

REPORT OF THE 15TH MEETING OF THE UNAIDS INDEPENDENT EXTERNAL ADVISORY OVERSIGHT COMMITTEE (IEOAC)

Date: 20-22 May 2024

Venue: Kofi Annan Room, UNAIDS Global Centre, Geneva

PARTICIPANTS

Committee Members: Mr Saad Bounjoua (virtual), Ms Agnieszka Golebiowska, Mr David Kanja, Mr Ibrahim Pam, Ms H el ene Rossert (Chair), Benoit de Schoutheete (Vice Chair). (Ms. Bushra Malik is on leave of absence from the IEOAC.)

Secretariat: Mr Tim Martineau, Director of Management; Mr Morten Ussing, Director of Governance and Multilateral Affairs; Mr Kodo Ngabane, Governance Officer

DAY ONE

20 May 2024

After the Chair called the meeting to order, IEOAC members reported that they had no real or perceived conflicts of interest. Reports for the October 2023 and February 2024 meetings of the Committee were approved. Recalling that the IEOAC had agreed that its meeting agendas would be set at least one month prior to meeting date and that materials and presentations would be made available at least 10 days prior to the meeting, the Chair reported that the preparatory process for the 15th meeting had gone smoothly. The Committee expressed appreciation for the timeliness and quality of the Secretariat's interaction with IEOAC in preparation of the meeting.

SESSION 1: Opening session with the UNAIDS Deputy Executive Director

In the place of the Executive Director, who was unavailable on Day One, the Deputy Executive Director of Policy, Advocacy and Knowledge, Ms Christine Stegling, provided a brief presentation to the IEOAC and then interacted with Committee members on key issues such as the continued progress in the global HIV response, risks posed to UNAIDS by the funding situation, Management's proposals to address the short-term gap for the Unified Budget, Results and Accountability Framework (UBRAF), measures being undertaken to improve accountability and resource management (including timely responses to oversight recommendations), and results of a pulse survey of staff (which showed improvements in 11 of 13 areas addressed by the survey on staff well-being). Considerable discussion focused in the future of the Joint Programme, including plans to convene a High-Level Panel to review the UNAIDS Operating Model, as requested by the UNAIDS Programme Coordinating Board (PCB).

The IEOAC made the following observations and recommendations from their meeting with the UNAIDS Deputy Executive Director:

- **The Committee observed that progress has been made in several areas addressed by the IEOAC terms of reference. The IEOAC appreciates the work of UNAIDS Management to implement many of the Committee's recommendations, and encourages Management to continue its efforts.**

- **The Committee requested Management to finalize and update the Register of IEOAC recommendations. This Register should be systematically updated by Management ahead to each IEOAC meeting.**
- **The Committee took note of the PCB's request for the Joint Programme to revisit its operating model, and of plans to convene a High-level Panel, with results to be reported to the PCB in June 2025. The Committee further acknowledges that the work of the High-Level Panel will be informed by the results of the mid-term review of the Global AIDS Strategy. The Committee looks forward to receiving information regarding the process of revisiting the operating model.**

SESSION 2: Update on follow-up on the implementation of the internal and external oversight recommendations

The Acting Director of Finance and Accountability, Mr David Fraser, reported on the status of Management's responses to – and implementation of – internal and external oversight recommendations.

With respect to the external audit, the audit of UNAIDS's 2023 financial statements resulted in an unqualified opinion. Seven of 10 prior recommendations have been closed in the last year and three recommendations are currently being implemented. With respect to the internal audit, all outstanding audit recommendations from 2019-2021 have been closed, and 72% of recommendations from the 2022 audit have been closed. As of 26 April 2024, 30 high residual risk recommendations from internal audits were closed. Information was provided on the ageing and residual risk level of the 72 internal audit recommendations that remain open. It was noted that the most recurrent high residual risk recommendations from internal audits concerned implementation partnerships (IPs) and that actions have been planned or are ongoing to address each of the areas where internal audits found a need for improvement with respect to IPs. UNAIDS Management has put in place an action plan for the prioritization of recommendations, with the aim of ensuring attention to the highest-priority recommendations while working to ensure the timely clearance of all recommendations.

