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# Management response to organizational oversight reports

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54<sup>th</sup> PCB Meeting  
Agenda item 7.5



# Overarching

**Management welcomes the recommendations of the oversight bodies that support UNAIDS to continuously improve.**

Gratitude to the managers and administrative staff across the Secretariat, specifically at the field level, for significant achievements:

- Audit recommendations: reports from 2018 to 2021 closed, and number of past due recommendations decreased by 69%.
- Assets: details of over 2,000 assets have been updated.
- Non-Commercial agreements: 47% reduction in overdue reports.

Management remains committed to safeguarding the staff, affiliated personnel and communities we work with from sexual misconduct, abuse and harassment. To this end: It has strengthened recruitment procedures, the assessment of implementing partners and enhanced training and accountability for managers.

The independence of the Ethics Office is an asset and UNAIDS appreciates its contributions to mainstream sound practice through the review of policies and procedures.

UNAIDS management presents an overview of actions taken to further strengthen internal controls and organizational accountability and ensure more effective use of resources.

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# External Audit Recommendations

## 2023 External Audit – an overview

### Unqualified audit opinion for 2023 fiscal year

- **Compliance audit: 3 issues identified and recommendations made**
  - Business continuity planning
  - Administrative costs when partners are using sub-grantees
  - Asset register update
  
- **10 Past recommendations - 7 are closed, 3 under implementation**
  - Implementation partners: FENSA and assurance activities (non-commercial contracts)
  - Reporting of all performance indicators of the UBRAF
  - Actuarial Staff Health Insurance (ASHI)

# External Audit Recommendations – new and ongoing

## 2023 Compliance audit

### External audit recommendations

- **Business continuity planning:** *Management may ensure timely creation, updation and monitoring of the Business Continuity Plan in all its offices.*
- **Administrative costs** when partners are using sub-grantees: *Management may take the necessary action to revise the contract and ensure that final payment is made to the vendor after making necessary adjustments.*
- **Asset register** update: *Management may follow-up with offices where assets have been reported as 'not found' and impress upon the offices to submit the disposal documents in cases where the assets are being retired.*

### Ongoing or planned actions

- Building upon the existing Business Continuity Plans (BCPs) and BCP platform designed during Covid, Management will coordinate regular updates from all offices.
- Required follow up with the contractor will be done to amend the identified contract as required.
- Management will continue the follow-up with concerned offices to achieve a clean asset register.

## Past recommendations

- **Programme funding agreements:** *UNAIDS may strengthen the regulation of programme funding agreements through (a) incorporation of 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 SOP for the conduct of assurance activities*

- **UBRAF performance indicators:** *UNAIDS may ensure reporting of all performance indicators of the UBRAF in the Performance Monitoring Report to reflect comprehensive picture of the progress and to measure organizational performance quantitatively using the output indicators.*

- **Actuarial Staff Health Insurance (ASHI):** *Closer collaboration with SHI for more accurate actuarial valuation in future periods*

- The improved process for partner assessments including elements of FENSA and risk-based assurance activities have been finalized and are undergoing final review before launch of the online platform (a). (c) timelines for returning unspent balance and (d) SOP for assurance activities are being completed for Q3-Q4 2024. b) Assessment matrix to support non-commercial request for proposals was implemented in December 2023

- For selected indicators for which data comes from the Global AIDS Monitoring, the data included in the report is the latest available noting the previous year's Global AIDS Monitoring data is only available every year in August. The reports submitted to this PCB will allow us to close the recommendation

