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Addendum

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Annual report of the Oversight Advisory Committee

I. Purpose

1. This report is addressed to the Executive Director of UNFPA and provides a summary of the activities and advice of the Oversight Advisory Committee (“OAC, or the Committee”) of UNFPA during 2024. It is submitted pursuant to item 13 of its terms of reference approved by the Executive Board in 2021, and in accordance with paragraph 25 (c) of section IV, subsection I of the UNFPA oversight policy.

II. Oversight Advisory Committee activities in 2024

2. *Members of the Oversight Advisory Committee.* Committee members are appointed for three years, renewable once. Committee members possess expertise in risk management, internal control, oversight, governance, financial management and reporting, ethics, investigation, internal audit, evaluation, development and programme matters. All Committee members are external to UNFPA and independent of its management. The members of the Committee in 2024 were: Mr. Stephen Cutts (UK), Chair of the Committee; Mr. Fayezul Choudhury (Bangladesh); Ms. Kumiko Matsuura-Mueller (Japan); Mr. Kamlesh Vikamsey (India); and Ms. Bettina Tucci Bartsiotas (Uruguay).¹

3. *Meetings.* The Committee held four meetings in 2024: an in-person meeting from 13 to 15 March, a virtual meeting from 20 to 21 June, a virtual meeting on financing instruments on 19 August and an in-person meeting from 18 to 20 November. The Committee met with, among others: the Executive Director; the Deputy Executive Director (Management); the Deputy Executive Director (Programme); the Chief of Staff; the Director, Office of Audit and Investigation Services (OAIS); the Director of the Independent Evaluation Office; the Ethics Adviser; the Director of the Division for Management Services; the Director of the Programme Division; the Director of the Division for External Relations; the Director of the Humanitarian Response Division; the Director of the Division for Human Resources; the Coordinator for Protection from Sexual Exploitation and Abuse and Sexual Harassment; representatives of the Board of Auditors; and a range of programme and operational senior management staff.

4. All members of the OAC completed their annual Declaration of Independence and also declared at the outset of each meeting any conflicts of interest that they might have. The OAC confirms that it operated freely, independently and without any UNFPA management interference throughout this reporting period.

5. *Field visit.* Four Committee members – Mr. Stephen Cutts (Chair), Ms. Kumiko Matsuura-Mueller, Mr. Kamlesh Vikamsey and Ms. Bettina Tucci Bartsiotas – undertook a field visit to the UNFPA Asia and the Pacific Regional Office, Thailand and Viet Nam from 7 to 11 October. The members of the Committee visited UNFPA programmes and held discussions with UNFPA staff and with government and donor representatives, as well as United Nations and civil society partners. Mr. Fayezul Choudhury attended the field visit meeting with the Asia and the Pacific Regional Office virtually. The visit aimed to familiarize OAC members with UNFPA field operations to better understand and appreciate how the organization’s business objectives are delivered in the field to inform the OAC oversight role and responsibilities. OAC members sought to understand the following better through their visit:

- (a) Operations of UNFPA at regional and country levels, including as they relate to supporting national development plans and the socio-economic and political environment;
- (b) Challenges facing UNFPA in implementing programmes/projects at the field level, and how these are dealt with, including regarding implementing partners;

¹ Ms. Bettina Tucci Bartsiotas became a member of the Oversight Advisory Committee in July 2024.