A status report was also provided on recommendations by the Joint Inspection Unit (JIU) of the United Nations System. Of 375 recommendations that JIU has made, 243 have been closed, with 119 pending, including 36 made in 2023. Discussion focused on the difficulty for the JIU to differentiate in its recommendations between the size and structure of UN organizations and the labour-intensive process required to respond. Expressing its commitment to address relevant JIU reviews, Management has developed a protocol for a risk-based review to prioritize JIU recommendations as well as procedures clarifying ownership within the Secretariat for responding to JIU recommendations.

The IEOAC made the following observations and recommendations on the follow-up on internal and external oversight recommendations:

- **The Committee acknowledged the reduction in the backlog in internal and external oversight recommendations.**
- **The Committee supported the approach of Management to implement a risk-based review to determine which JIU recommendations are most relevant to UNAIDS. In developing a plan to address pending or future JIU recommendations, the Committee recommends that Management reach out to comparable UN organizations and to UNAIDS Cosponsors to understand their approach to responding to the substantial number of recommendations issued by JIU.**

SESSION 3: Financial reports and Statement of Internal Controls

The Acting Director of Finance and Accountability presented on the organization's financial reports. In 2023, core funding for UNAIDS was roughly in line with the revised operating budget of US\$ 160 million, but it is estimated that resources for 2024-2025 will fall US\$ 45 to US\$ 50 million below the revised operating budget. Management proposes to close this funding gap through two steps: First, Management proposes to bring the fund balance (US\$ 91 million as of ending 2023) into alignment with the 22% minimum agreed by the PCB, which would result in a revised fund balance of US\$ 70 million and enable funding to be transferred for 2024-2025 core funding. Second, Management proposes to transfer US\$ 25.1 million from currently-overfunded After Service Health Insurance (ASHI). (According to information provided to the IEOAC by the Acting Director of Finance and Accountability, ASHI will be fully funded at 124% after the proposed transfer.) It was noted that over-funding resulted in part from a transfer to ASHI authorized by the PCB in 2012 and that Management is committed to continue making annual ASHI contributions.

The Acting Director of Finance and Accountability described the step-wise process for development and sign-off on the Statement of Internal Controls. Areas for improvement were described to the IEOAC, as well as actions taken to date to address each area for improvement as well as future actions planned.

The IEOAC made the following observations and recommendations regarding the financial reports and Statement of Internal Controls:

- **The Committee took note of the financial report, the audited financial statements and the interim financial management update.**
- **The Committee found that Management's proposal to align the fund balance with the minimum percentage of operating budget approved by the PCB, taking into account the reduced operating budget, is reasonable and justified.**
- **The Committee noted that the 2023 financial statements indicate that the current funds set aside for After Service Health Insurance (ASHI) liabilities stands at US\$ 154.6 million (US\$ 129.5 million with SHI and US\$ 25.1 million with the staff benefits fund) compared to defined benefit obligations estimated at US\$ 104.7 million. The Committee also takes note of Management's commitment to continue to make annual ASHI contributions. The Committee finds justified Management's proposal to move back the US\$ 25.1 million previously transferred per PCB decision in 2012 to the core fund balance, especially given that the financial commitment to ASHI will remain fully met. In addition, no suitable alternatives have been identified.**
- **The Committee acknowledged that Management has identified action items for risks identified through the exercise of developing the Statement of Internal Controls. The Committee calls on Management to develop a clear action plan that includes timelines and an assessment of the severity of each of the risks identified in the Statement of Internal Controls.**

SESSION 4: Update on resource mobilization

The Director of Resource Mobilization, Ms Tamara Thomas, briefed the Committee on implementation of the UNAIDS value proposition and its financing campaign, including missions to donor capitals, ambassador-level engagements and donor briefings. Emerging key

performance indicators for the resource mobilization strategy were described and plans were described for retaining key donor accounts, watching and growing other donor accounts, recovering or maintaining others, and leveraging key events and institutions to attract resources.

The discussion with the Committee mainly focused on the evolution of the Joint Programme's relationship with the Global Fund. UNAIDS expressed its intention to intensify its efforts to mobilize non-core funding. Expectations were also expressed to leverage the work of the High-Level Panel on the UNAIDS Operating Model to maintain and grow the financial commitment to UNAIDS.