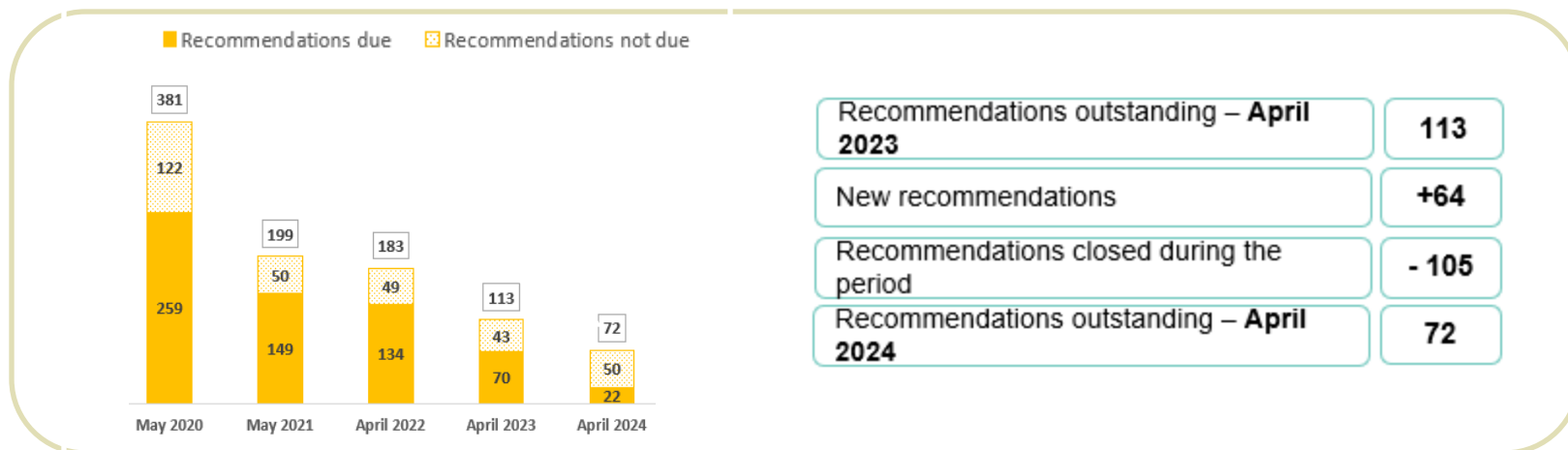
- Collaboration and coordination has been reinforced and will continue to be ensured up to and during the next full actuarial valuation in 2025.

# Internal audit and investigations

# Record improvement of internal audit recommendation closures

Since last reporting to PCB, IOS closed 12 audits (a total of 105 audit recommendations, of which 30 high residual risk recommendations).

- The balance of recommendations not closed continued to decrease and stood at its lowest level since 2020.
- The number of recommendations open and past due decreased by 69% compared to last year, and by 92% compared to 2020.
- All outstanding audits from the 2018, 2019, 2020 and 2021 audit work plans were closed during the year.





# Improved effectiveness of internal controls

- Improved effectiveness of controls tested, 71% in 2023, compared to 55% in 2022 (and 70% in 2021)
- Only two areas were identified with a high level of residual
- Enhanced rating for individual audits (compared to 2022 and 2021)

All 2023 audits			
Audit conclusions / # audits	2023	2022	2021
Satisfactory			1
partially satisfactory (some improvement required)	3	1	3
partially satisfactory (major improvement required)		3	1
Unsatisfactory			

2023 field office audits			
Process	Total number of ineffective controls with high level of residual risk		
	2023 audits 2	2022 audits 3	2021 audits 4
Control Environment	1	1	0
Risk Management	0	0	2
Human Resources	0	1	1
Procurement of Services	0	1	0
DFCs and PFAs (non-commercial)	5	5	7
eImprest and Petty Cash	0	0	1
Travel	0	1	0
Asset Management	0	1	1
Awards	0	2	3
SSA/Project Personnel/Interns	0	1	0
Security	0	0	2
Information and Communication	0	1	0
Monitoring and Performance Assessment	0	1	0
<b>Total</b>	<b>6</b>	<b>15</b>	<b>17</b>

# Recurrent high residual risk audit finding in 2023: Implementation Partnerships (IPs) (PFAs/DFCs)

## Risks:

- Program objectives not met
- Funds not used for the intended purpose (as per contractual agreement)