- (c) Functioning of inter-agency work on the ground, including in response and contribution to United Nations development system reforms, and the strategic partnership environment;
 - (d) Stakeholder (including beneficiaries, partners and donors) satisfaction and expectations; and
 - (e) Opportunities for achieving UNFPA objectives more effectively and efficiently.
6. *Executive Board.* In line with UNDP/UNFPA/UNOPS Executive Board decision 2023/7, the Chair of the Committee presented the Committee's annual report for 2023 at the annual session of the Executive Board in June 2024. Also in June, in accordance with the revised OAC terms of reference, the UNFPA Executive Director invited the OAC Chair and the President of the Executive Board to a trilateral meeting, which took place in New York, to discuss matters of shared interest.
7. *Reporting.* The Committee prepared minutes for each of its meetings as well as written reports to the Executive Director on the outcomes of the meetings.
8. *Recommendations.* The Committee made recommendations and suggestions to UNFPA management during its meetings and followed up on the implementation thereof.
9. *Annual assessment of the effectiveness of the Committee.* In April 2024, UNFPA management and independent offices completed an assessment of the Oversight Advisory Committee effectiveness, which highlighted positive feedback on the Committee's added value and on how the Committee performs its independent advisory functions. The Committee undertook a self-assessment of its effectiveness in 2025.
10. *Meeting of the network of audit and audit advisory committees.* The Chair of the Committee attended the 9th Meeting of the United Nations System Audit and Oversight Committees, which was held in Bern, Switzerland, from 3 to 4 December 2024.

III. Key findings and points of interest

11. *Development of strategic plan and integrated budget for 2026-2029.* The Committee was updated on the context and vision as well as on the ongoing progress to develop the new strategic plan and integrated budget for 2026-2029. UNFPA management described a challenging environment due to pushback on sexual and reproductive health and reproductive rights and gender equality, intensifying conflicts and humanitarian crises, rising inequalities, increasing polarization, lack of trust in multilateralism, and tight fiscal spaces. In this challenging context, the new strategic plan will aim to accelerate progress towards the three transformative results, situating UNFPA work in a world of unprecedented demographic diversity towards the three transformative results, and positioning UNFPA for the post-2030 development agenda.
12. The Committee was informed that, in addition to the three outcomes already included in the Strategic Plan, 2022-2025 (the three "transformative results"), UNFPA is considering the addition of a fourth outcome, which will focus on population dynamics and demographic change. The addition of the fourth outcome would ensure that countries are best supported in achieving the three transformative results and would advance the ICPD Programme of Action. The addition of the fourth outcome would also further enhance the normative role of UNFPA on rights and choices of all, especially women, girls and marginalized populations; high-level policy advocacy; and critical development issues such as climate and migration. During its field visit to Thailand and Viet Nam, the Committee had the possibility to appreciate how, thanks to its human rights-based work and life-cycle approach, UNFPA is strongly positioned to support governments in the development and implementation of policies to support demographic dynamics, in line with the countries' needs. The Committee suggested that UNFPA explore how it could further support countries, for example, on issues related to low fertility rates and ageing populations and to strengthen its narrative in this respect. In line with this, the Committee supported the proposed addition of the fourth outcome on population dynamics in the strategic plan for 2026-2029. The OAC also supported the emphasis of the new strategic plan on the normative role of UNFPA, and how

the new organizational arrangement, implemented through the headquarters optimization process, would support and further strengthen such a role.

13. UNFPA management also provided an overview of the principles that inform the development of the new integrated budget. While 2024 has been an unprecedented year in terms of successful resource mobilization, UNFPA has undertaken very careful scenario planning, given the likelihood of a reduction in its funding. It has also continued to strengthen its efforts to broaden and diversify its funding base, not only among Member States, but also through partnerships with international financial institutions, foundations and corporations, as well as through the individual giving programme. The Committee commended the prudent approach adopted by UNFPA in recognizing the challenges and risks ahead, as well as continuing the partner diversification strategy going forward.

14. *Funding and strategic partnerships.* The Committee was kept abreast of 2024 resource mobilization results and updated on the overall UNFPA funding architecture. The Committee noted the unprecedented funding results achieved by UNFPA in 2024. It was informed of progress made by UNFPA in working with the private sector, especially corporate foundations and philanthropic organizations, and of the results achieved in growing the individual giving programme. It is expected that the number of private-sector partnerships and contributions will grow. UNFPA management noted, however, that significant funding reductions are likely to impact UNFPA in 2025, affecting in particular the organization's humanitarian work. The declining ratio of core resources to non-core resources continues to be of significant concern. The Committee agreed that the diversification strategy should centre on getting core and non-core resources from as many sources as possible and that a healthier core to non-core resources ratio should be targeted. The Committee broadly supported the UNFPA strategy of working with the private sector, foundations, international financial institutions and multilateral development banks. The OAC noted that the organization's focus on the entire lifecycle, as well as the work on population dynamics and demographic change – including related to ageing and low fertility – could be leveraged to strengthen the UNFPA narrative and resource mobilization efforts.

