

UNAIDS IEOAC MEETING NOTES

MEETING 9

Date: 22-24 May 2023

Venue: Virtual

PARTICIPANTS

Committee Members: Mr Saad Bounjoua, Ms Agnieszka Golebiowska, Mr David Kanja (Chair), Ms Bushra Malik, Mr Ibrahim Pam, Ms H el ene Rossert (Vice Chair), & Mr Benoit de Schoutheete

Secretariat Support: Mr Morten Ussing, Director of Governance; Ms Samia Lounnas, Senior Governance Advisor, Mr Kodo Ngabane, Governance Officer

MEETING AGENDA

Day One – 22 May 2023

1. Session 1: UBRAF performance reporting
2. Wrap-up session 1
3. Session 2: Financial reports
4. Wrap-up session 2
5. Session 3: Engagement with the UNAIDS Secretariat Staff Association
6. Wrap-up session 3

Day Two – 23 May 2023

7. Session 4: Annual report of the Internal Oversight Services
8. Closed session with Internal Oversight Services
9. Wrap-up session 4
10. Session 5: Annual report of the External Auditor
11. Closed session with the External Auditor
12. Wrap-up session 5
13. Session 6: Annual report of the Ethics Office
14. Closed session with Ethics Officer
15. Wrap-up session 6

Day Three – 24 May 2023

16. Session 7: Update on the implementation of the Action Plan on the results of the Global Staff Survey

17. Wrap-up session 7

18. Session 8: Self-assessment of the IEOAC

19. Session 9: Discussion on the IEOAC report and finalization of the proposed recommendations to the PCB

20. Discussion and agreement on the date and draft agenda for the Q4 face-to-face meeting

Session 1: UBRAF performance reporting

The IEOAC received a presentation on the performance monitoring package from the Senior Planning and Monitoring Advisor. The package includes an executive summary, results report, results by region, results by organization, and an indicator scorecard. The Senior Planning and Monitoring Advisor reported that the package indicates that improvements have been made in clearly linking UNAIDS results, impact and investments. Performance challenges include the ongoing ramifications of COVID-19, increasing global complexity and an unsustainable situation with respect to UNAIDS core funding.

The IEOAC was not provided with final, full version of the performance monitoring package, as this set of documents was under development for finalization prior to the 52nd PCB meeting. Committee members expressed concerns about commenting on the package without having the opportunity to review the actual documents, and the IEOAC discussed ways to address this in the future, including the possibility of scheduling exceptional IEOAC meetings between finalization of the performance monitoring package and future PCB meetings where performance monitoring will be discussed.

According to information provided to the IEOAC at its 9th meeting, the Joint Programme appears to have satisfied most of the 2022 Unified Budget, Results and Accountability Framework (UBRAF) performance targets. In light of the predominance of “green lights” in the UBRAF performance dashboard, Committee members asked for clarification on the reliability and accuracy of performance reporting, taking into account the well-documented budget challenges that have reduced staff capacity. Committee members questioned whether the on-track results in the 2022 performance monitoring report might suggest that UBRAF performance targets were insufficiently ambitious.

The Committee provided the following advice with respect to performance reporting:

- **Future versions of the UBRAF performance management report should, in addition to summarizing activities and achievements, articulate 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.**

- **The UBRAF performance management report should be periodically audited by the UNAIDS internal auditor or external auditor.**

Session 2: Financial reports

The IEOAC was provided with the latest financial report prior to its 9th meeting. During the meeting, the Director of Finance and Accountability summarized the latest information on the Joint Programme's financial situation. Amounts mobilized in 2022 (US\$ 165.5 million) were US\$44.5 million below the approved budget, necessitating funding cuts to the Secretariat (US\$ 6 million) and Cosponsors (US\$ 5 million). The net fund balance (US\$ 86 million) is US\$16 million less than it was at the end of 2021 and US\$21 million below the minimum level approved by the Programme Coordinating Board (PCB). The Director of Finance and Accountability reported that the outlook for 2023 is not promising, prompting the Secretariat to move forward with a cautious budget of US\$ 160 million, with reductions of US\$ 14 million for the Secretariat and US\$ 13 million for Cosponsors.

