS Financial statements on 31 December 2018.
2. **Commended** the Secretariat on the maturity of the financial statements in compliance of IPSAS.
3. Recognised the **prompt action** by Management on the 2018 recommendations
4. Recognised **100% implementation** of the 2017 recommendations



2019 External audit recommendations

Areas identified by the external auditors where **financial management and governance** of resources could be improved:

1. Strengthen **travel management and planning** system
2. Reinforce **the internal control self- assessment check list**
3. Strengthen **status reporting and feedback mechanisms** for follow up actions related to Direct Financial contributions
4. Enhance assurance processes for Direct Financial contributions through reinforcing the **segregation of duties**



Comparison of revenue made available as at June of each year towards the UBRAF from 2014 to 2019