SESSION 5: Annual report of the Office of Internal Oversight Services (internal audit and investigations)

The Director of the Office of Internal Oversight Services of the World Health Organization (WHO/IOS), Ms Lisa Mc Lennon, provided the annual report on internal oversight services. According to audit results, effectiveness of internal controls increased from 55% in 2022 to 71% in 2023, with high levels of residual risk observed for post facto assurance and spot checks of implementing partners and for guidance and training of implementing partners. There have been delays in implementing the 2024 audit plan due to the illness of a WHO/IOS staff member, but the WHO/IOS Director anticipated completion of the audit plan by the end of the year as a result of outsourcing country office audits. The recommendations in twelve audit reports were closed since the 2023 annual report on internal oversight services, and improvements have also been seen in implementing of outstanding audit recommendations, with no long-outstanding recommendations pending.

WHO/IOS highlighted emerging risks and issues, including modification in May 2024 of the quality compliance check process, implementation in the future of a new enterprise resource planning (ERP) system currently being developed by WHO, and the ongoing funding situation for UNAIDS.

WHO/IOS reported that it is rolling out a new audit approach to shift from compliance to more cross-cutting audits.

The WHO/IOS Director also updated the Committee regarding the investigations function. As of the date of the 15th IEOAC meeting, one allegation had been received by WHO/IOS, compared to 27 in 2023. Of the 53 allegations closed in 2023, 41 were closed at the time of intake and 21 were from 2016-2021. Fourteen cases are still pending.

The Committee held a closed session with the WHO/IOS Director.

The IEOAC made the following observations and recommendations regarding the internal audit function:

- **The Committee reiterated its recommendation that WHO/IOS use the UNAIDS Secretariat's identification of top risks as the basis for developing its annual workplan of UNAIDS audits. In transitioning from a compliance-based to risk-based approach, WHO/IOS should work to reduce the number of audit recommendations and prioritize higher-impact recommendations that address the most important risks facing UNAIDS.**
- **The Committee recommended that WHO/IOS present to the IEOAC at its October 2024 meeting a risk-based internal audit plan for 2025. This should be done every year or upon modifications to the audit plan.**

- **The Committee expressed concern regarding the delays in implementing the 2024 internal audit plan for UNAIDS. Where unforeseen circumstances affect WHO/IOS's ability to deliver its annual audit plan, contingency plans should be in place to ensure audit coverage in accordance with the audit plan.**

DAY TWO
21 May 2024

SESSION 6: Annual report of the External Auditor

The External Auditor, Ms Rita Dhillon, reported on its unqualified audit opinion for UNAIDS. In its report, the external auditor recommended that UNAIDS ensure timely creation, updating and monitoring of the business continuity plan in event of a disruptive event, and that Management expeditiously complete its ongoing review of asset items that have been reported as “not found.” Among 10 pending recommendations, seven have been closed, one is open, and two are in process of being implemented.

The Committee held a closed session with the External Auditor.

The IEOAC made the following observations and recommendations regarding the Annual Report of the External Auditor:

- **The Committee took note of the unmodified audit opinion of the External Auditor and the recommendations in this report.**
- **The Committee called the attention of Management to the recommendations of the External Auditor to develop a business contingency plan for Headquarters and for the field offices that still do not have one.**

SESSION 7: UBRAF performance monitoring

As the annual Performance Monitoring Report (PMR) for 2022-2023 was still being developed at the time of the 15th IEOAC meeting, the Senior Advisor for Programme Planning and Field Support, Ms Marie-Odile Emond, briefed the Committee on the process for validating and ensuring the quality of performance data reported to the PCB. Validation and quality assurance steps include a review of performance reports for completeness, detection of apparent data errors or illogical values, comparison of data trends over time to identify and address large or unexpected changes, data triangulation methods to compare performance reports with other datasets, and selection of a random sample of countries for additional data verification. As indicated, interventions are made to address missing data or inconsistencies. Secretariat leads, Cosponsors, Regional Directors, the lead Deputy Executive Director and the Cabinet participate in the review and clearance of all quantitative and qualitative data summarized in the PMR. These steps are outlined in the UBRAF quality assurance guidelines, which were developed following earlier external audits of the PMR.