The Committee provided the following advice regarding financial reporting:

- **The IEOAC understands that an action plan is in progress for replenishing the UNAIDS fund balance to ensure that it remains above the required minimum threshold established by the PCB. The IEOAC has not seen this plan, but we recommend that it considers worst- and best-case scenarios and that it undertakes contingency planning for future funding scenarios.**
- **With respect to risks highlighted in the statement of internal controls in the financial statement, a formal process is needed to assess the seriousness of these threats (low, medium and high) and develop mitigation plans that identify risk owners and completion dates for mitigation tasks.**

The IEOAC also welcomed the external auditor's unqualified opinion on the 2022 financial statements for UNAIDS.

With respect to its future work, the IEOAC agreed that resource mobilization should be appropriately covered in the agendas for future meetings.

Session 3: Engagement with the UNAIDS Secretariat Staff Association

Representatives of the UNAIDS Secretariat Staff Association (USSA) presented their concerns and perspectives to the IEOAC. The USSA cited staff concerns regarding trust in UNAIDS management (highlighted in results from the Global Staff Survey) as well as regarding the management of change within the organization. Although not specifically addressed in the Global Staff Survey, heavy workload remains a concern among staff, the USSA reported. USSA currently has three ongoing legal processes against UNAIDS management – for alleged failure to consult (with respect to the temporary recruitment process), exclusion from the senior leadership team (as the status of USSA has been changed from member to observer), and the relocation of USSA administrative support from Geneva to Bonn.

The Committee appreciated the discussion it had with USSA and noted the concerns of staff and the related views of management. The IEOAC also encouraged continued engagement between senior management and the UNAIDS Secretariat Staff Association as a means of continuing to advance the rights and welfare of UNAIDS staff.

Session 4: Annual report of the Internal Oversight Services

The Committee reviewed the annual report of the WHO Office of Internal Oversight Services (WHO/IOS) to the PCB and met with the head of WHO/IOS, with information provided both regarding the internal audit function as well as UNAIDS investigations. Audits in 2022 found that control effectiveness declined from 2021 audits (from 70% to 55%). Compared to 2021 audits, 2022 audits detected improvements in six key processes and declines in eight.

The head of WHO/IOS reported that the recommendations in more recent audit reports are being closed in a more reasonable time frame, compared with the recommendations in older audits. Twelve long-outstanding audit recommendations remain pending from 2018 and 2019.

The Committee reviewed updates that were provided by WHO/IOS on the status of UNAIDS investigations and noted that WHO/IOS had a backlog of 25 long-outstanding open UNAIDS investigation cases from 2018, 2019, 2021 and 2022. The Committee also noted that WHO/IOS had engaged investigative consultants and was also undertaking recruitment for 15 additional investigations positions that had been approved for the Office. WHO/IOS indicated that it was expecting to conclude this recruitment prior to the end of September 2023.

The IEOAC held a closed session with the head of WHO/IOS.

The Committee provided the following advice with respect to the internal audit function:

- **In line with global auditing standards, the scope of internal audits should be expanded to include efficiency and economy issues as well as compliance issues.**
- **The IEOAC believes that the current funding shortfalls and associated reduced staff headcount potentially increase organizational risks (such as challenges regarding segregation of duties) and underscore the need to use finite resources as effectively as possible. Given this context, the IEOAC recommends that management prioritize steps to promote the prevention of fraud, including actions to raise the visibility of fraud prevention measures across the organization.**
- **An action plan (including clear timelines) is needed for clearing long-outstanding audit recommendations.**
- **Management should review the causes of ineffective controls cited by WHO/IOS audits and implement suitable preventive and protective measures. Management should focus particular efforts on ensuring effective controls on issues where there are concerning compliance trends from audits over the last three years, including the control environment, procurement of services and direct financial agreements with external parties.**
- **Summaries of internal audit reports—which are disclosed once a year in the annual report of the internal auditor—should be posted publicly following the conclusion of each audit and once management has reviewed and addressed comments. This would enhance transparency and accountability.**

The Committee provided the following advice with respect to the investigation function:

- **Progress has been made in addressing pending investigations. However, the number of long-outstanding investigations (25) remains a risk to the organization, and an action plan (with clear timelines) is needed to clear pending investigations and to ensure that future allegations/complaints are addressed in a timely manner.**
- **UNAIDS should allocate a specific budget for WHO/IOS to undertake investigations to meet the timeliness targets outlined in the memorandum of understanding between UNAIDS and IOS.**

Session 5: Annual report of the external auditor

UNAIDS' external auditor made a brief presentation on the annual external audit report, which the committee reviewed. The presentation reviewed UNAIDS' financial situation as well as the external audit's observations and recommendations.

The IEOAC held a closed session with the external auditor.

