Management Response to the 2023 Annual Report on Internal Audit and Investigations activities

1. UN-Women management appreciates the Internal Audit Service (IAS), Independent Evaluation and Audit Services (IEAS), for the independent and objective assurance and advisory services provided in 2023. UN-Women continued to benefit from internal audit technical advice and services that are relevant, readily accessible, and focused on the needs of the Entity.

2. UN-Women also wishes to acknowledge the Office of Internal Oversight Services (OIOS) of the United Nations for the provision of investigation services.

<u>INTERNAL AUDIT</u>

3. UN-Women acknowledges and values the overall annual opinion of the IAS, which reaffirms last year's opinion that "*UN-Women's governance, risk management, and control processes were generally established and functioning but needed some improvement.*" In addition, the annual report highlighted that "*IAS notes the growing maturity of UN-Women's corporate governance, transparency and integrity during 2023.*" This underscores UN-Women's commitment to maintaining robust governance, risk management, and control mechanisms while implementing necessary improvements to adapt to a continuously evolving operational landscape.

4. Management appreciates IAS's acknowledgment of UN-Women's continued progress in corporate governance, transparency, and integrity, including the role of the Business Review Committee and the Quarterly Business Review process as internal governance mechanisms to discuss corporate issues and organizational performance. Similarly, IAS recognized the improvements made in risk management, controls, and oversight by rolling out several corporate policies, including those linked to strategic planning, monitoring and reporting, and partner management. With other agencies, UN-Women launched the Quantum system in January 2023, which has fully replaced the previous ERP system, Atlas. All core transactions for UN-Women in 2023 were successfully carried out in Quantum. UN-Women is also on track to implement its commitment to foster an ethical organizational culture and work environment, with the onboarding in 2023 of its first Ethics Adviser.

5. UN-Women leadership is fully committed to addressing the four overarching areas for improvement identified in the IAS 2023 annual report, recognizing their importance in enhancing organizational performance and driving the implementation of the UN-Women Strategic Plan. Acknowledging that strengthening governance, risk management, and compliance is an evolving process, UN-Women management continues to invest human and financial resources to enhance efficiency and effectiveness, including in the following areas:

    a. The functional stabilization of the implementation of the new ERP system, Quantum, has steadily advanced and is ongoing. To support the smooth transition to the new ERP system, UN-Women ensured that the data warehouse remained operational to meet reporting requirements while it continued to evolve. UN-Women prioritized the development and availability of cross-functional reports needed in finance, budgeting, procurement, human resources, and project management. As a result, critical reports to support the monitoring and oversight of transactions processed were made available in 2023, with additional reports being developed in 2024.

    b. UN-Women continues to enhance its second line of defense structure to strengthen management oversight at the headquarters and regional office levels. In this regard, the Entity continued to make improvements in embedding accountability for risk management and internal controls across its operations. Following UN-Women's efforts to increase its risk management maturity by rolling out the first-ever corporate risk appetite statement in 2022, the ensuing guidance for risk tolerance boundaries was promulgated in 2023. Similarly, business process owners in UN-Women headquarters continue to work closely with regional

offices to ensure that roles and responsibilities concerning oversight and management of risks and compliance with policies and procedures are clearly defined. This helps maintain the "no gap and no overlap" principle in implementing the UN-Women's Three Lines of Defense model for oversight, risk management, and controls within the limited resources available.

    c. UN-Women is steadfast in advancing its corporate initiative on the pivot to the field, with measured steps. Management continues to prioritize the achievement of results at the country level, including ensuring that resources, expertise, and authority are available at the regional and country levels to drive the delivery of UN-Women's triple mandate. Immediate steps include mobilizing non-core resources to place technical specialists at the country and regional levels; on average, 70% of global project funds are allocated to country and regional offices, including through the appointment of dedicated technical specialists. Meanwhile, the Presence Governance Guidance recommends the minimum roles and functions, including policy and programme-related, that should be established by each office typology. To ensure adequate technical capacity for oversight, several regional offices are establishing Programme Support Management Specialists and Monitoring and Reporting Specialists to strengthen the oversight function at the regional level.

    d. UN-Women is pleased to report that a Statement of Internal Controls over financial reporting will be issued for the first time with the 2024 financial statements. A full Statement of Internal Controls will be implemented thereafter.

