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UNFPA management response

to

Report of the Office of Audit and Investigation Services

on UNFPA internal audit and investigation activities in 2024

(DP/FPA/2025/6)

and

Annual report of the Oversight Advisory Committee

(DP/FPA/2025/6/Add.1)

UNFPA – Internal audit and investigation

Executive Board of UNDP, UNFPA and UNOPS
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Section I

Management response to the annual report of the Office of Audit and Investigation Services on UNFPA internal audit and investigation activities in 2024 (DP/FPA/2025/6)

I. Introduction, assurance and overall opinion on governance, risk management and control

1. UNFPA acknowledges and appreciates the Office of Audit and Investigation Services (OAIS) annual report on internal audit and investigation activities for 2024. Management commends OAIS for the professional, independent, and objective discharge of its oversight responsibilities. OAIS work continues to play a vital role in strengthening UNFPA accountability, transparency, and operational effectiveness.
2. Management notes OAIS's overall opinion that the UNFPA governance, risk management, and control (GRC) processes were 'partially satisfactory, with some improvement needed,' consistent with the previous year. This assessment reflects a comprehensive evaluation of internal audit and investigation outcomes, the status of recommendation implementation, and complementary oversight inputs, including those from the Board of Auditors and enterprise risk management (ERM) activities.
3. OAIS found that while the GRC framework remains appropriately designed and largely operational, no systemic deficiencies were identified that would seriously compromise the organization's ability to achieve its objectives. However, the report notes several areas requiring strengthened oversight and consistent control execution, particularly in high-risk and complex environments.
4. UNFPA remains fully committed to addressing these areas. Initiatives undertaken in 2024 – including the rollout of QuantumPlus, enhancements to the ERM system, and improved control self-assessment tools – are aimed at improving the quality and consistency of risk-informed decision-making and internal control implementation across the organization.
5. Management reaffirms its support for the OAIS mandate and values the integrity, expertise, and professionalism consistently demonstrated in the delivery of its audit, investigation, and advisory functions. These services remain critical to driving continuous improvement and strengthening organizational resilience.
6. UNFPA reaffirms its zero-tolerance policy toward any form of wrongdoing, including fraud, corruption, harassment, sexual exploitation and abuse, and all breaches of organizational policies. Management remains fully committed to upholding the highest standards of transparency, accountability, and ethical conduct throughout the organization. Strengthening oversight mechanisms, embedding a culture of integrity, and ensuring prompt corrective actions where needed are fundamental pillars of UNFPA's approach to fulfilling its mandate and reinforcing stakeholder trust.

II. Statement of OAIS independence, OAIS staffing and budget

7. UNFPA management continues to value the independence and professionalism of the Office of Audit and Investigation Services (OAIS). Management values OAIS's structured quality assurance and improvement programme, including regular external quality assessments and the internal review mechanisms managed by the Quality Assurance, Policy and Reporting (QAPR) Unit.
8. OAIS continues to play a central role in maintaining UNFPA oversight integrity, and management fully supports the Office's adherence to global best practices in audit and investigative methodologies. The emphasis placed by OAIS on independence, objectivity, and ethical conduct underpins the credibility of its findings and contributes to building trust among stakeholders.
9. Management continued to support the strengthening of the oversight function in UNFPA; in the framework of the midterm review of the UNFPA strategic plan, 2022-2025, an investment of \$2.7 million was approved to

strengthen OAIS capacity and bolster the investigations function with temporary appointment posts to more expeditiously address the backlog of cases, tackle the increase in cases reported, and support the office's use of new technologies.

10. Furthermore, for 2025 allocations and as part of the revisions in the allocations as a result of reduced projected income, Management did not agree to most of the budget cuts proposed by OAIS due to the importance of its mandate and only accepted some of the suggestions considered as low risk.

III. Management response to key issues identified by OAIS in 2024 requiring Executive Board attention.

11. UNFPA management takes the areas of concern identified by OAIS very seriously and provides a detailed update below on the actions taken to address them. The key themes highlighted by OAIS in its 2024 annual report include the following:

- (a) *Governance challenges*: misaligned organizational structures and staffing arrangements, inadequate results planning and reporting, and limited training for office personnel;
- (b) *Risk management at the country level*: insufficient implementation of structured risk management processes, weak identification and tracking of risks, and limited supervisory oversight;
- (c) *Implementing partner management*: notably, weak compliance with corporate policies, non-competitive selection of NGO partners, missed assurance activities under the harmonized approach to cash transfers (HACT), and weak controls over cash transfers;
- (d) *Protection from sexual exploitation and abuse*: inconsistent implementation of PSEA measures, including inadequate training and monitoring of implementing partners;
- (e) *Procurement and financial controls*: recurring noncompliance with procurement procedures, lack of comprehensive procurement planning, poor documentation, and overuse of cash payments;
- (f) *Financial resource management issues*: deficits, over-expenditures, retroactive financial adjustments, and operational disruption due to unforeseen banking challenges in fragile contexts.

12. As presented in the following subsections, UNFPA has taken prompt and targeted measures to address these concerns and will continue strengthening its governance, operational oversight, and risk management frameworks.

Governance challenges

13. UNFPA management acknowledges the governance-related challenges highlighted by OAIS, including issues related to results planning, staffing structures, risk management, and staff training. Management recognizes that these challenges are interconnected.

14. In response, UNFPA has undertaken several targeted initiatives in 2024. The UNFPA results-based management system, QuantumPlus, launched at the end of 2023, has greatly enhanced results planning, monitoring, and reporting. It allows UNFPA units to create annual results and resources plans (RRPs), which focus on their programme outputs for the year and include yearly targets for output indicators and quarterly milestones.

15. QuantumPlus also supports programme implementation by enabling activity planning and budgeting for UNFPA and the preparation of workplans and workplan progress reports with implementing partners. The indicators in these workplans must first be defined as quarterly milestones in the RRP, directly linking the planned results with those to be delivered by partners.

16. Additionally, QuantumPlus facilitates a more results-based approach to budget management, includes a position management module, and connects with UNFPA's Enterprise Resource Management System, Quantum.

17. The system also supports the timely monitoring of planned results. At the end of each quarter, units are required to report on the actual achievement of planned milestones by a set deadline. At the end of the year, units

report on results achieved within their outputs, providing actual values for each indicator and narratives on results, challenges, and lessons learned.

18. QuantumPlus supports UNFPA corporate accountability for reporting through output and activity-level tagging and strategic plan indicator reporting.

19. On staffing, UNFPA has continued to optimize workforce planning and has expanded the use of Power BI-based dashboards to provide real-time data on position management, vacancy trends, and recruitment pipelines. These tools are actively used by country, regional, and headquarters teams to inform resourcing decisions and ensure organizational structures are better aligned with programme needs.

20. To address capacity gaps, the organization has invested in refreshed training programmes, including risk management workshops, induction packages, and policy guidance tools. Particular attention has been given to country offices operating in complex or high-risk contexts.

Risk management processes at the country office level

21. UNFPA acknowledges the concerns raised by OAIS regarding the inconsistent application of risk management processes at the country level, including gaps in risk identification, tracking, and mitigation. Management recognizes that these challenges stem from variations in local capacity and the evolving maturity of the ERM framework.

22. In response, UNFPA undertook a comprehensive enhancement of its enterprise risk management (ERM) system throughout 2023 and 2024. This included the rollout of a revised ERM policy and the development of structured learning materials, a detailed ERM Guidebook, and a comprehensive Risk and Control Catalogue. These tools are aligned with the Control Self-Assessment (CSA) framework and are designed to support country offices in implementing a standardized, principles-based approach to risk management.