The Committee provided the following advice, which is applicable to both the external audit and WHO/IOS internal audit and investigation functions:

- **The Executive Director should meet regularly with the Director of the WHO Office of Internal Oversight Services and head of the organization's external audit team. Regular engagement with these individuals will help the organization's internal audit, investigations and external audit functions to better understand and respond to the Secretariat's needs. It will also help UNAIDS senior management to identify important trends that require a response and send a strong message regarding the high priority placed on the work of the organization's internal auditor, investigation and external audit activities.**

Session 6: Annual report of the ethics office

The IEOAC reviewed the annual report of the ethics office and engaged in discussions with the UNAIDS ethics officer. The ethics office reported an increase in confidential advisory services in 2022 of 91% (compared to 2021) and saw its caseload of allegations increase. Coverage of mandatory trainings on ethics and integrity, prevention of sexual exploitation and abuse, preventing harassment and abuse of authority, and preventing fraud and corruption ranged from 69% (fraud/corruption) to 91% (harassment/abuse of authority). The ethics officer reported on various initiatives undertaken in 2022, including launch of a new WHO policy on prevention, detection and response to fraud and corruption as well internal mechanisms such as an integrity hotline, streamlining of ethics processes and procedures and enhanced staff outreach. The Global Staff Survey found that the proportion of staff reporting comfort in speaking up and reporting potential ethics violations increased from 37% in 2020 to 57-58% in 2022.

The Committee provided the following 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. To ensure that more staff undertake these trainings, UNAIDS should establish processes for enabling more timely escalation of non-compliance and accountability by correlating non-compliance with performance.**
- **UNAIDS should take steps to ensure that capacity for the ethics function meets both demand and need. The IEOAC recommends that the Executive Director explore strategies for increasing resources for the ethics function, considering existing budget constraints.**

Session 7: Update on the implementation of the Action Plan on the results of the Global Staff Survey

The Director of Management reviewed the findings of the 2022 Global Staff Survey, the results of which had previously been reported to the IEOAC at its 8th meeting. The Director of Management noted both areas of improvements (a strong sense of personal achievement/satisfaction among staff regarding the work they do at UNAIDS, high levels of understanding of how to report instances of misconduct, and great trust and faith in the leadership of their immediate teams and offices) as well as area that require further attention (declining staff engagement, concerns about whether decisions are made in a fair and equitable manner), sub-optimal confidence in the Cabinet, and only moderate confidence that staff are treated fairly based on race, gender and equity. In response to the Global Staff Survey results, the organization is developing an action plan and will also conduct a pulse survey of staff in November 2023. The Cabinet has already developed its action plan in response to survey findings, with actions identified in seven priority areas.

The Committee took note of the briefing provided on the Global Staff Survey and anticipates undertaking additional follow-up on this topic as the action plan is finalized and implemented.

Section 8: Self-assessment of the IEOAC

The IEOAC undertook its 2023 self-assessment using a questionnaire used by other UN oversight committees. (A copy of the self-assessment tool is appended to this report as Attachment 1.) The self-assessment found that the IEOAC had in a relatively short period of time developed strong working relationships among its members. During this period, the IEOAC met nine times since its formation in early 2022, used these meetings to develop advice to the PCB and the Executive Director, prepared two reports to the PCB, met twice with the Executive Director and multiple times with senior management and the PCB Bureau, developed new Rules of Procedure, reviewed and proposed an amendment to its Terms of Reference, and performed its first self-assessment. The self-assessment also rendered high marks on key metrics, including independence, committee structure and composition and professionalism. Committee members noted that the effectiveness of the IEOAC depends in large measure on its ability to interact with senior management, but that interactions between the Committee and senior-most UNAIDS management have been limited and episodic to date. To maximize the effectiveness of the IEOAC's limited time during meetings, the IEOAC established a working group of three of its members to formulate guidelines for appointing leads or focal points within the Committee to work with the UNAIDS Governance Team and relevant UNAIDS staff to ensure that documentation and presentations are sufficiently pertinent and detailed.

The Committee also provided the following advice based on the results of its self-assessment:

- **IEOAC meetings need to be planned well in advance, to ensure full attendance and adequate time for preparation.**
- **Documents for each IEOAC meeting should be available for IEOAC members to review at least 10 calendar days before each meeting.**

Session 9: Discussion on the IEOAC report and finalization of the proposed recommendations to the PCB

The IEOAC reviewed a preliminary draft of its annual report to the PCB and agreed that it would revise and finalize its report, working virtually, based on the results of the 9th meeting, for submission and posting prior to the 52nd meeting of the PCB.