6. UN-Women acknowledges that IAS issued 12 internal audit and advisory reports in 2023. Management is pleased that there were no reports with unsatisfactory ratings, with all nine internal audit reports receiving ratings of either satisfactory or some improvements needed.

7. Management is pleased that the IAS captures the efforts UN-Women has made in implementing prior years' recommendations. Corporate performance exceeded the target of having no more than 15 percent long-outstanding recommendations.

Continuing management actions to address high-priority, long-outstanding recommendations

8. In 2023, UN-Women management continued to prioritize and expedite actions to implement high-priority, long-outstanding recommendations while also remaining responsive to emerging priorities. A portion of the accumulated resources was allocated to address several long-outstanding recommendations to strengthen organizational effectiveness, efficiency, oversight, and transparency. Significant progress has been achieved following the joint consultations held between management and the internal auditors, which aimed to ensure a common understanding of the root causes of the long-outstanding issues. This directly contributed to addressing the recommendations in a focused and effective manner, as seen in the decrease in long-outstanding recommendations reported in this year's annual report, to 11% in 2023, down from 15% in 2022.

9. Annex 1 of this report presents the list of high-priority, long-outstanding recommendations and the latest management updates on the actions taken to address these recommendations.

Management Actions to address key audit recommendations and the impact of implementation

10. UN-Women takes note of the key observations identified in Section IX of the report, "Key internal audit and advisory results," and wishes to highlight the following actions and positive results of addressing the recommendations.

a) Project management

11. Management continued to strengthen field offices' capacity in project management, including by streamlining and promulgating updated and/or new procedures for the project lifecycle, design, risk analysis, monitoring, and reporting. The revised procedures include tools for ensuring robust project design, including mandatory risk analysis, standardized risk registers, detailed project appraisal, and configuring ERP functionalities for effective closer-to-the-ground governance and oversight. As an immediate result, marked improvements were noted in country offices' project design and planning, ensuring that projects align with programmatic objectives. In 2023, staff training was conducted for 271 staff in five regions to ensure proper implementation of the updated procedures, leading to internal and external staff certification in project management. At UN-Women, training is extended to programme partners to improve their operational capacity and support sustainable national implementation of UN-Women programmes.

b) Organizational structure, authority, capacity, and reporting lines to implement strategic priorities

12. UN-Women is committed to improving its agility and responsiveness and is steadfast in continuing the pivot towards field-focused service delivery, including by exploring shared service modalities and ensuring that services provided are receptive to capacity needs. This has resulted in positive effects on field offices' operational effectiveness and efficiency, underpinned by efforts to strengthen human resource management, such as through functional analyses, enhanced use of fixed-term appointments, and the provision of dedicated support from regional offices. To support field offices in addressing the recommendations in this area, the following corporate actions were taken:

- A fast-track procedure has been promulgated to expedite the transparent recruitment of personnel urgently needed during humanitarian crises and in exceptional circumstances. This includes procedures for launching the UN-Women on-demand rapid response deployment roster to respond to crises.
- The UN-Women Internal Control Framework (ICF) Policy and Procedure has been revised to further clarify accountabilities. In greater detail, the new ICF Procedure outlines the roles, responsibilities, accountabilities, and authorities that operationalize the critical internal control requirements, including the need for adequate separation of duties in all business units at headquarters, regional, and country levels. It clarifies the process for assigning, modifying, and revoking ICF profiles in Quantum, including the essential global oversight and monitoring of ICF profiles. The Delegation of Authority Policy was also revised, increasing thresholds for Regional Directors in the areas of project approval, standard contribution agreements, position management, and non-standard agreements, bringing critical operational decision-making closer to the ground.
- The requirement to ensure sustainable country presences was included in the Guidance Notes for Country Offices' Strategic Notes and is also followed through in the new Planning Monitoring and Reporting (PMR) Policy. The requirement to implement audit, evaluation, and assessment recommendations is also included in the Strategic Notes Guidance Notes. To ensure overall accountability, the performance of country and regional offices in these areas is regularly monitored through the Quarterly Business Review (QBR) process at headquarters, regional, and country levels.