15. With respect to innovative financing, the OAC gathered additional information, including through a dedicated meeting, on the Adolescent Sexual and Reproductive Health Development Impact Bond that UNFPA is piloting in Kenya, in partnership with the Government, a programme implementer and two outcome funders. The OAC inquired about the exact role played by UNFPA; how the organization is compensated for its funds management role; and what the risks are (including financial and reputational) associated with this instrument. The OAC concluded that the financial risks associated with this instrument appear to be comparable to those incurred when UNFPA disburses funds directly to implementing partners. There is, however, a risk that the programme implementer does not deliver the results as expected or fully in line with UNFPA policies; in such cases, this may expose UNFPA to reputational risk. While UNFPA clarified that partners have been extensively vetted and the contract contains provisions to protect UNFPA in case of the partners' misconduct, the OAC underlined its concern that the public image of UNFPA could be discredited. Reputational risk – the OAC noted – could also stem from other causes, such as partners' fraud or sexual misconduct. In addition, the OAC noted that risk results also from UNFPA not monitoring the implementation until the evaluation outcome is available, which differs from the regular arrangement in which UNFPA would provide funds to an implementing partner and from the outset monitor closely their activities. The OAC underlined that while the Development Impact Bond instrument presents benefits to advancing developing goals, preventing reputational risks and putting in place strict controls would be a necessary condition to leverage this and similar instruments. Finally, the OAC recommended that the Independent Evaluation Office be involved in the development and review of terms of reference for the Development Impact Bond evaluators.

16. *Humanitarian response.* UNFPA management highlighted the different types of crises in the world, including conflict and fragility, climate emergencies and mass movements of people. The OAC appreciated the extraordinary work of the UNFPA humanitarian team, especially in such challenging environments. UNFPA reported that it was working on the development of a policy and procedures for emergency response, replacing the 2022 Fast Track Procedures. The new policy and procedures would be rolled out in the second quarter

of 2025 and are expected to equip UNFPA to deliver a more timely, coordinated and impactful humanitarian assistance. The procedures would include an emergency classification system, clear and standardized templates to ensure consistency and reduce workloads, and the establishment of crisis response teams to monitor, support and evaluate emergency responses effectively. The OAC requested to review the new procedures with a risk management lens. The OAC was informed that a Global Emergency Response Team had been established, to be deployed within the first 72 hours of an emergency and strengthen the operational and technical capacity of country offices during crisis responses. Since the establishment of the Humanitarian Response Division, the UNFPA humanitarian budget contributions have grown significantly, at five times the pace of non-core development funding.

17. *Headquarters optimization.* UNFPA management provided comprehensive updates on the implementation of the headquarters optimization initiative, which entails the merger of the Policy and Strategy Division and the Technical Division into one integrated Programme Division, the reorganization of the Division for Communications and Strategic Partnerships into the Division for External Relations, and the relocation of the Programme Division and the Independent Evaluation Office to Nairobi. The Committee recognized the inherent risks associated with a significant restructuring and with staff relocation and advised management to develop and implement a rigorous risk mitigation plan. The Committee noted the importance of UNFPA management's continued and regular dialogue with Member States and staff, as well as of engaging with the Staff Council. The Committee particularly underscored the need to maintain staff commitment and motivation and to minimize staff loss throughout the change process. During the fall meeting, the Oversight Advisory Committee appreciated the progress made by UNFPA, commended the sound project management approach that the organization adopted throughout the optimization, and requested to continue be updated in the future.