Session 10: Discussion and agreement on date and draft agenda for the Q4 face-to-face meeting

The IEOAC agreed that its face-to-face meeting for 2023 will occur on 18-20 October in Geneva. Issues suggested as possible agenda items include resource mobilization, the Secretariat's organizational realignment, and the UNAIDS grievance mechanism. It was agreed that the UNAIDS Governance team would review the IEOAC's 2023 workplan, identify issues or priorities not yet addressed in the 8th and 9th meeting, and prepare a draft agenda for the 10th IEOAC meeting for the Committee's review and approval.

Attachment 1 - 2023 IEOAC self-assessment questionnaire

Annual Self-Assessment Questionnaire of the UNAIDS Independent External Oversight Advisory Committee						
Framework and Criteria	Statements	Yes	No	Partial	N/A	Comments
A. There is a strong policy framework in place ensuring the independence of the Committee						
	The Committee’s terms of reference have been formally approved by the governing body of the organization.					
	The Terms of Reference have been updated within the last 5 years.					
	The Committee is independent, and it reports directly to the governing body as well as to the organization’s executive head.					
	The Committee is composed entirely of independent members external to the organization.					
	The appointments of all members of the oversight committee are approved by the governing body.					
Overall observations/comments on Policy Framework and Independence						
B. Committee Structure and Composition are well defined						
	The Committee membership is clearly defined in the terms of reference.					
	All members serve in a personal capacity, and alternates are not allowed.					

The recruitment practice for Committee members is transparent, equitable and competitive.					
At least one Committee member is a financial expert with good knowledge of generally accepted accounting principles or International Public Sector Accounting Standards and financial statements, internal controls and procedures for financial reporting.					

Annual Self-Assessment Questionnaire of the UNAIDS Independent External Oversight Advisory Committee						
Framework and Criteria	Statements	Yes	No	Partial	N/A	Comments
	The members composition embodies adequate professional backgrounds and skills (areas of expertise) to properly cover the Committee's mandate and there is balance with regard to gender and geographic representation.					
	The Committee has sufficient funding to access outside expertise or professional education to supplement the member's professional skills to fulfil the Terms of Reference					
	Members are required to sign periodic statements of individual independence and absence of conflict of interest in fulfilling their mandate.					
	The Committee follows adequate succession planning and practices					

	with regard to its Chair- person and membership.					
Overall observations/comments on Committee Structure and Composition						
C. Committee Operating Practices are well managed with work plan and its execution, including proper resources available to support the Committee's function						
C.1 Annual Work plan	The Committee establishes an annual work plan to ensure that it covers responsibilities under the Terms of Reference.					
	The annual work plan covers review and advice on the organization's financial management and reporting, as well as the appropriateness of accounting policies and disclosure practices.					
	The annual work plan covers advice on accountability and review and advice on the effectiveness of the internal control system.					
	The annual work plan covers the review and					

Annual Self-Assessment Questionnaire of the UNAIDS Independent External Oversight Advisory Committee						
Framework and Criteria	Statements	Yes	No	Partial	N/A	Comments
	advice on the effectiveness of the evaluation system.					

	The annual work plan covers the review and advice on the enterprise risk management system.					
	The annual work plan covers the review and advice on the ethics system to maintain and promote international civic service values.					
	The annual work plan covers the work of the External Auditor and her/his report.					
	The Committee provides review and advice on the systems established and measures taken by the organization to prevent fraud, establish appropriate whistleblowing arrangements and deal with other misconduct issues.					
	The Committee conducts private sessions with the Heads of Internal Audit, Evaluations, Ethics and the External Auditor.					
	The Committee has free and unrestricted access to information, staff - including internal auditors, external auditors, governing bodies or any external party that is necessary to fulfil its mandate and roles and responsibilities.					
	The Heads of Internal Audit, Evaluations, Ethics and External Audit have unrestricted and confidential access to the Committee's Chairperson.					