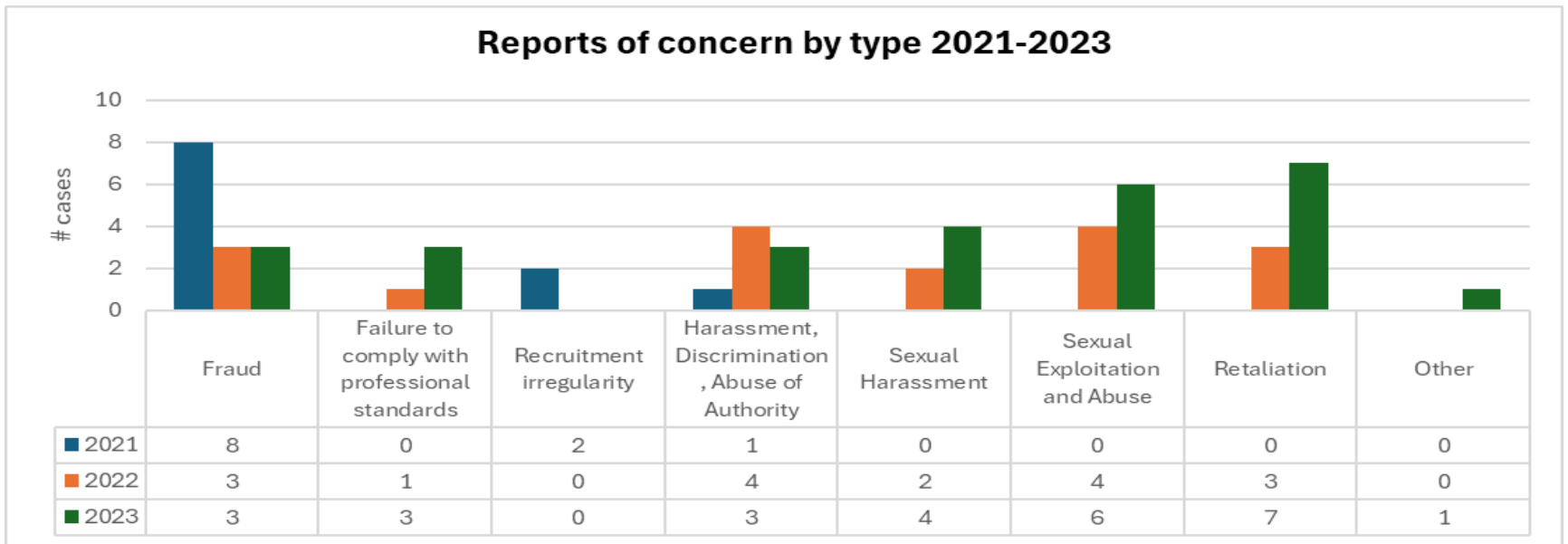
Areas of improvement	Informed by				Ongoing and planned actions
	IOS	EA	QA	ICFs	
<ul style="list-style-type: none"> <li>• Monitoring of activities and deliverables (overdue reports)</li> </ul>	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>• Finalize closure of overdue deliverables, Q2 2024 – DFA in coordination with RSTs, UCOs, Dpts</li> </ul>
<ul style="list-style-type: none"> <li>• Review and acceptance of reports in line with the terms of agreement (adequately documenting control)</li> </ul>	✓		✓	✓	
<ul style="list-style-type: none"> <li>• Payments in line with agreed terms and conditions</li> </ul>		✓	✓		<ul style="list-style-type: none"> <li>• Roll out risk-based IP assessment platform and guidance on assurance activities, Q2 2024 – DFA</li> </ul>
<ul style="list-style-type: none"> <li>• Spot check verification of expenditures and post facto verification</li> </ul>	✓		✓	✓	

**IOS:** internal audit, **EA:** external auditor, **QA:** compliance quality assurance reviews, **ICFs:** internal control self assessment survey