18. *Supply chain management.* The Committee was informed that the Supply Chain Management Unit (SCMU) reorganization had been completed during the summer of 2024. The SCMU, established in 2022 to replace the Procurement Services Branch and ensure the integration of upstream and downstream functions, underwent a significant restructuring to ensure that it could deliver on the strategic plan results. The new organizational structure establishes four pillars to strengthen 'last-mile' assurance, quality management for both products and services, governance risks and compliance, and logistics management, including freight management and stock pre-positioning. In addition, it placed new emphasis on communications, humanitarian supplies and third-party procurement. A new Supply Chain Management Strategy, 2024-2029 has also been developed, with a focus on enhancing humanitarian interventions, updating the last mile assurance process, expanding financial solutions for third-party procurement and ensuring financial sustainability. The Committee raised concerns about the potential impact of multiple, concurrent change management initiatives, the capacity of the Division for Human Resources to manage them, and the risks associated with staff anxiety and potential talent loss. The OAC took note of the fact that a dedicated change management team had been established in the SCMU to ensure staff engagement and involvement throughout the process.

19. The Committee was updated regularly on the status of implementation of the Board of Auditors recommendations, several of which pertain to supply chain management. The OAC noted that the deadlines proposed for the implementation of the recommendations had not been met; UNFPA clarified that longer timelines are needed due to the ongoing structural changes, and that implementing the Board of Auditors recommendations would entail policy changes. The Committee advised that in the future, when accepting the Board of Auditors recommendations, UNFPA should provide all the necessary context and background information to ensure that the deadlines are realistic and justified.

20. *Organizational culture.* The importance of organizational culture has been underlined by the Executive Board, which, in decision 2024/1, requested UNDP, UNFPA and UNOPS to provide, as a recurring item at its first regular sessions, a joint update on how the entities are continually strengthening organizational culture. UNFPA has undertaken a range of strategic actions to align its organizational culture and values with its strategic plan. In 2019, UNFPA launched the Culture Initiative, an organization-wide exercise, championed by the

Executive Director, to promote culture change, ensure stronger alignment with United Nations values, and establish and expand the desired organizational culture. Together with the Executive Director, the UNFPA Executive Committee leadership and senior management have demonstrated a commitment to a “tone at the top” by communicating its commitment to psychological safety and supporting a clear vision and strategic direction for the organization while supporting a speak-up culture, establishing high expectations for staff conduct for all UNFPA personnel and creating an enabling environment aligned to United Nations values, with the goal of creating a positive workplace culture. The Committee appreciated the investment made by UNFPA in strengthening its organizational culture. It noted the importance of culture change being led by the top of the organization; therefore, it was important for UNFPA to continue to ensure that culture change is managed from the Office of the Executive Director, rather than from the Division for Human Resources, in order to maximize the impact of culture change. The OAC inquired about how culture progress and change are measured. Members of the Committee emphasized the importance of having key performance indicators and metrics, which would allow the assessment of culture change in a practical manner and identify relevant variances across staff groups. The Committee recommended that the Office of Audit and Oversight Services conduct an audit of the corporate culture. The Committee also inquired about the content and outcomes of the UNFPA staff surveys and requested that the results from future staff surveys are shared with them.

21. *Protection against sexual exploitation and abuse and sexual harassment.* The Committee welcomed the strong emphasis UNFPA – and especially its Executive Director – continues to place on protection against sexual exploitation and abuse and sexual harassment (PSEAH) and its efforts to ensure that PSEAH is integrated into the organizational culture and “mainstreamed” rather than being considered as something that requires exceptional attention. The Committee was informed of the launch of the new UNFPA PSEAH Strategy, 2024-2025, which is survivor-centred, focusing especially on women and girls, and aims to set higher standards of accountability. It includes some planning paradigms that are aspirational and forward-looking, including in considering options for increased staffing and resourcing. The OAC expressed support for the strategy and its overall direction. In particular, the Committee welcomed the strategy focus on capacity building, having previously raised concerns regarding a lack of clarity in the role of focal points and the organization’s reliance on generalists to perform technical work on very complex issues. UNFPA highlighted that a concurrence of factors, which include a lack of trust and fear of retaliation, significantly limits the number of cases reported. The OAC noted that trust is a fundamental element for personnel to feel comfortable in reporting cases. It also urged UNFPA to use its co-ordination mechanisms to provide clear and consistent guidance around protocols for reporting and escalation of cases and allegations, to ensure consistency across the organization.