23. The myRisk application, a module within the Strategic Information System (SIS), was upgraded to support many-to-many linkages between risks and controls. This provides country offices with a flexible and intuitive platform to identify risks, assess controls, and track mitigation actions more systematically. These updates have been complemented by the creation of dashboards in Power BI to support real-time visibility and accountability.

24. To build institutional capacity and strengthen regional oversight, UNFPA conducted five regional workshops and multiple remote sessions in 2024, reaching ERM focal points and Regional Risk Committee members. These workshops provided hands-on training on the revised tools and enabled field-level engagement with corporate risk priorities.

25. Management has also taken steps to reinforce structured risk governance through the Headquarters and Regional Risk Committees, which validate risk assessments and monitor alignment with strategic and operational plans. Country offices are now required to conduct formal risk assessments as part of each country programme document (CPD) cycle, with additional reviews based on context and operational shifts.

26. UNFPA remains committed to further strengthening ERM maturity by deepening the integration of risk management into strategic planning, enhancing system connectivity with QuantumPlus, and reinforcing the risk-aware culture through continuous learning and leadership engagement.

Implementing partner management and oversight

27. UNFPA acknowledges OAIS's observation that the management and oversight of implementing partners (IPs) continues to be a critical challenge and is prioritizing addressing these issues.

28. In 2024, UNFPA advanced a more risk-based, cost-effective, and agile approach to managing partnerships. Specifically, the organization revised its assurance strategy by reducing costly requirements for low-risk, low-value partnerships (i.e., under \$100,000), while enhancing scrutiny for high-risk and high-value partnerships. This rebalancing has allowed for better targeting of assurance activities and more efficient use of audit and monitoring resources.

29. UNFPA has a long tradition of implementing through partners as mandated by the General Assembly and has often spearheaded policies, procedures, and practices in inter-agency initiatives such as HACT and the United

Nations Partner Portal (UNPP). Working through partners is a modality that is proven to be effective, while it also presents some risks, especially in operations in crisis, unstable, and challenging environments. UNFPA appreciates the recognition of its efforts to improve IP management controls. Besides the new partner risk profile in Quantum Plus and smarter automation of assurance plans, UNFPA has piloted expanded IP audit procedures for 2024 and will apply them in certain high-risk operations going forward. UNFPA is revisiting the timing of spot checks and their integration with enhanced activity monitoring, and plans to enhance due diligence checks, especially in high-risk contexts.

30. A new partnership policy will be issued in 2025 with revisions made to the selection process. The Policy will mandate the use of the UN Partner portal for selection. However, offices will still be able to select through either a competitive or non-competitive manner, allowing for better oversight on how offices select implementing partners.

31. Management remains committed to further strengthening the implementation of the HACT framework, including the timely planning and execution of assurance activities. Monitoring tools and compliance dashboards are being used to flag missed assurance activities, enabling regional and headquarters oversight to intervene where necessary.

32. These actions reflect the organization's broader shift toward a more risk-informed and results-based partnership management model. Continued enhancements in QuantumPlus, policy guidance, and training will be key to embedding sustainable improvements in the oversight and effectiveness of partnerships.

Protection from sexual exploitation and abuse

33. UNFPA acknowledges the concern raised by OAIS regarding inconsistent implementation of protection from sexual exploitation and abuse (PSEA) measures across offices. Management recognizes that safeguarding beneficiaries and upholding the highest ethical standards in all partnerships is a core organizational priority.

34. In 2024, the Programme Division (PD) undertook reviews to ensure all UNFPA partners have a United Nations Partner Portal (UNPP) profile and to see how many of our partners have used the UNPP to assess and build capacity-strengthening implementation plans in the UNPP. The review indicated that although 98 per cent of the 2024 partners were assessed by UNFPA workplan managers, with technical support from the PSEA focal points, or by another United Nations entity, only 83 per cent of the partners had their PSEA assessment in the UNPP. UNFPA is actively following up with offices to request that they add them to the UNPP. For those partners that did not meet full capacity, UNFPA PSEA focal points, in collaboration with PD and with support from the PSEAH Unit, provided additional training to support partners in understanding their obligations to prevent and respond to SEA.

35. UNFPA's PSEAH Unit collaborates closely with the Organization's network of more than 270 PSEA focal points across all Country Offices. To enable and enhance the work of the focal points, the Unit has created an evidence-informed Core Learning Package, which includes standardized case studies, presentations, and learning materials that allow focal points to support partners with expanding their PSEA capacity. Focal points meet with the PSEAH Unit on a quarterly basis to exchange learning and promising practices across regions and countries, to share challenges, and to discuss solutions that directly address issues identified by the focal points.

36. One of the key prevention measures available is the systematic verification of candidates' antecedents for prior sexual misconduct, to stop perpetrators moving not only between UN Agencies, but also between UN Agencies and NGOs, undetected. The United Nations ClearCheck database tracks former UN personnel who have been confirmed to have perpetrated some form of sexual misconduct. ClearCheck also includes information on individuals with pending allegations who leave the organization before the investigation and/or disciplinary process is completed. However, ClearCheck does not include information about individuals seeking employment with the UN who may have been identified as perpetrators outside of the UN System. In 2024, UNFPA committed to pilot the Misconduct Disclosure Scheme as a way to broaden access to a broader range of databases that will include information on prior sexual misconduct (sexual exploitation and abuse and sexual harassment) perpetrated by former UN and NGO personnel - decreasing the opportunity for perpetrators of sexual misconduct to remain in employment circulation. UNFPA is piloting the MDS in all six of its regions and two of its headquarters business units, under the management of both the PSEAH Unit and DHR. At the end of the first year of the pilot, the MDS will be expanded to additional countries and BUs across the Organization.

37. To promote PSEA compliance among partners across the United Nations system, UNFPA remained a leading participant in the Implementing Partner Protocol Working Group to develop and share resources, including guidance for implementing partners and a training package for partners on the IP protocol, and to promote a coordinated approach at the country level.

38. UNFPA remains committed to sustaining a culture of safety, trust, and accountability for all programme participants and will continue to invest in institutional and technical measures to ensure full adherence to PSEA standards across all contexts.

Procurement and financial controls

39. UNFPA acknowledges the operational management issues identified by OAIS in 2024 audits, particularly those related to procurement and financial controls. Management recognizes the need to continue to ensure compliance with procurement procedures, strengthen internal controls, and build staff capacity to reduce operational and financial risks.

40. SCMU has recently completed a change management process, including within the inventory team. Additionally, UNFPA has in early 2025 launched a new shipment tracker to replace the older version of the former ERP. Going forward, with these two changes complete, the team will be able to continue to support country offices in the review and analytics of data globally to see where offices need ongoing support to effectively implement controls over inventory management. UNFPA acknowledges the importance of addressing gaps in procurement planning, documentation of goods receipt and inspection, and the establishment of local long-term agreements for frequently procured items.

41. To further strengthen these areas, UNFPA will continue to reinforce the local procurement planning processes by requiring and supporting each office to submit and regularly update annual procurement plans aligned with operational needs and available funds.

42. SCMU will continue to deliver targeted training modules for local procurement and supply chain staff, with a focus on end-to-end procurement processes and documentation standards.

43. Furthermore, as part of continuous improvement efforts, SCMU is developing sourcing strategies that reflect each product and service category's distinct risk profiles and delivery timelines. These strategies will guide the selection of the most suitable sourcing modality—global, regional, or local—for each category. In alignment with these strategies, SCMU aims to progressively establish and encourage country offices to establish and utilize long-term agreements (LTAs) to improve operational efficiency, responsiveness, and cost-effectiveness. Implementation will follow a phased approach, prioritized based on operational demands and resource availability.