The IEOAC made the following observations and recommendations regarding UBRAF performance monitoring:

- **The Committee acknowledged and expressed appreciation for the additional work to present the process for ensuring the quality of data reported to the Committee.**
- **The Committee requested that it be provided with the quality assurance guidelines for UNAIDS performance reporting prior to its October meeting.**

- **The Committee regarded the performance and impact data collected and disseminated by UNAIDS as compelling evidence for the Joint Programme's value proposition. It encouraged the Secretariat to effectively leverage this rich dataset to mobilize resources and increase awareness of the Joint Programme's unique added value to the global AIDS response.**

SESSION 8: Update on strategic human resource management issues

The Director of Management, Mr Tim Martineau, updated the Committee on human resource management issues. Demographic aspects (e.g. gender, age, region of residence, staff grades) for the 646 staff members were described. The organizational realignment process ended in 2023, and the organization has put in place a People Management Strategy to promote a people-centred, value-driven and collaborative culture within the organization. The People Management Strategy prioritizes skills building, alignment of investments with key organizational priorities, innovative platforms for knowledge sharing and skills building, and mandatory trainings to enable staff to uphold the highest ethical standards. Compliance with mandatory trainings is high 97% for the Global Centre, and 95-100% across the different regions where UNAIDS works. UNAIDS programmes for learning, development and growth for optimized performance were described, including initiatives to hone functional competencies of UNAIDS Country Directors. The People Management Strategy includes numerous initiatives on gender equality, diversity, equity and inclusion, as well as the creation of internal and external communities of practice and updated policies and programmes to enforce respectful conduct and zero tolerance for sexual and other forms of misconduct and abuse.

To assess staff sentiments and well-being, UNAIDS undertakes a comprehensive staff survey every other year. In 2023, an off-year for the survey, UNAIDS administered a pulse survey to obtain interim feedback from staff. Across the 13 questions in the pulse survey, 11 resulted in improved findings, with especially notable improvements in communications, commitment, role and overall leadership. No sexual harassment cases were reported in 2023. Areas in the pulse survey suggesting a need for improvement include regional and departmental leaders leading by example.

The IEOAC made the following observations regarding the update on strategic human resource management issues:

- **The Committee took note of the update on human resources management issues and recommendations for further refinement of workforce planning and mapping of the skills needed to advance the Joint Programme's leadership aligned with the global AIDS response.**
- **The Committee was informed that work has been done to put in place a policy framework on safeguarding and to integrate and coordinate the ethics and ombudsperson functions to ensure a safe and responsible workplace.**
- **The Committee was pleased to learn of the high level of compliance with mandatory learning requirements.**

SESSION 9: Report from the Ethics Office

The Acting Ethics Officer, Mr Lord Darty, reported that requests for confidential advisory services from the Ethics Office increased by 59% in 2023, with 227 total requests. In 2022-2023, the most common topics for which advisory services were sought were conduct of a

sexual nature and harassment. The Acting Ethics Officer cited the increased use of advisory services as a sign of increased trust among staff of the organization's formal ethics apparatus.

The percentage of respondents in staff surveys reporting having experienced abusive conduct fell from 22% in 2020 to 13% in 2022 and to 3% in 2024. Three formal requests for protection against retaliation were made in 2023.

Towards implementation of ethics-focused recommendations by the IEOAC, the Ethics Office undertook the recommended survey to gauge staff satisfaction. Recruitment is in progress for a new permanent Head of the Ethics Office. Towards ensuring adequate resources for the ethics function, Management has approved creation of a P3 ethics officer post and recruitment is underway. Measures have been put in place to improve completion rates for mandatory training courses.

The Committee held a closed session with the Acting Ethics Officer.