22. *Financial statements.* The Committee took note that the UNFPA 2023 financial statements would receive an unqualified audit opinion, despite a challenging year-end process, due to 2023 being the first year of closing the accounts using the new Enterprise Resource Planning (ERP) system and the simultaneous launch of QuantumPlus. While the Committee took note that, in 2024, closure activities in Quantum have become routine, it requested that particular attention be placed on the controls used to ensure data accuracy and the prevention of errors. The OAC also took note that, despite the progress achieved with the use of the new ERP, challenges remained, mostly related to: the continuation of the Information Technology transformation, with new systems impacting financial management and financial accounting; including the transition from the current shipment tracker system to a new one, to be rolled out in 2025; the adoption of new IPSAS standards, entailing changes that will require significant investment in policy, systems, tools and communication; and the limited resources available to complete financial closure, while dealing with the Information Technology changes and an increasingly complex IPSAS environment.

23. *Information and communications technology.* In April 2024, UNDP experienced a ransomware attack that compromised its information and communication technology (ICT) system, which is shared with other entities, including UNFPA. The OAC worked, in collaboration with UNFPA management, and provided advice on key actions to address the incident, which included: prompt and constant communications to all personnel; a webinar

on new security controls; and the implementation of a number of new security measures. The OAC underlined that information security is paramount, and that security awareness must be ensured, since most security events originate from individual users. The Committee also recognized the elevated risks of ICT-related attacks, and the particular vulnerability of UNFPA because of its mandate, and recommended that external cybersecurity expertise be brought into the UNFPA ICT Board, the UNFPA governance body responsible for oversight on ICT matters and prioritization of initiatives. Responding to the OAC recommendation, UNFPA has now added an external cybersecurity expert to its ICT Board.

24. The OAC was briefed on the fact that a survey conducted among users revealed positive overall satisfaction with Quantum; key areas for improvement were identified, particularly in procurement, accounts payable, payroll and reporting. The Committee was also briefed on the implementation of QuantumPlus, which will eventually replace non-ERP functions and be integrated with Quantum. The implementation is expected to be concluded by the end of 2024. Following OAC guidance, UNFPA ensured the strong involvement of business owners since the onset of QuantumPlus implementation, with significant benefits on the development of the system. The OAC noted that during its field visit, the availability of data on population appeared to be a key constraint for programmatic work and recommended that, working together with Governments, action is taken from an ICT standpoint to address this issue.

25. *Enterprise risk management.* UNFPA management updated the OAC on progress made in rolling out a systematic approach to enterprise risk management (ERM). Three-day training workshops have been completed across all regions and at headquarters for risk focal points to learn the about ERM policy and how to apply it to be support decision-making. Risk assessments were conducted for all regions and for headquarters. The Headquarters Risk Committee meets regularly, an ERM portal is under development and the ‘myRisk’ application is being integrated into QuantumPlus. The OAC acknowledged and welcomed the progress achieved by UNFPA in implementing ERM across the organization and recommended that the integration of the risk application in QuantumPlus be prioritized.

