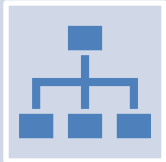


UN Women's Advisory Committee on Oversight (ACO) – Annual Report 2025

Executive Board Annual Session 2026

Jennifer Lester
ACO Chair

Mandate and Role of the ACO: Terms of Reference



Provide the Under Secretary General/Executive Director with **independent, external advice** on the Entity's overall systems of governance, internal control and risk management



Composition: Four external, independent experts with expertise in **financial management, governance, evaluation, internal audit, ethics and investigations, external audit and risk management.**

Review of Oversight Functions: Key Observations



Audit

- independent, high-quality audits and advisory services
- significant progress made in reducing long-outstanding high-priority recommendations
- importance of addressing high-priority audit issues



Evaluation

- Active contribution and agility
- Strong prioritization and follow-up mechanisms for evaluation findings are needed



Investigation

- Improved timeliness and effectiveness under the hybrid model with UN-OIOS
- Importance of sustainable funding to provides predictability and continuity.



UN Board of Auditors

- 14th consecutive unqualified audit opinion (2024)
- Urge prompt implementation of remaining outstanding recommendations

ACO Review of Ethics Function

- **Ethics function** is important to actively promote awareness and adherence to ethical standards which are critical for effective risk management, especially with the greater decentralization of workforce.
- ACO welcomed the updating of important policies: anti-fraud policy, hospitality and gifts policy and work of Ethics function in conducting awareness training and outreach across offices.
- Already constrained internal Ethics function was further reduced with the departure of the Ethics Advisor in mid-2025. ACO encourages management's efforts to explore options for outsourcing some ethics functions to complement internal capacity in a hybrid way.
- ACO encourages prioritizing dedicated resources to build on progress in promoting ethical culture.

Financial sustainability and financial management



Significant funding pressures faced in 2025 and UN Women's swift actions in managing costs, scenario planning and developing mitigation measures.



The comprehensive overhaul of financial statements improved clarity and usability, and timely finalization of 2024 audited financial statements.

Human Resources



ACO noted efforts to strengthen HR function:

Functional review completed

People Strategy being developed



HR function remains under-resourced: urgent need to dedicate adequate resources especially in light of Pivot exercise to address risks to talent retention and ultimately UN-Women's ability to carry out its mandate.



Pivot to Regions and Countries Initiative progressing well.

Important to evaluate the outcomes of Pivot exercise and any impacts on operational efficiency and effectiveness.

Information and communication technology (ICT)



Implementation of Quantum Phase 1 is generally satisfactory.
Progress in implementing Quantum Phase 2.



Persistent weakness including cybersecurity controls, data protection, change management and partner payment reconciliation.

Risk Management



ACO notes the continued maturation of the Enterprise Risk Management (ERM). It is important to continue to enhance corporate risk reporting to allow for better risk escalation and top-down monitoring of mitigation actions.



Third-party risk management continues to be an area of concern and importance of this will continue to expand with increased decentralization. Failure to address third-party risk issues could expose UN-Women to greater operation, reputational and fiduciary risk.

Conclusions & 2026 Priorities

- ACO commends UN Women for its continued commitment to organizational excellence and business transformation.
- Focus of ACO in 2026:
 - Strategic Plan 2026–2029
 - Organization's adjustment and response to evolving geopolitical and possible structural changes.