The IEOAC made the following observations and recommendations regarding the ethics function:

- **The independence of the ethics office, through a direct reporting to the IEOAC, should be strengthened in accordance with JIU recommendations regarding recruitment and performance assessment of the ethics officer.**
- **The Committee expressed appreciation for Management's decision to increase the capacity of the ethics office. The Committee looked forward to the appointment of a new ethics officer.**
- **The Committee reiterated its recommendation to transfer the integrity hotline from the ethics office to WHO/IOS, in line with standard practice for UN agencies and organizations.**
- **The UNAIDS ethics office and WHO/IOS should develop mechanisms for collaboration in line with the UNAIDS policy on preventing and addressing retaliation.**

SESSION 10: Update on enterprise risk management, including top risks and mitigation measures

The UNAIDS Compliance Officer, Ms Salma Doghri, Department of Finance and Accountability, reminded the Committee that the UNAIDS risk assessment process includes a bottom-up risk assessment exercise as well as top-down risk assessment, through the Risk Management Committee and agreement by the Cabinet on the top organizational risks. The bottom-up exercise most often cited human resource issues, political issues and funding as the most frequent high risks. Two-thirds of moderate risks pertained to political, human resources, programmatic and funding issues.

The Cabinet approved a list of 10 top risks for UNAIDS. Actions to mitigate each of these to 10 risks have been identified.

The Compliance Officer also described how risk management is embedded in ongoing activities of the organization, including during work planning and risk assessments and partner risk ratings for non-commercial agreements. To further improve risk management, UNAIDS is working to strengthen monitoring and reporting on bottom-up risks, ensure that the Risk Management Committee meets twice annually, and reinforcing the second line of defense. For

post facto verifications, the organizations is currently transitioning from systematic controls for every purchase requisition to a risk-based control.

The IEOAC made the following observations and recommendations regarding enterprise risk management:

- **The Committee acknowledged and appreciated improvements in the process of identifying and assessing risks. The IEOAC looks forward to reviewing further work on mitigation plans for identified risks and on embedding risk management into the operations of UNAIDS.**
- **The Committee recommended the Secretariat to follow through on its plans to develop a risk appetite statement by the end of the year and to understanding residual risks, including the effectiveness of mitigation efforts. The Committee looks forward to receiving and reviewing the Secretariat's additional work on these issues.**
- **The Committee recommended that UNAIDS monitor risks related to the new post facto verification process.**

DAY THREE
22 May 2024

SESSION 11: IEOAC self-assessment and independent evaluation

In line with its terms of reference, the IEOAC used a survey instrument to conduct its annual self-assessment. The self-assessment concluded that the Committee has been efficient and effective in fulfilling its mandate. It notably improved its interaction with the Executive Director in the past year and also saw improvement in the availability of material prior to meeting preparation. The self-assessment also noted several areas for improvement, including the need for indicators and benchmarks to measure the Committee's performance, improved adequacy and timeliness of information provided by the WHO/IOS Director and enhanced clarity regarding the Committee's role in oversight of the evaluation function. On the latter issue, the Committee noted that a JIU (2019) review observed that UN oversight committees considered the review of the evaluation function to be part of their oversight functions.

The Committee's terms of reference mandates an independent evaluation of the IEOAC every two years. At the December 2023 meeting of UN system oversight bodies, it was confirmed that the expected practice is to have an independent evaluation periodically rather than according to a single set schedule. The Committee agreed to discuss this issue with the PCB Bureau, with the possibility of seeking an amendment to the IOEAC terms of reference to provide for periodic independent evaluations.

The IEOAC made the following observations and recommendations regarding the IEOAC self-assessment and independent evaluation:

- **Although the IEOAC is charged with advising on oversight of UNAIDS performance, the evaluation function is not expressly addressed in the IEOAC's terms of reference. At present, the Committee considers that there is no clear provision in its terms of reference to fulfil its oversight responsibility over the evaluation function. As the JIU's 2019 report on audit and oversight committees in the UN system recommends that agencies and organizations expressly assign independent oversight of the evaluation function to their IEOACs, the Committee recommended that the PCB consider in the near future an amendment the**

IEOAC's terms of reference to explicitly assign oversight of the evaluation function to the Committee in order to ensure comprehensive, independent oversight of UNAIDS performance. However, more discussions with top management and the evaluation director need to take place in the IEAOC October meeting before moving forward and proposing changes in the terms of reference.

SESSION 12: Meeting with UNAIDS Executive Director and senior management

The Committee met with the UNAIDS Executive Director, Ms Winnie Byanyima and with senior management to review and discuss the IEOAC's observations and recommendations from its 15th meeting.

SESSION 13: Any other business

The meeting adjourned.