26. *Implementing partners management and assurance.* UNFPA management informed the OAC that implementing partner (IP) spending represented 31 per cent of total UNFPA expenses in 2024 (compared to 32 per cent in 2023), with 22 per cent of IPs incurring 75 per cent of the expenditures. More complex operating environments have raised the organizational risk profile and the need for assurance and audit. At the same time, there is a need to find a balance between assuring quality and the administrative and financial burden associated with quality assurance. The Committee was informed that UNFPA has combined its previous key partnership policies (selection, registration, assessment and workplan policies) into one comprehensive implementing partner policy. The new policy introduces three new modalities for engaging with implementing partners – small scale, visibility, and research – to allow for a differentiated approach to partnerships, ensure operational agility and lessen the requirements for low-risk or low-value partners. Challenges include the lack of simplified templates and a differentiated approach in the QuantumPlus system, which results in a lower-than-expected reduction in administrative burden. UNFPA is planning to introduce partner profiles with built-in processes and controls in the future. The Committee supported the adoption of the new policy and UNFPA efforts towards balancing risk mitigation with operational agility in IP management.

27. *Internal audit.* In 2024, the Committee met with the Office of Oversight and Investigation Services (OAIS), both in open and closed sessions. During these meetings, the OAC was updated on the status of internal audits (including audit outcomes, geographical breakdown of recommendations, recommendation focus and implementation status) and the status of investigations. OAIS informed OAC of the progress made in the time to issue reports, thanks to the introduction of a 90-day deadline, as well as efforts to leverage data analytics and applying client surveys for each audit. The OAC expressed appreciation for the progress made and endorsed the overall direction of the OAIS. It noted possible future steps, such as a requirement for feedback on audit reports and explicit consideration of more thematic audits. The OAC suggested that there would be value in having, in the future, some audit capacity in Nairobi – where part of UNFPA headquarters will relocate. The OAC noted that more than half of the audit recommendations are rooted in inadequate oversight or

guidance, and identified, as a probable root cause, the very high number of policies and procedures. The OAC noted that training is also an issue, as it requires time and funding. Country offices often do not have the capacity to support the implementation of the policies and procedures. The OAC requested UNFPA to ensure that a more detailed analysis of the root causes of inadequate oversight and guidance is conducted and urged UNFPA to examine further the issue of the high number of policies and procedures.

28. *Investigation.* At the November meeting, OAIS informed the OAC that 125 investigation cases had been closed, which is more than the 118 cases received in the year. This was the result of a successful recruitment strategy to fill vacancies as well as of leveraging external consultants; this has ensured that the Investigations Branch is properly resourced and fit for purpose. OAIS remains on course to reach its 150-case closure target, with prioritization on aging cases. The OAC welcomed the progress made with respect to shrinking the backlog of outstanding cases.

29. The OAC discussed extensively with OAIS the most effective modalities for ensuring reporting for survivors of sexual exploitation and abuse. The OAC suggested that there should be clear advice and consistent approaches to reporting and escalating such cases across the organization, recognizing that it may be particularly difficult for personnel to feel safe reporting from country offices. OAIS ongoing work on its PSEAH investigation strategy is on course and will ensure the adoption of a survivor-centric approach. In addition to this, OAIS has played a leading role in the development of a new inter-agency investigation manual on a survivor-centric approach in sexual exploitation and abuse investigations.

30. OAIS has developed a draft Investigative Strategic Framework for Commodity Diversion. The framework sets out how OAIS will treat, triage and identify the allegations of commodity diversion received from UNFPA country offices and implementing partners. OAIS is in the process of contracting highly specialized expertise, with a view to building a comprehensive understanding of the issue and lead inter-agency efforts on the diversion of multiple different types of commodities, including those not procured by UNFPA.

31. OAIS updated the OAC on its progress in exploring artificial intelligence (AI)-based solutions, including for the case-management system. The OAC highlighted that off-the-shelf AI tools could help identify potentially exceptional transactions requiring additional review. While OAIS has invested considerably in digital forensic capability, it did not anticipate being able to finalize a fully established digital forensic service in 2024. To this end, additional work will be required in 2025.