44. UNFPA programming sometimes necessitates the use of cash payments due to a shift in funding from development to humanitarian assistance. This is further compounded by challenges due to weak or unavailable banking infrastructure in certain areas where the programs are implemented.

45. UNFPA remains committed to ensuring full compliance with procurement and financial management policies and addressing root causes of operational weaknesses through targeted support, supervision, and accountability mechanisms.

Financial resource management

46. UNFPA acknowledges the observations made by OAIS regarding financial resource management challenges experienced in certain country offices, including financial deficits, project over-expenditures, and the liquidity disruptions in Yemen due to unforeseen external banking constraints. Management notes that these issues primarily stemmed from operational challenges, such as evolving programmatic needs, planning gaps, and external environmental factors, rather than from systemic weaknesses or misconduct. UNFPA continues to strengthen its financial planning, monitoring, and contingency mechanisms to safeguard financial sustainability and to ensure greater agility and resilience in complex and high-risk operating environments.

47. In 2024, new reports were introduced to enhance budgetary oversight and control. This measure was implemented in response to decreased resource availability and mandatory salary increases, significantly increasing overall expenditures.

48. Furthermore, in 2025, UNFPA introduced a set of mandatory tasks in Quantum Plus that are specifically designed for financial and operations management. These tasks have been integrated into the existing results and resources plans and effectively replace the integrated accountability checklist. The primary goal of these mandatory tasks is to equip offices with the tools and guidance they need to proactively oversee and manage their diverse resources, encompassing financial assets, implementing partner assurance, and administrative capabilities.

49. More broadly, UNFPA continues to strengthen its financial planning and control architecture through the integration of financial dashboards in QuantumPlus, stricter enforcement of budget control, and additional training for finance staff. These measures are intended to prevent the recurrence of the issues.

IV. Investigation activities in 2024

50. UNFPA takes note of the OAIS summary of investigation activities conducted in 2024 and appreciates the continued efforts of the Investigation Branch to address allegations of misconduct across the organization. Management acknowledges the complex and sensitive nature of these cases. It reaffirms its zero-tolerance stance toward all forms of wrongdoing, including sexual exploitation and abuse, fraud, harassment, abuse of authority, and other misconduct.

51. Management takes note that OAIS conducts or manages three types of investigations: internal investigations, external investigations, and third-party-led investigations. Management understands that the basics of the investigation process employed by OAIS have not changed in 2024.

A. Cases carried over from 2023 and previous years

52. UNFPA management understands that at the start of 2024, OAIS carried over 314 open cases from previous years. Management further understands that of these carry-over cases, 250 (80 per cent) were at the preliminary review stage and 64 (20 per cent) were in full investigation. Management has also taken note of the breakdown of these 314 open cases over different categories of allegations, as noted in more detail in the OAIS annual report.

53. Management understands this number is substantial and that there is no easy solution for reducing open cases from previous years. This is also why Management has continued to invest in the Investigation function. Management appreciates the continued OAIS efforts to monitor and take strategic steps to address its caseload.

54. UNFPA remains committed to creating an environment where misconduct is addressed transparently and fairly, and where lessons learned from investigations contribute to stronger internal controls, ethical leadership, and a safe and respectful workplace.

B. Case intake in 2024

55. UNFPA acknowledges the case intake data presented by OAIS for 2024 and appreciates the detailed analysis in the annual report and Annex 5.

56. Management notes that OAIS registered 134 new cases in 2024. Management observes that the number of new cases in 2024 decreased, compared to the number of new cases for 2023 (167) and 2022 (166).

57. Management also notes that in addition to new cases opened in 2024, OAIS opened 232 as non-cases after initial screening and triage.

C. Caseload analysis and closure in 2024

58. Management notes that in 2024, OAIS had a total caseload of 448 cases (314 carried over from 2023 and prior years and 134 new cases), which represents a 6 per cent decrease compared to 2023 (474 cases); an 11 per cent increase compared to 2022 (404 cases); and a 32 per cent increase, compared to 2021 (339 cases).

59. Management further notes that 165 of the total caseload of 448 cases were closed by year-end 2024. The closure of 165 cases represents a 3 per cent increase over the cases closed in 2023 (160), a 68 per cent increase over 2022 (98), a 63 per cent increase over 2021 (101), a 120 per cent increase over 2020 (75), and a 371 per cent increase over 2019 (35). Management notes the trajectory reflected by these case-closure statistics and commends OAS for this achievement.

60. Management understands that out of the 165 cases closed in 2024, 36 cases (22 per cent) were closed after a full investigation by way of either an investigation report or an investigation closure report. As detailed in the OAS annual report, a full investigation entails that the subject was notified, all relevant witnesses interviewed, and all relevant evidence reviewed.

61. Out of the 36 cases that were closed after a full investigation, Management notes that 24 cases were substantiated in the view of OAS in full or in part. Out of these, 15 cases concerned fraud and financial irregularities; three cases concerned sexual misconduct; three cases concerned prohibited workplace conduct; two cases comprised other types of wrongdoing; and one case concerned retaliation. As of the date of the present management response, all cases have either been substantially disposed of or are in the legal or administrative process. No cases remain pending without action.

V. Implementation of internal audit recommendations

62. UNFPA notes the statistics on the implementation of audit recommendations. As of December 31, 2024, the organization had implemented 295 audit recommendations, resulting in an implementation rate of 92 percent, a marked improvement over the 78 percent rate reported in 2023. This reflects the concerted efforts of business units, regional offices, and headquarters to strengthen audit follow-up and accountability mechanisms.

63. Of the 205 audit recommendations issued in 2024, 171 remain outstanding, meaning 83 per cent are still under implementation and scheduled for completion in 2025 or beyond. Management agreed with all recommendations issued in 2024 and has initiated the required actions to ensure timely follow-through.

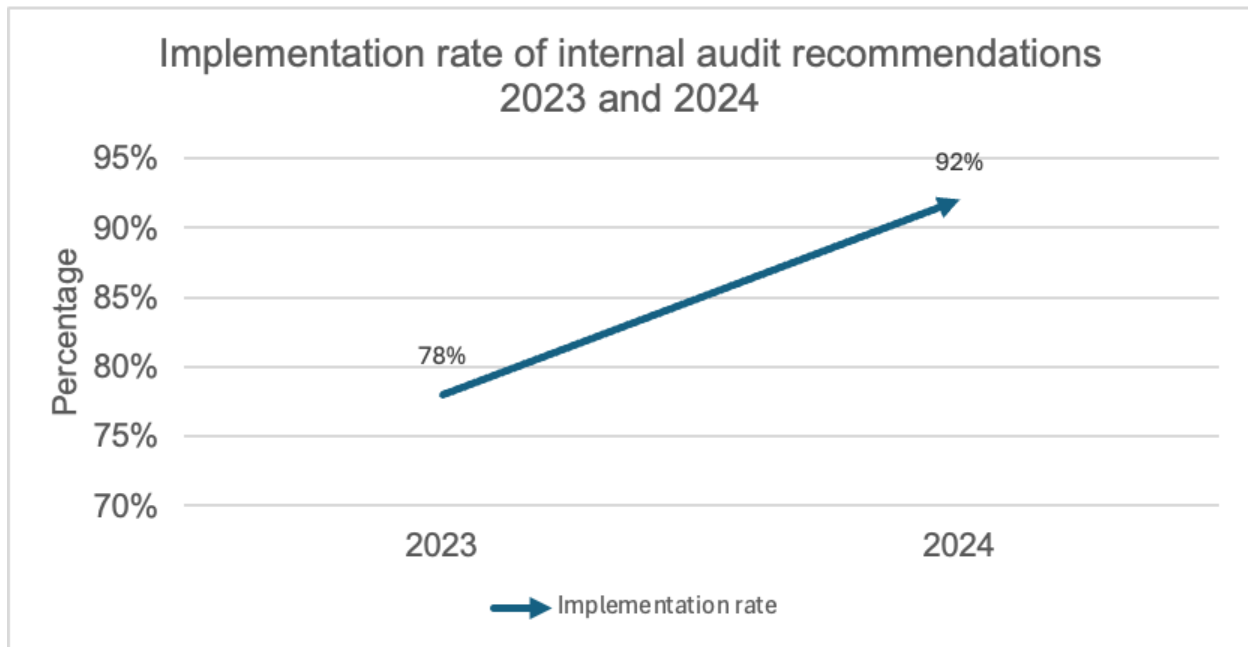
64. As of the end of 2024, there were only three long-outstanding recommendations – those remaining open for over 18 months – originating from the country offices in Haiti, Libya, and Senegal. This marks a significant improvement compared to the 15 long-outstanding recommendations reported at the end of 2023. The reduction reflects the strengthened efforts of UNFPA to resolve legacy issues, increase accountability for implementation timeliness, and prioritize audit follow-up at regional and corporate levels.

