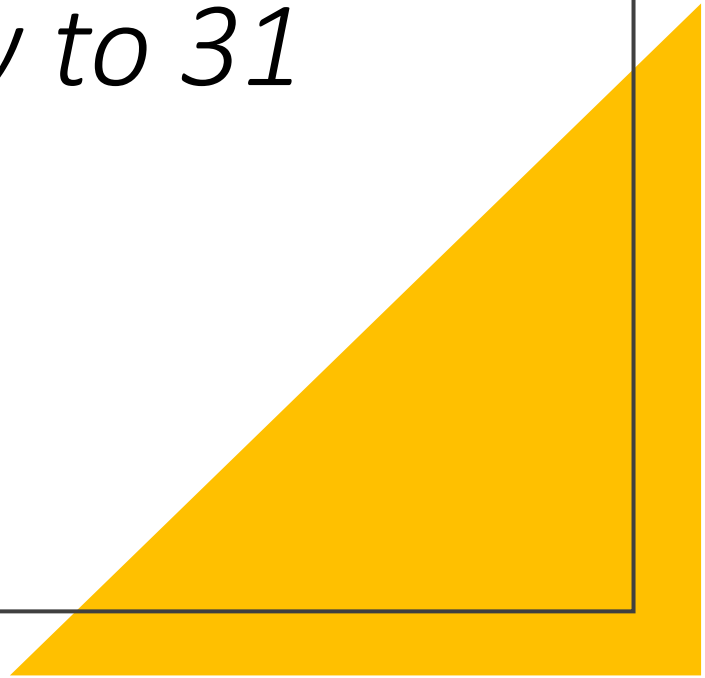


Report of the Advisory Committee on Oversight (ACO)

*for the period from 1 January to 31
December 2021*

Executive Board Annual Session (June 2022)



Advisory Committee on Oversight

Terms of Reference

Provide the Under-Secretary-General/
Executive Director with ***independent,
external advice*** on the Entity's overall
systems of governance, accountability, and
control

Composition

Five external, independent experts with skills
in ***financial management, governance,
evaluation, internal audit and investigations,
external audit and risk management***

ACO 2021 Annual Report

In line with the ACO's Terms of Reference, the Committee's 2021 Annual Report focuses on two key areas:

- 1. Review of oversight functions** -- Overall advice on functioning of UN-Women's oversight mechanisms
- 2. Review of governance, risk management and control capacity, including best practices in financial management and information systems** -- Overall advice provided on accountability systems, including efforts to establish internal control processes

ACO's Oversight Function

The ACO's oversight function review covers the following for UN Women:

- Internal Audit Service (IAS)
- Independent Evaluation Service (IES)
- Office of Internal Oversight Services (OIOS) Investigation Division
- Ethics function
- United Nations Board of Auditors (UNBoA)

Oversight Functions Review: Conclusions and observations

Summary : All functions are providing useful results to the organization. However, UN Women needs to better position itself to take ownership of and benefit from the work done by these entities

Oversight Functions Review: Conclusions and observations (cont'd.)

Audit	Evaluation	Investigation
<ul style="list-style-type: none">• UN Women continued to produce audits, reports, and reviews despite pandemic limitations• 2021 results show slower progress in implementation of recommendations• Significant issue is lack of accountable officials designated for audit results follow up resulting in potential to continue less mature control environment	<ul style="list-style-type: none">• ACO notes IES's continued contributions to corporate evaluations, including on coordination and EAW, as well as its role in overall UN system evaluations. A noteworthy contribution is IES's synthesis of overall evaluation findings• IES continues to support decentralized evaluations, and coordinate of regional evaluation specialists.	<ul style="list-style-type: none">• The Committee affirms the key role that the head of IEAS plays as the responsible official in UN Women interacting with OIOS on investigation findings.• An Anti-Fraud Review contains important recommendations on a more mature anti-fraud system in UN-Women

Oversight Functions Review: Conclusions and observations (cont'd.)

Ethics

- With reference to: 1) a 2020 IEAS report on low level of maturity in the ethics function, and 2) a 2021 Joint Inspection Unit (JIU) report on UN-wide ethics functions which contained specific recommendations for UN-Women and references to roles for Ethics in the anti-fraud review: the ACO notes that UN Women has sufficient evidence to resource this function in a better fashion

UN Board of Auditors

ACO continued to follow recommendations from previous reports, and current year reports

Governance, risk management, and control review: Conclusions and observations

Strong Strategic Plan : 2022 – 2025 Strategic Plan includes commitments to organizational excellence and business transformation. UN-Women needs to address risks to these goals in its second decade.

Resources level risk: Audits/evaluations continue to show negative effects that shortfalls in regular resources have on robust governance structures – particular effects on human resources, information technology.

Governance risks: Some gains have been made despite pandemic effects, but risks remain including: lack of feasibility assessments for new priorities; slow progress in developing accountability structures and identifying business owners for key processes; lack of clear role definitions for HQ and field offices; under-investment in second line of defense functions despite assessments that many processes are at low levels of maturity.