

# Report of the Advisory Committee on Oversight (ACO)

*for the period from 1 January to 31  
December 2022*

Executive Board Annual Session (June 2023)



# Advisory Committee on Oversight (ACO)

## 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 2022 Annual Report

In line with the ACO's Terms of Reference, the Committee's 2022 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

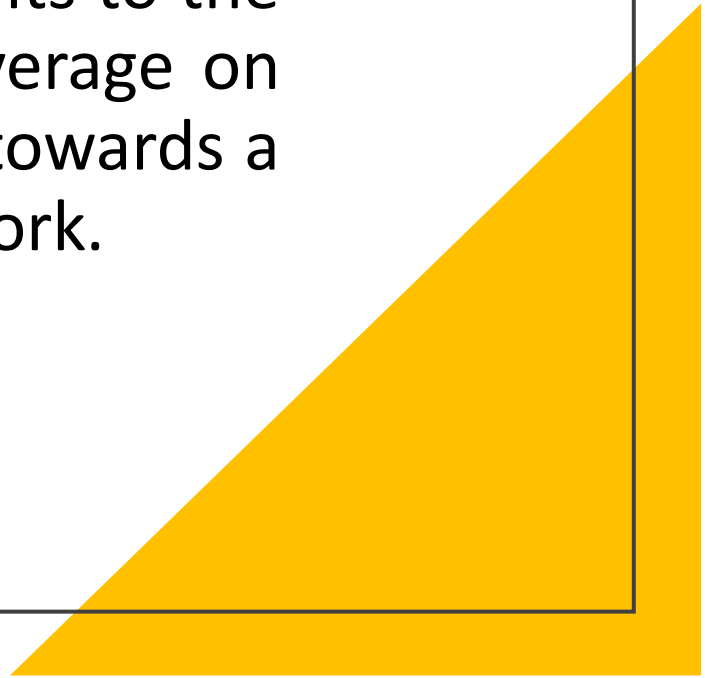
# ACO's Oversight Function

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. UN-Women should continue to leverage on the findings and work of the oversight functions towards a robust governance and risk management framework.



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

Audit	Evaluation	Investigation
<ul style="list-style-type: none"><li>• IAS continued to produce audits, reports and reviews, and was accorded the highest rating by External Quality Assessment.</li><li>• Management was slow in implementing some audit recommendations citing the volume, complexity and lack of resources in some cases.</li></ul>	<ul style="list-style-type: none"><li>• IES continued to contribute to corporate evaluations and its role in the overall UN system evaluations.</li><li>• Increased efforts noted in conducting strategic evaluations that support the development of UN-Women's multi-year Strategic Planning.</li><li>• Continued support of decentralized evaluations with tools and training provided to improve the evaluation skills at regional and country levels.</li></ul>	<ul style="list-style-type: none"><li>• Head of IEAS played a key role as the responsible official in UN-Women interacting with OIOS on investigation findings.</li><li>• Management has increased focus on anti-fraud awareness and training to improve the low maturity rating in this area as previously reported in 2021.</li></ul>

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

## Ethics

- A management action plan for recommendations arising from the IAS 2021 anti-fraud review has been developed.
- An independent in-house ethics function is being established - a positive step forward in setting the basis for a strong ethical culture within the Entity.
- IAS prepared a lessons-learned memorandum on red flags and potential fraud risks, which includes among others, managing implementing partners.

## UN Board of Auditors

- The Entity received an unqualified opinion from UNBOA on its financial statements 2021.
- Good progress noted in the implementation of UNBoA recommendations prior to 2020. However, management actions should sufficiently address issues raised and are sustainable to mitigate the risks identified, particularly relating to cyber security and implementing partners.

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

**Strategic Plan:** UN-Women's Strategic Plan 2022–2025 commits to organizational excellence and business transformation as the basis for achieving its overall goals. ACO will pursue with management some areas where further developments are required to advance the enterprise risk management program to a higher level of maturity and towards a robust governance structure.

**Resource Level:** The Entity's budget allocation formulation needs to be enhanced to enable better calibration of its operations and field presence in a constrained regular resource environment. A strong HR function and leadership is needed to ensure proper alignment of resources with the Entity's vision and mission. Management's plan to pivot to the field and invest additional resources to strengthen the second line control and enabling better delivery of results at country level.

**Governance:** Other significant governance and control matters requiring close management attention include:

- Establishment of a stronger management structure with clear accountability;
- Managing the transition risks arising from organizational changes;
- Embedding the in-house Ethics function towards a strong ethical culture;
- Actions to overcome various limitations and gaps in the new ERP system.;
- Embedding and communication of the Generation Equality Program.