	The Committee reviews the annual report of the organization and other significant accountability reports to ensure that, to the best of its knowledge, there are no material misstatements or omissions.					
Overall observations/comments on Annual Work plan and its implementation						

Annual Self-Assessment Questionnaire of the UNAIDS Independent External Oversight Advisory Committee						
Framework and Criteria	Statements	Yes	No	Partial	N/A	Comments
C.2. Sufficient Resources and Support are provided to the committee	The budgetary allocation is sufficient to cover the Committee's needs (e.g., travel to meetings and field visits, training, and engagement of subject specialists (if needed)).					
	Secretarial support provided to the Committee's needs is adequate and effective, including document management system.					
	Documents are timely received and with adequate information on the subjects to be discussed to allow for effective and efficient deliberations.					
Overall observations/comments on Support and Resources						
C.3. Committee meetings are well	The Committee meets at least 3 times a year or more as necessary.					

planned, conducted and documented	Meeting agendas are prepared and provided in advance to members for their comments and input.					
	Meetings are scheduled on an annual basis and far in advance.					
	Minutes or reports of Committee meetings are documented and formally approved by the Committee's members.					
	Committee's decisions are made by consensus? If consensus does not prevail, dissenting reports are appropriate recorded.					
Overall observations/comments on Committee meetings and its procedures						
<i>D. Communication channels are well established and robust with various stakeholders and they are adequate for interaction between parties involved</i>						
There is a strong link between the Committee	There is sufficient visibility and opportunity to report and interact with the representatives of the					

<i>Annual Self-Assessment Questionnaire of the UNAIDS Independent External Oversight Advisory Committee</i>						
<i>Framework and Criteria</i>	<i>Statements</i>	<i>Yes</i>	<i>No</i>	<i>Partial</i>	<i>N/A</i>	<i>Comments</i>
and the Governing Body	Governing bodies and/or the Member States.					
	The Committee's observations and recommendations add value to Governing Body deliberations on oversight issues.					

	The Chair presents the Committee's annual report in-person to the Governing Body and answers questions from the members of the Governing Body.					
	The Committee's Annual Report is placed on the Agenda of the Governing Body for discussion and decision on the contents and recommendations.					
Overall observations/comments on communication with the Governing Body						
D.1. The Committee interacts effectively with the Executive Head of the Agency	Sufficiency of visibility and opportunity to interact with the Executive Head.					
	The organization's Executive Head routinely meets the Chair or the Oversight Committee as a whole at the beginning or at the end of each Committee meeting.					
	The Committee's observations, advice, and recommendations add value to the Executive Head in discharging her/his oversight responsibilities.					
Overall observations/comments on communication with the Executive Head of the Agency						
D.2. Management of the Organization	The information and timeliness of presentations provided by the					

interacts effectively with the committee.	Organization's management to the Committee is adequate.					
	There is sufficient (perceived) understanding of the Organization and timely value-added of the					

Annual Self-Assessment Questionnaire of the UNAIDS Independent External Oversight Advisory Committee						
Framework and Criteria	Statements	Yes	No	Partial	N/A	Comments
	Committee to the Organization's management.					
Overall observations/comments on communication with management						
D.3. Heads of various Oversight Units	Adequacy of information and timeliness of presentations made by the Organization's oversight functions to the Committee.					
	Sufficiency of opportunity for the Committee to interact with the oversight functions in a private session, without management's presence.					
	Adequacy of timely value-adding advice and recommendations of the Committee to the oversight functions.					
Overall observations/comments on communication with heads of Oversight Units						
E. Committee's Annual Report covered areas of its responsibilities under the Terms of Reference						

	An annual report and any special report, if required, is prepared and submitted to the governing body and the organization's executive head: including					
	a) confirmation of whether the Committee has fulfilled all its responsibilities established in the terms of reference for the reporting period					
) an assessment of the performance of the internal audit/oversight function (such as actual achievements against their work plans) and External Audit, and their recommendations					
) an assessment on the organization's risk management, internal controls, accountability,					
Annual Self-Assessment Questionnaire of the UNAIDS Independent External Oversight Advisory Committee						
Framework and Criteria	Statements	Yes	No	Partial	N/A	Comments
	evaluation and governance processes					
) a section on the Committee's performance with regard to its effectiveness and efficiency					
Overall observations/comments on Committee reporting						
F. Committee Performance is regularly assessed and actions taken on the recommendations arising from the assessment.						
	An annual self-Assessment is performed; stakeholder feedback is solicited; and action resulting from the					

	annual self-assessment is prepared and implemented.					
	The Committee timely addresses emerging priorities and challenges faced by and relevant to the Organization.					
	Value and impact of the Committee's recommendations, including their implementation.					
	Indicators have been established to measure the Committee's performance.					
	The Committee has been benchmarked against good practices.					
Overall observation/comment on evaluation of committee performance						
Any other observations or comments						