65. Management will continue to engage with relevant business units through the Oversight Compliance Monitoring Committee (OCMC) to monitor the timely implementation of audit recommendations. Additional efforts will focus on resolving any remaining structural or operational constraints contributing to delays.

66. UNFPA remains fully committed to ensuring that all audit recommendations are addressed with rigour and transparency, reinforcing its culture of accountability and continuous improvement.

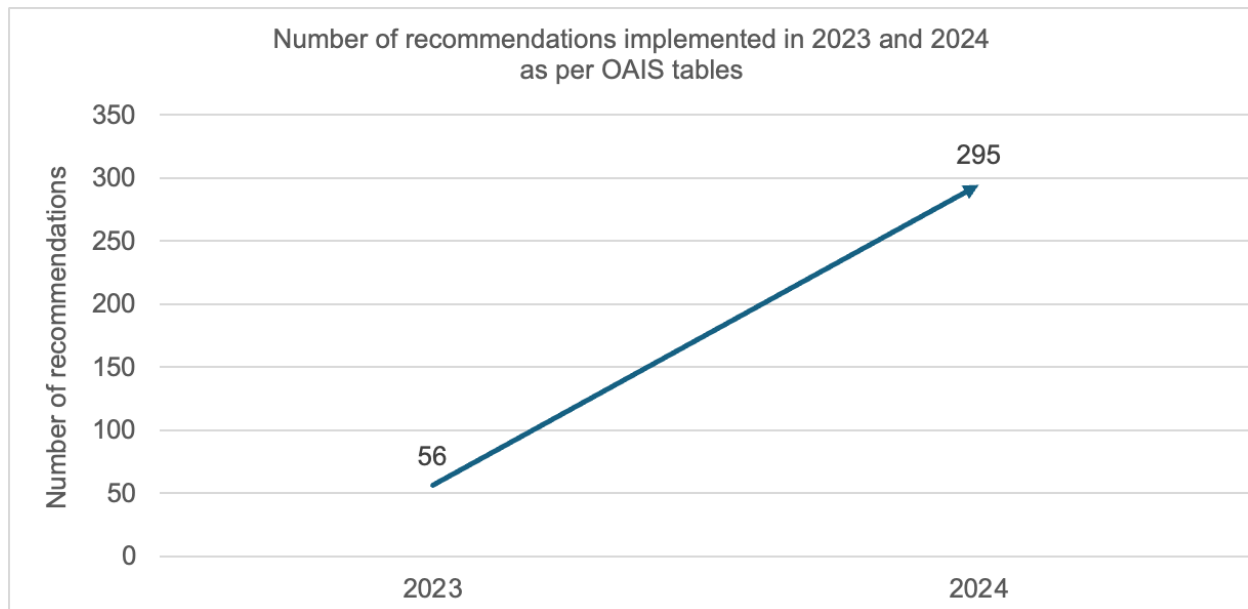
Visualizing progress in audit recommendation implementation

67. The graph below illustrates the marked improvement in the implementation of internal audit recommendations between 2023 and 2024. The implementation rate rose from 78 per cent in 2023 to 92 per cent in 2024, reflecting strengthened follow-up processes and enhanced accountability mechanisms across UNFPA.

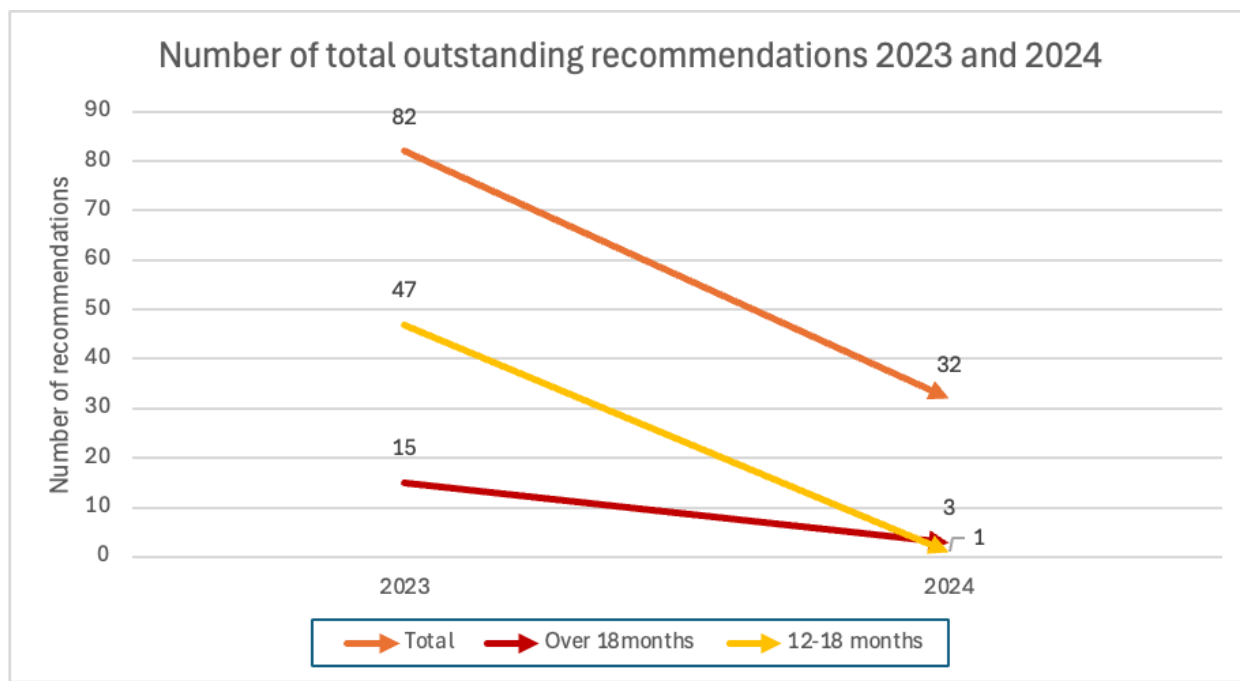


68. The graph below highlights a substantial increase in the number of audit recommendations implemented by UNFPA, rising from 56 in 2023 to 295 in 2024 – a more than *fivefold increase*. This surge reflects a concerted organizational effort to prioritize audit resolution, backed by strengthened leadership accountability, better regional coordination, and increased visibility through real-time monitoring dashboards.