32. *Evaluation.* The Independent Evaluation Office (IEO) presented to the Committee the key findings and recommendations from two evaluations: the formative evaluation of the organizational resilience of UNFPA in light of its response to the COVID-19 pandemic and the independent evaluation on the UNFPA Strategic Plan, 2022-2025. It highlighted the very high response rate of management to evaluation recommendations, while also highlighting the tension between management's aspirations and the resources assigned to the evaluation function. The Committee noted that the total UNFPA expenditure on the evaluation function in 2023 was \$9.8 million, representing 0.8 per cent of total programme expenses, and below the evaluation policy's target of between 1 per cent and 1.6 per cent. It also took note that, in absolute terms, the resources allocated by management to evaluation had increased, while the 0.8 per cent ratio to total programme expenses had remained the same as in 2022 due to an overall increase in programme expenses. The IEO has pioneered the use of AI in evaluation. UNFPA was indeed the first agency to promote the use of AI in evaluation, and established an inter-agency group on evaluation to consider how best to ensure an ethical use of AI. The IEO was acknowledged by the Executive Board for its work in this area.

33. The IEO described its efforts to continue strengthening the quality and independence of the evaluation function, in collaboration with the Office of Audit and Investigation Services and the Division for Human Resources. The OAC sought clarification on how the IEO ensures the independence and credibility – two very interlinked dimensions – of the decentralized evaluations, beyond capacity building, with a view to ensuring a robust oversight on decentralized evaluations. It took note of the fact that the evaluation quality assessments are conducted by external companies, hired by the IEO and that a second

reporting line will be added to the decentralized evaluation function to enhance its independence. The OAC underlined the importance of the ongoing collaboration between the IEO and the OAIS, which will help the implementation of the OAC recommendation for UNFPA to draw systemic lessons across the organization. It welcomed the fact that staff working on decentralized evaluations would have a reporting line through the IEO and encouraged the continued pursuit of solutions to further strengthen independence.

34. *Ethics.* The Committee met with the Ethics Adviser (including the new Ethics Adviser who joined UNFPA in August 2024) at each of its meetings. The issue of reporting of cases of sexual exploitation and abuse, which emerged in the meetings with the PSEAH Coordinator and OAIS, was discussed also with the Ethics Office. The OAC reiterated the importance of a consistent approach for reporting and escalation, centred on the needs and rights of survivors. The Ethics Adviser also informed the OAC of the challenges faced to ensure the political neutrality of staff, including through the launch of a new mandatory online training course that involved a statement of commitment. The OAC suggested that UNFPA could consider making the requirement for staff to be politically neutral clearer to potential employees at the recruitment stage, in job descriptions and during the interview and induction processes.

35. The OAC was informed that 100 per cent of staff requested to participate in the financial disclosure programme had completed the process. In light of the increased risk of data breaches, the Ethics Office is examining more secure platforms and ways of inputting data, including new hosting arrangements or outsourcing of the platform.

36. With respect to workplace issues, including allegations of abuse of authority and retaliation, it was noted that UNFPA personnel use various channels to report these issues, creating a risk that some reports fail to be addressed in time or that conflicting messages are received regarding remediation. The OAC recommended urgent clarification around protocols for reporting and managing allegations of wrongdoing to ensure consistency, as appropriate.

37. *Board of Auditors recommendations.* The OAC was informed that in 2023, UNFPA had fully implemented 29 of the 46 recommendations (63 per cent) that were outstanding at the beginning of the 2023 financial year, mostly due to delays in implementing the recommendations related to supply chain management. In July 2024, the Board of Auditors (BoA) issued 32 new recommendations, thereby bringing the total number of outstanding recommendations to 49. When the OAC met with UNFPA in November 2024, 41 recommendations were outstanding. The Committee noted with concern the delayed implementation of the BoA recommendations and stressed the need to address this matter with urgency.

