



Industrial Development Board

Forty-ninth session

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Item 14 of the provisional agenda

UNIDO Independent Oversight Advisory Committee

Report of the Oversight Advisory Committee

Management response

The present document contains the management response to the report of the Independent Oversight Advisory Committee (OAC) in document (IDB.49/22), in line with decision IDB.48/Dec.5, and paragraph 3 of the terms of reference attached to the same decision.

1. Management took note with appreciation of the valuable advice provided by the OAC in its report to the Board (IDB.49/22), highlighting the main achievements in internal oversight and key areas of further improvement, and recognizes the added value of the OAC related to enhancing UNIDO's governance and oversight functions. Management looks forward to further cooperating with the OAC.
2. Management welcomes the expansion of the mandate of the OAC, as adopted by the Board in decision IDB.48/Dec.5.
3. Management notes the OAC's observations on the progress made in governance, oversight, risk management and controls in UNIDO and appreciates the positive recognition of further maturity of the UNIDO Office of Evaluation and Internal Oversight (EIO), the overall organizational response to the COVID-19 pandemic and the contributions made towards further developing results-based management (RBM), budgeting and programme delivery.
4. Management looks forward to engaging with the OAC on their three priority areas for 2021, namely results-based management for impact; investigation and independence; and accountability for implementing management action plans.
5. As regards the areas for improvement highlighted by the OAC in its report, management will pay special attention to address them, in particular by:
 - (a) Keeping the OAC informed of the progress achieved and challenges encountered while enhancing the operationalization of RBM in UNIDO, including the implementation of the accountability framework, a more robust organizational monitoring system, and the new results-based programme and budgets, 2022–2023;

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(b) Further coordinating and integrating the implementation of management action plans and recommendations from external audits, evaluation, and internal audits, as well as Joint Inspection Unit reviews, leading towards prioritized implementation of action plans and recommendations, and an escalation process when needed;

(c) Further mainstreaming the operationalization of enterprise risk management and establishing a clear process for determining risk tolerance and risk appetite;

(d) Further exploring opportunities for more sustainable and predictable funding for the evaluation and internal oversight functions to expand coverage of high-risk and strategic areas; and

(e) Proactively engaging with the OAC within its expanded scope to continue enhancing UNIDO's internal audit, evaluation and investigation functions.