# Management actions on recurring issues

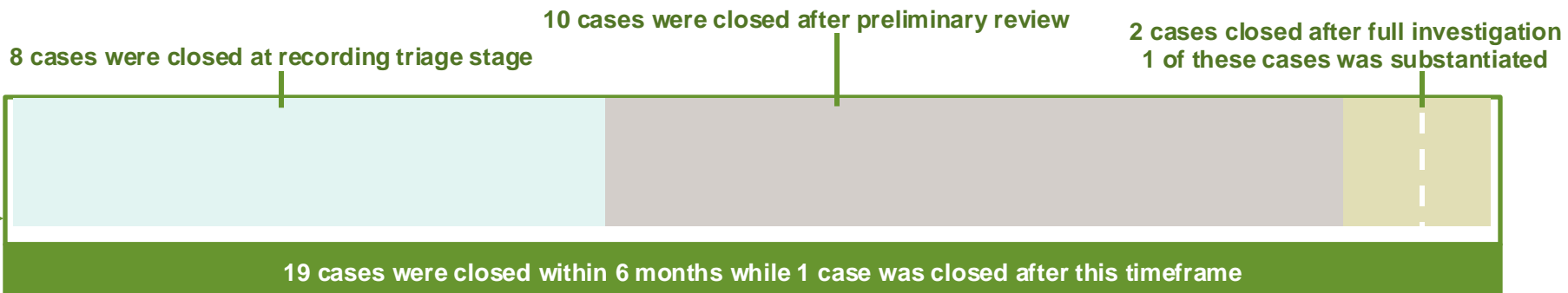
	Risk Management	New ERP (BMS)	Non-commercial contracts	Recruitment	Asset Management
Actions taken	<ul style="list-style-type: none"> <li>Annual update of risk register with strengthened QA review</li> <li>Mitigation actions for top risks</li> </ul>	<ul style="list-style-type: none"> <li>Participation in all BMS board and project</li> <li>UNAIDS project coordinator recruited and in place</li> </ul>	<ul style="list-style-type: none"> <li>Targeted follow up on overdue reports (ongoing)</li> <li>Oversight and compliance team: All staff now in place and operational</li> <li>Improvements noted</li> </ul>	<ul style="list-style-type: none"> <li>Decentralization of regional and country level selection and recruitment</li> <li>Streamlined approval process for recruitment Review Board</li> <li>Greater guidance to hiring managers</li> </ul>	<ul style="list-style-type: none"> <li>Asset verification exercise complete</li> <li>Office specific registers reviewed for issues and all correcting actions required identified</li> </ul>
Forthcoming actions	<ul style="list-style-type: none"> <li>Development of risk appetite and tolerance levels</li> <li>Revised internal audit approach</li> </ul>	<ul style="list-style-type: none"> <li>Participation in testing by UNAIDS subject matters experts</li> <li>Finalise data clean up</li> <li>Training plan developed and implemented (in coordination with WHO)</li> </ul>	<ul style="list-style-type: none"> <li>Targeted follow up on overdue reports (ongoing)</li> <li>Development and roll out of "bite sized" trainings on planning, monitoring and reporting of agreements</li> <li>Reinforce final report clearance control process, New assurance activities SOPs</li> </ul>	<ul style="list-style-type: none"> <li>Continue to closely track recruitment time to address bottlenecks and optimize the process</li> <li>Expand # accounts to efficiently undertake UN Clear Check for non-staff individuals</li> </ul>	<ul style="list-style-type: none"> <li>Finalise data clean up in ERP</li> <li>Revise Asset policy in line with WHO revisions (and BMS requirements) and to simplify IT equipment tracking</li> <li>Implement new attractive items database</li> </ul>

# Outcomes of WHO IOS investigations



**In 2023, IOS received 27 new reports of concern (compared to 17 in 2022)**

**20 of the new reports were closed at various stages in the investigations process (i.e. at recording triage, preliminary review, after full investigation) and 7 cases remain under review by WHO IOS**



# Management actions related to reports of concern received

## Implementation of Policies:

- Launched Prevention and Addressing Sexual Misconduct Policy (PASM) on 8 March 2023, followed by information campaigns and briefings to staff
- Policy routinely provided to new UNAIDS staff members, plus mandatory training course (98% compliance)
- UNAIDS staff members have also been able to access additional WHO resources such as regular corporate open-door conversations with the WHO Department on Prevention and Addressing Sexual Misconduct and invited speakers.
- Adopted revised Policy on Prevention of Abusive Conduct on 20 June 2023, includes harassment, discrimination and abuse of authority
- Awareness-raising initiatives, information and materials as well as the mandatory obligation in the PASM Policy to report any incidents of abusive conduct, including sexual misconduct.

## Strengthening oversight, systems and transforming organizational culture:

- Strengthened Ethics office,
- Mandatory PASM training for staff and consultants,
- Annual performance reviews include specific safeguarding related indicators for managers,
- Online footprint checks for all new recruits for staff positions
- Implementing partners assessment (thanks to PCB NGO delegation) with a module on PSEAH
- Consultants are required to complete ethics and sexual abuse prevention online courses and screened before being contracted
- Social media guidelines are being updated.

UNAIDS has been pursuing its #RESPECT campaign working closely with staff on promoting a respectful and safe workplace.

Management will continue efforts to make UNAIDS a safe, equal, empowering workplace, with zero tolerance for sexual exploitation, abuse, harassment and other forms of misconduct.

# Report of the Ethics Office

# Report of the Ethics Office

- Management expresses its gratitude for the significant and continued contributions to strengthening policy coherence and safe workspace, and its critical role in improving the organization's accountability.
- 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.