69. The data demonstrates that audit follow-up is no longer a compliance exercise but a strategically embedded function. The progress achieved in 2024 results from targeted efforts by the Oversight Compliance Monitoring Committee (OCMC), closer supervision of aged recommendations. The scale of this improvement is particularly notable considering the volume and complexity of recommendations carried into 2024. By significantly accelerating closure rates and maintaining high implementation quality, UNFPA is reinforcing a culture of responsiveness and accountability across all levels of the organization.



70. The total number of outstanding recommendations decreased from 82 in 2023 to 32 in 2024, and the number of *long-outstanding recommendations* (over 18 months) fell significantly, from 15 to 3. Notably, the number of recommendations aged 12-18 months dropped from 47 to 1, indicating faster resolution and improved responsiveness by the responsible offices.



71. This progress demonstrates the effectiveness of the organization's intensified efforts, facilitated through the Oversight Compliance Monitoring Committee (OCMC), enhanced regional engagement, and improved dashboard-based monitoring. The proactive closure of overdue items in early 2025 further reinforces the UNFPA commitment to timely implementation and continuous improvement in internal control practices.

VI. Conclusion and the way forward

72. UNFPA appreciates the comprehensive assessment provided by OAS in its 2024 annual report and values the continued professionalism, independence, and constructive engagement of OAS. Management acknowledges the key observations and recommendations outlined in the report and is committed to addressing the identified gaps in governance, risk management, internal controls, programme oversight and operational efficiency.

73. UNFPA management takes this opportunity to acknowledge and appreciate the advisory support provided by the Office of Audit and Investigation Services (OAS) during 2024. In addition to its independent audit and investigation mandates, OAS has offered valuable advisory services that have contributed to the strengthening of UNFPA's governance, risk management, and internal control frameworks. The constructive and professional engagement of OAS in advisory activities has played an important role in enhancing the organization's overall operational resilience, accountability, and effectiveness.

74. As highlighted by OAS, UNFPA has made notable progress in a number of areas, including the continued implementation of the enterprise risk management policy, the deployment of QuantumPlus and related monitoring tools, and the refinement of control mechanisms through CSA and HACT. These initiatives form part of the broader transformation efforts to enhance the UNFPA responsiveness, efficiency, and accountability.

75. Management also welcomes OAS's commitment to continuous improvement, including its work on updating its audit methodology, incorporating thematic audits, and strengthening engagement with business units through advisory work. The enhanced use of analytics and risk-based targeting by OAS is instrumental in helping UNFPA better understand and mitigate emerging risks.

76. UNFPA remains fully committed to maintaining independence and resourcing the internal oversight function. Through the Integrated Budget, 2022-2025, and the application of the Resource Management Policy, management has continued to allocate funding and operational flexibility to OAIS to support the effective delivery of its audit and investigation mandates.

77. Looking ahead, UNFPA will maintain a strong focus on:

- (a) Strengthening results-based management and programme monitoring;
- (b) Reinforcing the implementation of the ERM and CSA frameworks;
- (c) Enhancing implementing partner selection and oversight;
- (d) Addressing recurring issues in procurement, supply chain, and financial controls;
- (e) Ensuring the consistent application of PSEA measures across all contexts.

78. Oversight continues to be an institutional priority, and the Executive Committee, OCMC, and regional leadership teams will continue to play active roles in tracking the implementation of audit recommendations and promoting organizational learning.

79. UNFPA thanks OAIS for its constructive partnership and looks forward to continued collaboration in support of a culture of accountability, integrity, and excellence in the service of women and girls around the world.

Section II

Management response to the annual report of the Oversight Advisory Committee, 2024

General

1. Under Executive Board decision 2008/37, UNFPA management provides a response to the annual report of the Oversight Advisory Committee, 2024 (DP/FPA/2025/6/Add.1).
2. UNFPA management sincerely appreciates the comprehensive Oversight Advisory Committee (OAC) annual report for 2024. It particularly acknowledges the detailed overview of the OAC activities presented in this section of the report. The report effectively outlines the OAC mandate, membership, and the various engagements undertaken throughout the year to fulfil its oversight responsibilities.
3. Management deeply values the expertise and dedication of the OAC members: Mr. Stephen Cutts (Chair), Mr. Fayezul Choudhury, Ms. Kumiko Matsuura-Mueller, Mr. Kamlesh Vikamsey, and Ms. Bettina Tucci Bartsiotas. Their diverse backgrounds and independent perspectives are crucial to providing objective and informed advice. We commend the OAC, under the leadership of Mr. Cutts, for its active engagement, demonstrated through the four meetings held in 2024, including both in-person and virtual formats, and the valuable field visit to the Asia and Pacific Regional Office, Thailand and Vietnam with the participation of Mr. Cutts, Ms. Matsuura-Mueller, Mr. Vikamsey, and Ms. Tucci Bartsiotas, and the virtual participation of Mr. Choudhury. These activities, coupled with extensive interactions with UNFPA leadership and stakeholders, highlight the OAC commitment to understanding UNFPA operations and providing relevant guidance.
4. UNFPA acknowledges and respects the OAC confirmation of its independent operation and appreciates its adherence to established frameworks and reporting mechanisms. The Committee's proactive approach to self-assessment and engagement within the broader United Nations oversight network further underscores its commitment to continuous improvement and contributing to effective oversight practices.

UNFPA response to key messages and challenges

Development of the UNFPA strategic plan and integrated budget for 2026-2029

5. We welcome the statements in the report on the development of the new strategic plan. Concerning the new outcome 4, UNFPA welcomes the recommendations that it continue to 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 the emerging strategic plan for 2026-2029, UNFPA is enhancing its support to countries navigating the complex realities of low fertility and ageing populations by promoting rights-based, evidence-informed policy responses that uphold individual rights and choices. As part of its new proposed outcome on demographic change and population dynamics, UNFPA will help governments leverage high-quality data and strategic foresight to anticipate demographic trends, including declining fertility rates and the rapid growth of older populations. By integrating demographic analysis into national development plans and sectoral policies, and by strengthening partnerships and peer learning among countries undergoing similar transitions, UNFPA will build a more coherent and compelling narrative around demographic change, one that emphasizes opportunity, resilience, and human rights at its core.
6. UNFPA welcomes the recognition of the careful approach it took in the planning for its integrated budget. UNFPA indeed took the prudent approach both in the midterm review of the 2022-2025 budget, by factoring in reductions in regular resources for 2025, as well as for the preparation of the integrated budget for 2026-2029, where UNFPA has planned for a further reduction of the income, and taking proactive measures to adjust to the new fiscal reality.

