



Industrial Development Board

Forty-eighth session

Vienna, 23–25 November 2020

Item 15 of the provisional agenda

UNIDO Independent Audit Advisory Committee

Report of the Audit Advisory Committee

Management response

The present document contains the management response to the report of the Audit Advisory Committee (AAC) in document (IDB.48/20), in line with decision IDB.44/Dec.4, and paragraph 24 of the terms of reference attached to the same decision.

1. Management took note of the valuable advice provided by the AAC in its report to the Board (IDB.48/20), highlighting the main achievements in internal oversight and key areas of residual risk. The AAC provides added value by further enhancing UNIDO's governance and oversight functions, and its activities and advice are much appreciated. This was particularly evident during and after the period of the COVID-19 pandemic. Management looks forward to cooperating further with the AAC.
2. Management notes the AAC's observations on the progress made in internal and external audit, coordinating management action plans, the executive management structure, enterprise risk management (ERM), and UNIDO's response to COVID-19.
3. In pursuing ongoing efforts and addressing challenges identified by the AAC in its report, management will pay special attention to fully coordinating its activities with the AAC and to exploring further innovative approaches, in particular by:
 - (a) Exploring new mechanisms for improving oversight coverage of high-risk and strategic areas identified in UNIDO operations, while recognizing the limited resources allocated to this function;
 - (b) Further strengthening the independence of the evaluation and internal oversight functions in cooperation with the AAC, and submitting a revised EIO Charter and revised terms of reference for the Independent Oversight Advisory Committee to the Board for consideration and approval;

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(c) Proactively engaging with the Independent Oversight Advisory Committee within its expanded scope to further enhance UNIDO's internal audit, evaluation and investigation functions;

(d) Following up on the implementation of management action plans and recommendations from external and internal audits, as well as Joint Inspection Unit reviews, leading towards prioritized implementation of action plans;

(e) Paying further attention to ERM. The revised Secretariat structure provides for the elevation of the function to the Office of the Director General and the chairmanship of the Enterprise Risk Management Committee by the Director General, supported by the Office of Special Advisor to the Director General on Operations Coordination and Risk Management.