38. The Committee met with representatives of the Board of Auditors, including some members of the outgoing team from Chile. In November 2024, the entire team of the incoming Brazilian Board of Auditors met with the OAC and presented their strategy and workplan for the financial audit of 2024. Other topics discussed during these meetings included, inter alia, UNFPA progress in implementing the Board of Auditors recommendations, including on its humanitarian work and on supply chain management.

39. *Joint Inspection Unit recommendations.* At its November 2024 meeting with UNFPA management, the OAC was informed that 92 per cent of accepted JIU recommendations had been implemented and 8 per cent are under implementation. The Committee welcomed the high implementation rate and encouraged UNFPA to continue its analyses of audit and JIU findings to identify cross-cutting challenges and persistent risks.

40. *Joint Inspection Unit assessment of how the Board executes its governance and oversight functions.* The Committee was updated on the ongoing progress led by Member States to address the recommendations contained in the JIU report, “Review of governance and oversight of the Executive Boards of UNDP/UNFPA/UNOPS, UNICEF and UN-Women” (JIU/REP/2023/7). UNFPA management shared with the Committee the information notes – which had been shared with the Executive Board – containing the entity’s preliminary views on the JIU recommendations, produced at the request of the Executive Board. With reference to a specific recommendation on a potential change of reporting line of the Oversight Advisory Committee, the Committee concurred with UNFPA management that the OAC reporting line should remain to the Executive Director of UNFPA so that the Committee continued to duly fulfil its independent advisory role.

IV. Conclusion

41. In 2025, the Committee will continue to review relevant activities, records, risks and controls, particularly those relating to the achievement of results set out in the UNFPA Strategic Plan, 2022-2025, and the 2030 Agenda for Sustainable Development. It will also review potential risks and identify opportunities for improvements in organizational effectiveness and efficiency.

42. The Committee will continue to follow up, among other matters within its mandate, on the following:

- (a) Any significant risk and exposure to UNFPA, and the steps management has taken to minimize or manage such risks, including the risks related to humanitarian work, information and communication technology, the implementation of the new ERP system, as well as the ongoing UNFPA headquarters optimization process;
- (b) Policies significantly impacting financial management and reporting; the internal audit, investigation, evaluation and ethics functions; and the effectiveness of the UNFPA systems of internal control and accountability. The Committee will also continue its dialogue with the external auditors on issues of mutual interest;
- (c) Management responses to issues identified by the internal audit and investigation function and assess the status of implementation of the recommendations made, including those of the vendor review and sanctions mechanism;
- (d) UNFPA fraud prevention and detection policies and activities, including the arrangements in place to raise concerns in confidence about fraud, ethics, conflict of interest, violations of rules and regulations, and other oversight matters, and how these are expedited;
- (e) The work of the Independent Evaluation Office to ensure it can continue to conduct its work without restrictions or limitations, as well as the opportunities for organization-wide learning from the evaluations conducted;
- (f) The implementation of the internal and external audit and evaluation recommendations as well as those from the Joint Inspection Unit and Board of Auditors reports;
- (g) The Ethics Office scope, plans, activities, resources, staffing and organizational structure, including the whistle-blower protection and financial disclosure programmes, as well as its advisory services, and the adequacy of management responses to issues identified by the Ethics Office;
- (h) The implementation of the new Supply Chain Management strategy, particularly in relation to procurement and ‘last mile’ assurance, including in humanitarian response;
- (i) Developments in addressing sexual exploitation and abuse as well as harassment, including the investigation of these types of allegations;
- (j) The use of innovative financial instruments, given the risk implications that they might entail;
- (k) UNFPA efforts to strengthen its organizational culture, with a specific focus on how culture change will be monitored and measured.

43. The Committee wishes to thank the Executive Director, the Deputy Executive Directors past and present, senior staff, the staff of OAIS and the ethics and evaluation offices, the Board of Auditors and other UNFPA management and staff who participated actively in the Committee's activities and cooperated with OAC as it performed its role in supporting the Executive Director discharge her fiduciary responsibilities to the Executive Board as per the Oversight Policy approved by the Executive Board.