Funding and strategic partnerships

7. UNFPA welcomed discussions with the Committee around the UNFPA funding architecture and resource mobilization performance. UNFPA achieved a strong resource mobilization performance in 2024, reaching its highest funding level on record. UNFPA continued to make strides in diversifying the donor base in 2024, with growth in funding from government donors, including emerging donors and programme countries, as well as in funding from the private sector.
8. UNFPA acknowledges with appreciation the Committee's recognition of the strong resource mobilization results for 2024 in terms of our engagement with the private sector. Amid anticipated funding reductions in 2025, we remain committed to diversifying funding sources, strengthening private-sector engagement, and improving the core-to-non-core resources ratio. UNFPA will continue to scale up its collaboration with corporations and foundations through the roll-out of a roadmap of strategic engagements aiming at positioning the organization's mandate with entities not yet connected to our work. We will also leverage our work on population dynamics and demographic change to open new avenues for partnership development with corporations and foundations, given the strategic interests of these actors in these thematic areas.
9. The ratio of core to non-core funding declined, from 27 per cent in 2023 to 23 per cent in 2024. Through the UNFPA corporate resource mobilization strategy, further efforts are being made at all levels of the organization to diversify funding from all possible sources and grow innovative financing instruments. A further focus is on improving the core-to-non-core ratio, in line with the new Funding Compact 2.0. With the development of a new strategic plan underway, UNFPA is discussing UNFPA priorities and shaping new narratives to further enhance resource mobilization efforts.
10. UNFPA notes OAC concerns around reputational risks regarding innovative financing, and has highlighted that its partners in the Kenya ASRH Development Impact Bond (ASRH DIB) have been extensively vetted, and the contracts contain provisions to protect UNFPA in case of the partners' corrupt, fraudulent, collusive, coercive, obstructive or unethical practices, or sexual exploitation and abuse, similar to the provisions agreed with implementing partners. This includes the right for UNFPA to conduct investigations relating to any aspect of the present agreements or the award thereof.
11. In this context, UNFPA considers the reputational risks related to the Development Impact Bond as being lower than the risk related to programmes that UNFPA regularly implements directly or through its implementing partners. The programme implementer is responsible for the intervention on the ground, and if the results are not achieved by the programme implementer, the social investor does not get paid and UNFPA will return the outcome funds to the outcome funders.
12. UNFPA considers that sufficient oversight is being provided but acknowledges that this is different than for traditional development projects. As the social investor is taking the financial risk for the results achieved, a key element of the Development Impact Bond is that the activities performed are not prescribed and therefore are not monitored. The results achieved, however, are being closely measured and regularly independently verified, in the Kenya ASRH DIB case, every six months.
13. UNFPA takes note of the recommendation for the Independent Evaluation Office to be involved but wishes to clarify to OAC that the terms of reference for the ASRH DIB evaluators were developed by the UNFPA Kenya Country Office and that the Monitoring and Evaluation Specialist from the Kenya Country Office was involved in their development.

Humanitarian response

14. The Policy and Procedures for Emergency Response (EPPs) were endorsed by the Executive Director and came into effect on 1 March 2025. This new framework provides structured guidance for responding effectively to sudden-onset emergencies and rapidly deteriorating protracted crises, ensuring a coordinated and timely response in line with the UNFPA mandate. The development of the EPPs was firmly grounded in a risk-informed approach and shaped by evidence and learning from various audits, evaluations, and reviews, as well UNFPA operational experiences. The engagement of all relevant business units in UNFPA was central throughout the process, ensuring that risk perspectives were captured across levels. This included technical discussions through the Enterprise Risk Management (ERM) Coordinator and the Quality Management Unit (QMU) on key issues such as the scope of the EPPs, policy flexibilities, and the "no

regrets" approach. In line with UNFPA corporate policy standards, a risk control matrix was developed, and the EPPs are fully aligned with the UNFPA ERM Policy.

Headquarters optimization

15. The headquarters (HQ) optimization Initiative remains a top priority for UNFPA, and UNFPA management appreciates the Committee's acknowledgement of the progress made and the project management approach.
16. Regarding risk management, UNFPA has placed special attention on ensuring that the risks associated with this corporate change effort are systematically identified and managed in line with its corporate ERM framework. The risk register, developed by the ERM coordinator with support from the project coordinator, is overseen by the Chief Risk Officer. A risk management matrix was designed to identify risks associated with the transition process and the outcomes of the HQ optimization, together with key actions to mitigate them. These risks are reviewed regularly, new risks are added, and mitigating actions are identified, implemented, monitored, and updated as needed. Risk management is a standing item on the agenda at the biweekly meetings of the Project Reference Group – the steering committee for the HQ optimization initiative.
17. Since the onset of the HQ optimization process, UNFPA has been committed to providing transparent communication on progress and risk management to the Executive Board. So far, UNFPA has organized five briefings to the Executive Board on the matter, in addition to discussions that have taken place bilaterally via briefings to the regional groups and discussions in the formal Executive Board sessions themselves. The latest Executive Board briefing dedicated to the HQ optimization was held on 16 January 2025, in which UNFPA provided a detailed update on the HQ Optimization initiative and presented its monitoring framework. Risk management was the focus of the Executive Board's informal meeting on 21 August 2024. A list of potential risks and mitigation measures related to the HQ optimization process was shared with the Executive Board. The next Executive Board briefing dedicated to HQ optimization is scheduled for 12 May 2025.
18. Dialogue with staff and the Staff Council is likewise continuing. In addition to regular communication from the Chief of Staff, staff received additional updates during the latest UNFPA global town halls on 4 February and 19 March 2025. Bi-weekly meetings between the HQ optimization project manager, the Staff Council, and the Division for Human Resources furthermore provide a platform to discuss any significant staff concerns. UNFPA updated the OAC on further developments in the dedicated HQ optimization briefing to the Committee on 9 April 2025.

Supply chain management

19. UNFPA notes the OAC 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. In this regard, UNFPA would like to highlight that in 2024, 124 SCMU positions were processed, with an average recruitment timeline of 71 days – an improvement of 19 days compared to the UNFPA-wide KPI of 90 days. This reflects a strong partnership between SCMU and DHR in delivering on the organizational change agenda.
20. UNFPA has taken note of the advice of the OAC regarding the need to provide context when accepting Board of Auditors recommendations, particularly on timelines. Future responses will include the necessary justification to ensure alignment between implementation timelines and the complexity of structural or policy changes.

Organizational culture

21. UNFPA welcomes the OAC observations and recommendations regarding organizational culture. We acknowledge the importance of a strong organizational culture in achieving the strategic objectives of UNFPA and appreciate the Committee's recognition of our ongoing efforts.
22. UNFPA is committed to strengthening its organizational culture and aligning it with our values and strategic plan. The Culture Initiative, launched in 2019 and championed by the Executive Director, demonstrates our

commitment to fostering positive culture change. The continued leadership of the Executive Committee and senior management is crucial in driving this change.

23. The newly established Innovation and Transformation Branch, situated within the Office of the Executive Director, will play a key role in driving institutional transformation and fostering a dynamic environment for innovation and change. This branch will support initiatives that drive institutional transformation in close collaboration with other business units, in particular the Division for Human Resources.
24. Furthermore, the UNFPA 2030 People Strategy includes a focus on aligning our culture and values. We are co-creating a UNFPA-specific values framework grounded in United Nations principles, promoting collaboration and teamwork, and building trust through fair and transparent human resource policies and processes.
25. We recognize the complexity of measuring culture change and are taking concrete steps to monitor and measure progress. The EDGEplus Diversity Survey and the Global Staff Survey, conducted by UNFPA on a regular basis, are among the most tangible and concrete sources of indicators supporting the process of assessing culture progress and change.
26. The EDGE Diversity Survey, as part of the EDGE Certification Process, was launched in September 2023 to assess and measure the organizational culture of UNFPA and the intersectional lived experiences of our personnel related to the period from January to December 2022. The EDGE report that resulted showed a significant improvement since it started (notably in the areas of “equal pay for equivalent work” and “recruitment and promotion”), and rewarded UNFPA with the second level of certification (MOVE). The results have shown that UNFPA has a strong framework of policies and practices to ensure equitable career flows in the areas of equal pay for equivalent work, recruitment and promotion, and a flexible working and organizational culture.
27. The Global Staff Survey (GSS) was launched in October 2024 to measure staff engagement and satisfaction of our global workforce. Overall, UNFPA is performing similarly to 2021, and against the benchmark median and upper quartile levels. The results revealed a global engagement score of 87 per cent, surpassing the benchmark median by 2 per cent. Furthermore, we observed substantial improvements in key areas such as ‘diversity, equity, and inclusion’ and ‘Culture and Values,’ with scores of 79 per cent and 72 per cent, respectively, exceeding the benchmark median by 9 per cent and 11 per cent. UNFPA acknowledges the Committee’s request to share the content and outcomes of the UNFPA staff surveys, as well as the request that the results from future staff surveys be shared with the Committee. We are committed to sharing the results of future surveys with the OAC, as these surveys provide valuable insights into staff engagement and areas for improvement.
28. UNFPA acknowledges the OAC recommendation for an audit of the corporate culture. Any such decision is to be taken by the independent Office of Audit and Oversight Services (OAIS).