Item	Ongoing actions
<b>Ethics training and culture change</b>	<ul style="list-style-type: none"><li>• Management welcomes the progress made in staff training and outreach on Ethics issues;</li><li>• Through joint efforts with managers, UNAIDS strives to ensure that all staff complete the required training, which is indicative of the organization's culture change</li></ul>
<b>Ensuring that the Ethics Office is fully staffed to carry out its functions</b>	<ul style="list-style-type: none"><li>• UNAIDS commits to ensure that the Ethics Office is well-staffed and fully functional through recruitment (Head of Ethics and additional staff) despite financial constraints, as this is a critical independent function for the organization</li></ul>
<b>New policy on protection against retaliation</b>	<ul style="list-style-type: none"><li>• Management welcomes this new policy, which underpins the UNAIDS zero-tolerance stance against retaliation of any kind. The recent Pulse survey (2024) confirms that staff feels safer in reporting incidents compared to 2022, but more work is still needed in this area.</li></ul>

# Independent External Oversight Advisory Committee (IEOAC)



# IEOAC: UNAIDS actions related to the key observations (1)

Area	Management response
<b>Financial reporting</b>	<ul style="list-style-type: none"><li>• Management welcomes the Committee's review, taking into account the reduced operating budget</li><li>• Management notes that the Committee finds justified the decision to return US\$ 25.1 million previously transferred per PCB decision in 2012 back to the core fund balance</li></ul>
<b>UBRAF Performance Reporting</b>	<ul style="list-style-type: none"><li>• Management appreciates the Committee's recognition of the valuable data on the Joint Programme's results and its added value, and the consistent improvements to the reporting, highlighting the critical role of UNAIDS in the HIV response</li><li>• The Performance Monitoring Report is complemented by other resources featured on the UNAIDS Results &amp; Transparency portal, which is being revitalized to be more user-friendly, dynamic and will feature updated content on programmatic performance, investments, and resource mobilization</li></ul>
<b>Resource mobilisation</b>	<ul style="list-style-type: none"><li>• Management continues to pursue its resource mobilisation strategy despite the exceedingly difficult financial context</li><li>• UNAIDS Key Performance Indicators (KPI) will track performance and the Committee will be provided with a report on this at the end of the year.</li></ul>
<b>New Enterprise Resource Planning (ERP) System</b>	<ul style="list-style-type: none"><li>• Management takes note of the Committee's recommendation and agrees that regular engagement with WHO is critical</li><li>• UNAIDS will continue participation with WHO project planning processes and UNAIDS has also established an internal project management structure with focal points for each technical area</li></ul>
<b>Enterprise risk management</b>	<ul style="list-style-type: none"><li>• Management will continue to enhance UNAIDS overall risk management maturity level and embed risk management into decision-making and operations</li></ul>

# IEOAC: UNAIDS actions related to the key observations (2)

Area	Management response
<b>Internal audit</b>	<ul style="list-style-type: none"><li>• Management agrees with the Committee's advice to transition internal audits from compliance to a more holistic risk-based approach, for greater emphasis on risk-based approaches to audits and to ensure alignment of internal audits with UNAIDS' main risks. Management and WHO IOS explore options</li></ul>
<b>Ethics function</b>	<ul style="list-style-type: none"><li>• Management will support all the efforts of Ethics Office and IOS to develop mechanisms for collaboration and will facilitate involvement of UNAIDS areas whose collaboration is necessary to full implementation.</li></ul>
<b>Human resources management</b>	<ul style="list-style-type: none"><li>• Management will continue to provide policies, resources, trainings, coaching programs and tools to enable staff to perform at their best, with a focus on upskilling and reskilling of staff, including interventions to map and define skill profiles of core staff positions.</li><li>• Specific actions in this regard can be reviewed in the Update on Strategic Human Resources Management Issues.</li></ul>
<b>Secretariat realignment</b>	<ul style="list-style-type: none"><li>• Acknowledging important and ongoing change management processes, Management will continue to engage and track staff perceptions and views and will use its risk management framework to ascertain and mitigate top down and bottom-up risks that staff face in delivering on their work</li></ul>
<b>Information security</b>	<ul style="list-style-type: none"><li>• UNAIDS has taken measures to improve our information security posture and will continue to do so.</li><li>• UNAIDS engaged an external vendor specialized in detecting and responding to cybersecurity threats.</li><li>• Cybersecurity has been prioritized and certain staff members now carry additional cybersecurity responsibilities.</li><li>• Implementation of cybersecurity awareness campaign and mandatory training has been initiated to educate staff on the importance of this threat.</li></ul>

Thank you