

Advice in the 2023
annual report of the
Independent External
Oversight Advisory
Committee (IEOAC)



Overview of the presentation

- Advice in the 2023 annual report of the IEOAC
 - Financial and performance reporting
 - Internal audit function
 - Investigation function
 - Ethics function
 - Follow up and monitoring of internal and external oversight recommendations
 - Meetings with heads of oversight functions
- Changes to the terms of reference and rules of procedure of the IEOAC

Advice on financial and performance reporting

Financial reporting

- UNAIDS should develop action plans for addressing the top risks that are highlighted in the 2022 statement of internal controls section in the organization's 2022 financial report. These plans should identify risk owners as well as target completion dates for the various actions.
- UNAIDS should develop a contingency plan for managing issues related to changes in its core fund balance, which is currently below the minimum level that has been approved by the PCB. This plan should consider worst- and best-case scenarios as well as other potential future funding scenarios.
- The IEOAC welcomes the external auditor's unqualified opinion on the 2022 financial statements for UNAIDS.

Advice on financial and performance reporting

Performance reporting

- In addition to summarizing activities and achievements in future versions of the UBRAF performance management report, UNAIDS should also consider articulating the challenges the Joint Programme has faced and the strategic choices that have been made during each year, and explain how these have affected performance. Without a description of challenges and their impact on performance, the performance monitoring report risks providing an overly optimistic assessment of the Joint Programme's work.
- UNAIDS should arrange for the UBRAF performance management report to be periodically audited by either the UNAIDS internal auditor or external auditor. This will provide independent assurance on the contents of the report.

Advice on financial and performance reporting

New Enterprise Resource Planning System

UNAIDS should:

- continue to use every opportunity to ensure that UNAIDS needs are taken into account during the WHO's development and implementation of the new ERP system
- arrange for the UNAIDS data that will be input into the ERP system to be cleaned in a timely manner
- arrange for all affected UNAIDS staff to be adequately trained in the use of the new system

Advice on the Internal Audit function

UNAIDS should:

- Arrange for the WHO Office of Internal Oversight Services (IOS) to include efficiency and economy aspects in the scope of UNAIDS internal audit assignments. The current scope is mostly focused on compliance.
- Fast track the implementation of long outstanding internal audit recommendations. On 25 May 2023, there were 12 such recommendations from 2018 and 2019.
- Identify and address the causes for the declining trend in the overall effectiveness of the controls tested that is described in the annual report of IOS.
- Finalize arrangements for posting summaries of final internal audit reports, which are disclosed once a year in the annual report of IOS, on the website of UNAIDS. This will enhance accountability and transparency.

Advice on the Investigation function

- UNAIDS should develop an action plan for addressing the organization's backlog of long outstanding open investigation cases. On 5 May 2023, the organization had 25 such cases from 2018, 2019, 2021 and 2022.
- UNAIDS should establish a dedicated budget for investigations as a means of ensuring that investigations are completed in a timely manner and in accordance with the timeliness targets that are set out in the investigations MOU between UNAIDS and IOS.

Advice on the Ethics function

- UNAIDS should implement appropriate measures for improving the completion rates for the organization's mandatory training courses on ethics and integrity; preventing sexual exploitation and abuse; preventing harassment and abuse of authority; and preventing fraud and corruption. The 2022 training completion rates for these courses range from 69 to 91%.
- UNAIDS should explore strategies for increasing the resources for the Ethics Office, taking into account existing budget constraints. The Office has one staff member and has over the past year experienced a significant increase its caseload and the advisory services that it provides.
- UNAIDS should prioritize measures aimed at preventing fraud and raising the visibility of fraud prevention measures across the organization. This will address the potential risks (such as challenges regarding segregation of duties) that might arise due to the current funding shortfalls and the related staffing reductions.

Advice on follow up and monitoring of internal and external oversight recommendations

- UNAIDS should establish an action plan for resolving and addressing the JIU recommendations that the organization has categorized as being ‘under review’. As of 3 October 2022, UNAIDS had 65 such recommendations out of the 104 that the JIU issued during the 2019-2022 period.
- UNAIDS should: establish guidelines for ensuring that all internal and external oversight recommendations are periodically followed up in a consistent manner; and arrange for reports on the status of implementation of all oversight recommendations to be periodically provided to UNAIDS Senior Management and the IEOAC for review.

Advice on meetings with the heads of oversight functions

- The UNAIDS Executive Director should periodically meet with the Director of the WHO Office of Internal Oversight Services as well as the head of the organization's External Audit team.
- Regular engagement with these individuals will:
 - help the internal audit, investigation and external audit functions to better understand and respond to the needs of UNAIDS
 - enable UNAIDS Senior Management to identify and respond to any important trends identified by the oversight functions
 - send a strong message regarding the high priority placed on internal audit, investigation and external audit activities

Changes to the terms of reference and rules of procedure of the IEOAC

The IEOAC has included a request in its annual report for the PCB to approve a change in the IEOAC's terms of reference that authorizes the Committee to formally establish a Vice Chair position. This position will support the Chair in implementing the Committee's annual work plan, replace the Chair in case of his/her absence, and also support continuity and succession planning.

The IEOAC has also included a copy of its new rules of procedure in the annual report for the information of the PCB. The rules will assist IEOAC members in executing their responsibilities and were approved by the Committee on 9 November 2022.

Thank you!

Any questions or comments?