Protection against sexual exploitation and abuse and sexual harassment

29. UNFPA appreciates the ongoing OAC support for its efforts on protection from sexual exploitation, abuse, and harassment (PSEAH). UNFPA remains dedicated to its zero-tolerance policy, the implementation of the PSEAH Strategy throughout the organization, the promotion of a safe, trusted, and responsive accountability system, and the enhancement of its leadership role in PSEAH at both the interagency and United Nations system levels.
30. The PSEAH Unit is actively working to identify and address barriers to reporting, fostering trust and transparency. To improve communication and response to sexual misconduct, UNFPA has created a personnel-driven sexual harassment reference group. The Unit collaborates closely with the Ethics Unit to address concerns about retaliation and abuse of power related to reporting SEA and SH. Additionally, a redesigned PSEAH Portal will soon launch, featuring resources on technical standards, learning for PSEA Focal Points, action guidance for managers, reporting procedures for SEAH, and the organization’s new core learning package.
31. UNFPA will continue to explore opportunities to enhance and support the efforts of its PSEA Focal Points, in recognition of the essential role they play in addressing SEA across our country and regional offices, and

is also prioritizing the establishment of dedicated PSEAH personnel at the regional level to ensure availability of technical support and guidance beyond that which is already available at the headquarters level.

32. UNFPA recognizes that protecting against sexual exploitation, abuse, and harassment (SEAH) is a critical priority across the organization and the United Nations system. It is viewed as essential, life-saving, and fundamental to the UNFPA mandate, programming, and operations. The organization will continue to prioritize resources for its PSEAH mandate. This includes updating the PSEAH strategic planning paradigms to reflect the current context and developing resource mobilization guidance for country and regional offices.

Financial statements

33. Management appreciates the oversight and guidance of OAC in relation to the year-end closure process and financial statement reporting, especially during the ongoing information technology (IT) transformation. We take note of the suggestion to continue to focus attention on the controls deployed during the year-end closure process to ensure data accuracy and the prevention of errors.

Information and communications technology

34. Management appreciates the guidance and suggestions provided by the OAC throughout the year, particularly around ICT governance and strengthening the ICT Board. Management takes note of the recommendation to make sure population data is available to programme teams.

Enterprise risk management

35. UNFPA management expresses its appreciation to OAC for recognizing the significant progress made in implementing enterprise risk management (ERM) throughout the organization, as highlighted in its report. We acknowledge its positive assessment of the ERM training workshops conducted for risk focal points, the completion of risk assessments across regions and headquarters, and the ongoing activities of the Headquarters Risk Committee. UNFPA is committed to building upon this foundation, ensuring that ERM is not just a process but a deeply embedded element of our organizational culture. This includes reinforcing the initial training through continuous learning opportunities and actively maintaining the risk assessments, as living documents are regularly reviewed and updated to reflect the evolving risk landscape. Furthermore, UNFPA recognizes the vital governance role of the Headquarters Risk Committee and is dedicated to strengthening its effectiveness in overseeing and guiding ERM implementation. Importantly, UNFPA fully concurs with the OAC recommendation to prioritize integrating the 'myRisk' application into QuantumPlus. This integration is a key step in mainstreaming ERM into our daily operations. UNFPA views ERM as a continuous journey and will continue to monitor its effectiveness, seeking feedback and adapting our approach to ensure it remains a valuable tool for enhancing organizational resilience and informed decision-making.

Implementing partner management and assurance

36. UNFPA appreciates the OAC support for our efforts in this important area, where we strive for maximum accountability. In 2024, UNFPA has advanced risk-based, cost-effective, and agile accountability for funds implemented by partners by reducing requirements for low-risk/low-value partnerships while deepening controls for high-value/high-risk partnerships. We have increased the thresholds for some costly assurance activities for low-value partners under \$100,000, where UNFPA continues to rely on programmatic and financial monitoring. In response to increasing operations in humanitarian response, we have expanded the audit procedures with additional verifications for a pilot group of high-value implementing partners who are operating in high-risk contexts. We have developed a partner risk profile in Quantum Plus, which was rolled out in January 2025, and are adding additional functionalities in the first part of 2025.

Internal audit

37. UNFPA management expresses its appreciation for the OAC recognition of the progress made by and overall direction of OAS.
38. On the possible future step proposed by OAC regarding a need to require feedback on audit reports, this is an area that OAS addressed as part of updating its audit manual and standard operating procedures in 2024.

Following the issuance of the now comprehensive audit manual, client satisfaction surveys of auditees include a subsection on the quality of audit reports, requiring feedback on several aspects, including the accuracy and validity of audit findings and conclusions. OAIS also welcomes feedback on its audit reports from various stakeholders through various other forums, such as Executive Committee meetings.

39. Regarding the need for explicit consideration of more thematic audits, management is pleased to note that the OAIS 2025 internal audit workplan includes one thematic audit. This is an area that OAIS continues to refine through its annual risk assessment processes, and future workplans may include more thematic audits, balanced against the need to fulfil the OAIS audit strategy, stakeholder needs, and available resources.
40. Further, OAIS welcomes the recommendation to have some audit capacity in Nairobi. It is, in fact, already implementing similar measures as part of its operational model, with some capacity already resident in East Africa, including Kenya, through seasoned professional audit and investigation consultants, who routinely join OAIS teams for engagements in Africa. OAIS has a similar capacity in the Asia and Pacific region. This operational model allows for quick deployment of teams and cost savings. OAIS will, in the future, explore the option of geo-locating some of its audit and/or investigation personnel in Kenya.
41. Lastly, OAIS has, in its 2025 internal audit workplan, indicated that it will, in the fourth quarter of 2025, prepare a capstone review report to identify common themes arising from country office audits that may require systemic solutions. It is hoped that the report will include a more detailed analysis of the root causes of inadequate oversight, guidance, and training. The capstone review, together with the results of a previous OAIS review of UNFPA policies and procedures conducted in 2024 using machine learning and other algorithms to test certain assumptions, including the ability of staff and offices to comply with numerous policies, will inform further examination of the issue of high number of policies and procedures.

