

Report of the Advisory Committee on Oversight (ACO)

*for the period from 1 January to 31
December 2023*

Executive Board Annual Session (June 2024)



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 internal 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 2023 Annual Report

In line with the ACO's Terms of Reference, the Committee's 2023 Annual Report focuses on two key areas:

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

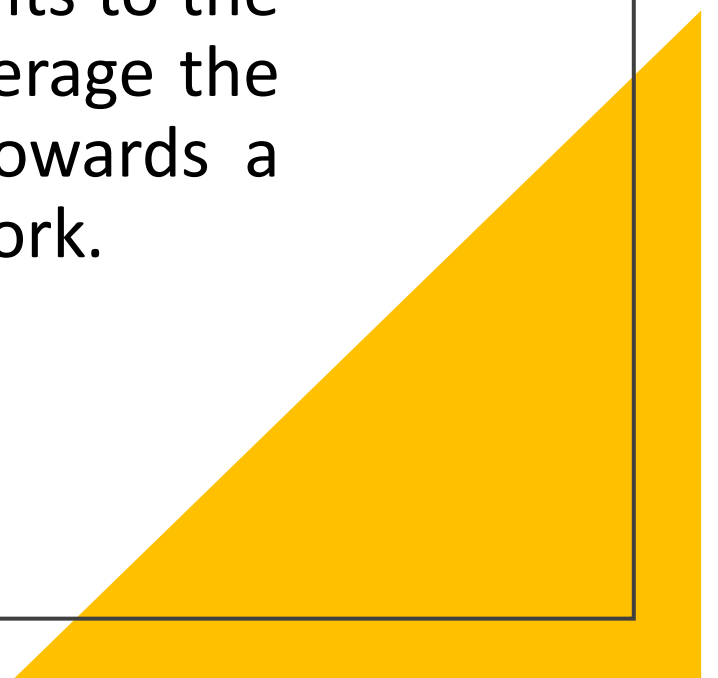
ACO's Oversight Functions Review

Covers:

- 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 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">• IAS continued to provide independent and high-quality audits and advisory work.• Past-due audit recommendations remained high - management is instituting performance measures to instill better discipline and accountability on compliance with audit recommendations.• IAS conducted lessons-learned reviews on fraud, potential misconduct risks and the management of implementing partners.	<ul style="list-style-type: none">• IES continued to contribute to corporate evaluations and to overall UN system evaluations.• Increased efforts noted in conducting strategic evaluations that support the development of UN-Women's multi-year strategic planning.• Continued support of decentralized evaluations and training provided to strengthen evaluation capacity and skills at regional and country levels.	<ul style="list-style-type: none">• Head of IEAS remained the responsible official in UN-Women to interact with UN-OIOS on investigation activities.• The hybrid model where IAS internalizes the investigation function to handle low-profile allegations is being implemented.• Management is committed to anti-fraud awareness, however, adequate resourcing of second line of defense functions is imperative to fully address the recommendations from the 2021 Anti-Fraud programme audit.

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

Ethics

- UN-Women appointed its first in-house Ethics Advisor in April 2023 with good progress made in establishing the function within UN-Women during the year.
- The capacity should be monitored to ensure ongoing sustainable and independent implementation of the Ethics Advisor's mandate.

UN Board of Auditors

- UN-Women received an unqualified opinion from UNBOA on its financial statements 2022 with good progress noted in the implementation of prior year's (2020-2021) UNBoA recommendations.
- The Quantum system issues related to financial management have been satisfactorily addressed in preparation for the finalization of 2023 financial statements.

Internal 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. The ACO will pursue with management some key areas of improvement to raise the maturity level of enterprise risk management towards a more robust system of corporate internal governance, resource coherence and control mechanisms.

Resource Level Risk: Repeated concerns about the lack of resources to deliver on UN-Women's mandate in the field. The Entity's budget allocation methodology needs to be enhanced to enable better calibration of its operations and field presence in a constrained regular resource situation. A strong and well-resourced HR function is required to ensure proper alignment of resources with the Entity's needs. Management should act swiftly to operationalize plans on pivoting to the field and strengthen the second line of defense resourcing to enable better delivery of results at country level.

Other Significant Internal Governance and Control Matters:

- Managing the transition risks arising from organizational restructuring particularly around human resources;
- Embedding the in-house Ethics function towards a strong ethical culture.
- Implementation of the Statement of Internal Controls.
- Addressing system functionality gaps under Quantum Phase 2.
- Better communication and localization of the Generation Equality initiative.