Investigation

42. The OAC recognition of the progress made regarding shrinking the backlog of outstanding cases, as well as OAIS recruitment and staffing strategies, is hereby acknowledged and appreciated. OAIS has been able to respond, with the required agility, to serious and complex cases, continuously building a structure able to respond to ever-evolving investigative challenges.
43. There are inherent difficulties in creating safe and effective reporting environments for survivors of sexual exploitation, abuse, and harassment, both for beneficiaries of UNFPA assistance and UNFPA personnel. The OAC advice regarding providing clear advice and consistent approaches to reporting and escalating such cases across the organization is well noted and remains a central pillar of the strategic cooperation between OAIS and management, particularly the PSEAH Unit. Notably, OAIS has played a central role in the development of agency-wide guidance on the incorporation of a victim-centric approach in sexual exploitation and abuse investigations, making significant contributions to this area of investigative practice.
44. There are many complex challenges posed by commodity diversion across the globe and multiple partners and jurisdictions must be effectively engaged to successfully combat the issue. Continuous work by OAIS on its commodity safeguarding strategy and engagement of specialized expertise in the matter is acknowledged and appreciated.
45. Finally, in its efforts to solidify its agility and ability to rapidly process data, OAIS has invested in available artificial intelligence (AI) consultants and digital forensic tools, a move that is fully supported by the organization and should build OAIS capacity to fulfil its internal oversight mandate

Evaluation

46. The Independent Evaluation Office (IEO) appreciates positive feedback from OAC, including recognizing the pioneering efforts of IEO in the ethical and responsible use of AI in evaluation and welcoming the revision of reporting lines of monitoring and evaluation personnel to enhance the independence of decentralized evaluations.
47. Based on initial experiences in AI use, IEO released a strategy for an AI-powered evaluation function, which guided the responsible use of AI in select pilot initiatives to enhance the efficiency, effectiveness, and timeliness of evaluations while mitigating potential risks. IEO also continued to co-convene the United

Nations Evaluation Group (UNEG) data and AI working group to foster an exchange of knowledge and good practices within the United Nations system and provided thought leadership in the development of the UNEG paper on ethical principles for AI use in evaluation.

48. Strengthening the independence and credibility of decentralized evaluations, IEO rolled out the revamped evaluation quality assurance and assessment system and developed a phased approach to extend its coverage to all types of decentralized evaluations, including project-level evaluations. Through more robust external evaluation quality assessment, IEO not only seeks to elevate quality standards but also aims to gain valuable insights to inform further internal capacity development to improve the credibility, utility, and timeliness of decentralized evaluations.
49. IEO also defined criteria for selecting country programme evaluations (CPEs) with a humanitarian component to be managed independently and completed the first independently managed humanitarian CPE in Yemen. Furthermore, IEO supported regional offices in quality-assuring terms of reference and inception reports of CPEs with a humanitarian component and selected evaluations of major humanitarian projects, strengthening the quality of these evaluations.
50. IEO agrees that strengthening collaboration between the evaluation function and oversight and audit services is essential to ensure the effective implementation of OAC recommendations to draw systematic lessons across the organization.

Ethics

51. The Ethics Office of UNFPA appreciates the concerns noted by OAC and its suggestion about reinforcing political neutrality at the recruitment stage. The Ethics Office will take up this recommendation with DHR. In addition, the Ethics Office is exploring providing targeted ethics induction briefings to select staff groups such as JPOs and senior management.
52. The Ethics Office is in the final stages of updating the platform with an elevated level of data protection security. Ongoing discussions with a potential vendor are currently stalled over contracting details, but may be relaunched for next year's financial disclosure programme cycle.
53. The Ethics Office also welcomes the recommendation in paragraph 36 of its report, which is essential for a viable and efficient internal justice system, while fully considering the affected individual needs. The Ethics Office is actively involved in exploring mechanisms and tools to clarify protocols for reporting and addressing workplace conflicts. The Ethics Office is doing so by liaising with the Integrity Group and in close coordination with the PSEAH Coordinator.

Board of Auditors recommendations

54. UNFPA management acknowledges the OAC concern regarding the delayed implementation of the Board of Auditors (BoA) recommendations. We understand and share the OAC emphasis on the urgency of addressing this matter. UNFPA recognizes that the timely implementation of BoA recommendations is critical for strengthening our internal controls, improving operational efficiency, and mitigating risks. While we have made progress in implementing a significant portion of outstanding recommendations, particularly those carried over from the previous financial year, we acknowledge that delays persist, especially in areas related to supply chain management, as noted by the OAC. UNFPA is committed to accelerating the implementation of all outstanding BoA recommendations. This includes a renewed focus on identifying and addressing the root causes of delays, streamlining implementation processes, and ensuring sufficient resources are allocated to this critical task. UNFPA management values the ongoing dialogue with both the OAC and the Board of Auditors and is committed to demonstrating tangible progress in the timely implementation of all audit recommendations to strengthen the overall governance and accountability framework of UNFPA.

Joint Inspection Unit recommendations

55. UNFPA management welcomes the OAC recognition of the high implementation rate of accepted Joint Inspection Unit (JIU) recommendations. We are pleased that 92 per cent of accepted recommendations have been implemented, with the remaining 8 per cent under implementation. This high rate reflects UNFPA commitment to taking JIU recommendations seriously and utilizing them as valuable opportunities for

organizational improvement. UNFPA acknowledges the OAC encouragement to continue analysing audit and JIU findings to identify cross-cutting challenges and persistent risks. We concur with this approach and are actively working to strengthen our analytical capabilities in this area. This includes leveraging internal and external oversight data to identify systemic issues and inform targeted policy, procedure, and practice improvements. UNFPA views the recommendations from the JIU, the BoA, and the OAC as essential inputs for continuous organizational development and enhanced effectiveness. We remain dedicated to maintaining a high rate of JIU recommendation implementation and leveraging their insights to address systemic challenges and further strengthen UNFPA operations.

Joint Inspection Unit assessment of how the Executive Board executes its governance and oversight functions

56. The Executive Board of the three entities requested the management and independent functions to submit, at the first regular session of 2025, their initial views on the JIU recommendations. In its note, UNFPA management welcomed the ongoing efforts of the Executive Boards to remain fit for purpose.
57. UNFPA noted that, as the Executive Board decides on next steps, it may wish to ensure that any future change to its governance and oversight functions be undertaken within the existing framework of roles and responsibilities, as set forth in General Assembly resolution 48/162 (20 December 1993), which established the Executive Boards. It is also important to ensure that any decisions made are consistent with the United Nations Charter and agency financial rules and regulations.
58. Concerning the JIU recommendation on the OAC reporting line, UNFPA appreciates that there are different approaches to securing the independence of the oversight committees; however, it maintains that the current reporting line, structure and functioning of the OAC, as an advisory body to enable the UNFPA Executive Director to fulfil her oversight responsibilities, is a best practice in terms of independence – and of immense value in strengthening oversight, transparency and risk management within the organization.
59. As always, UNFPA is guided by Member States and stands ready to support the Executive Board, as requested, in identifying and implementing the changes it ultimately decides to undertake in the follow-up to the JIU review and to work in close collaboration with other United Nations agencies to support a fully cross-board and consultative process

Conclusion

60. UNFPA management acknowledges and appreciates the concluding remarks of the Oversight Advisory Committee in their annual report. We take note of the OAC focus in 2025 on reviewing activities, risks and controls relevant to achieving the results outlined in the UNFPA Strategic Plan 2022-2025 and the 2030 Agenda for Sustainable Development. We welcome the OAC commitment to identifying potential risks and opportunities for enhancing organizational effectiveness and efficiency, as this independent perspective is invaluable to our ongoing efforts. UNFPA management reiterates its commitment to diligently addressing the areas highlighted by the OAC for continued follow-up, including risk management, internal controls, audit and evaluation findings, ethics, supply chain management, PSEAH, innovative financing, and organizational culture.
61. In summary, UNFPA management recognizes the significant value of the OAC activities and appreciates the dedicated service of Mr. Cutts, Mr. Choudhury, Ms. Matsuura-Mueller, Mr. Vikamsey, and Ms. Tucci Bartsiotas, and their valuable contributions throughout 2024. We reaffirm our commitment to engaging constructively with the Committee and utilizing their expertise to strengthen UNFPA governance, accountability, and overall effectiveness. We deeply value the OAC role in supporting the Executive Director's fiduciary responsibilities and strengthening UNFPA's governance and oversight framework, and we look forward to continued collaboration in 2025.