- HR Business Partners are actively engaged in reviewing field offices' proposed staffing structures in their Strategic Notes and in the biennial work planning process. This helps ensure compliance with the governance framework, that staffing is fit-for-purpose, and that there are well-defined reporting lines to ensure clear accountabilities. In addition, the Human Resources Division post-classification review includes a thorough relational analysis of any proposed new post with other positions.

c) *Strategic priorities implementation*

13. UN-Women continuously works to ensure the implementation of strategic priorities. The following corporate initiatives have been taken to improve activities relating to strategic plan preparation, implementation, monitoring, reporting, and timely calibration:

   - In line with the recently promulgated Planning, Monitoring, and Reporting (PMR) policy, a set of complete procedures for country offices, regional offices, and headquarters is currently underway to ensure standardized corporate requirements and clarity of roles and responsibilities associated with the planning, monitoring, and reporting of Strategic Notes and Workplans.
   - The differentiated roles and accountabilities in providing technical quality assurance at country, regional, and headquarters levels have been clarified and are well established. Recognizing the importance of regional offices in this regard, the Regional Peer Review Group is effectively established as a work planning quality assurance mechanism to provide technical support to all field presences under each regional office.
   - The corporate Partnerships and Resource Mobilization Strategy was promulgated after intensive consultations with regional and country offices. This corporate strategy guides field offices in developing resource mobilization strategies that align efforts between regional and country offices. In line with UN-Women's initiative to expand its donor base, the Private Sector Engagement Strategy was likewise developed to provide support to headquarters, regional, and country offices on private sector engagement and partnerships. Both corporate strategies aim to ensure coordinated outreach to all funding partners.

14. Supported by these corporate efforts, country offices have developed robust resource mobilization strategies in line with corporate and regional office strategies and are actively exploring various funding opportunities. Country offices have also used their Strategic Notes to redefine their business model and ensure that their work and desired results are fully aligned with the UN-Women Strategic Plan outcome areas as well as the relevant United Nations Sustainable Development Cooperation Framework in order to advance UN-Women's coordination, normative, and operational mandate.

d) *Resource planning, budgeting, allocation and management*

15. UN-Women management fully agrees with and appreciates the recommendations from the thematic audit of resource planning, budgeting, allocation, and management. Below are a few highlights of the actions taken to address the recommendations:

- UN-Women is developing a comprehensive budget policy, procedure, and guidelines to consolidate and integrate the relevant existing policy and guidance, which, among other things, will clarify and formalize governance in UN-Women's budgeting processes. After extensive consultations with key stakeholders, the updated budget policy, procedure, and guidance are targeted to be promulgated by 30 June 2025.
- UN-Women has taken steps to complete the initial review of the Financial Regulations and Rules (FRR) in the first quarter of 2024. The assessment of the need for a comprehensive review of the Financial Regulations and Rules (FRR) is in progress under the co-leadership of the Head of the Financial Management Section, Management and Administration Division, and the Chief Legal Office. UN-Women is confident that the full assessment will be completed before the end of 2024.
- The Budget Allocation Committee has been operationalized to inform and provide recommendations to executive leadership in the planning and allocation of resources at UN-Women. It is based on a results-driven, risk-informed, and fact-based organization-wide perspective that encompasses all sources and categories of funding, including Regular Resources (core) and Other Resources (non-core).
- UN-Women has designated a specific timebound capacity under the Budget Section in SPRED to coordinate and implement a corporate and systematic approach to direct project cost recovery. The ongoing revision of the current guidance will facilitate implementation support and advice to field and headquarters offices related to direct cost recovery.

e) *Procurement management*

16. UN-Women is leveraging its investments in the new ERP system, Quantum, by making full use of its procurement functionalities to ensure streamlined and integrated planning, processing, and approval of procurement activities in Quantum. In addition, UN-Women has made it mandatory for all users to utilize purchase orders for all types of procurement activities, regardless of value. The automated Oracle SmartForm has been introduced to mitigate non-compliance risks regarding using purchase orders for procurement transactions processed through Quantum. The procurement policies and procedures for purchasing goods and services apply to purchasing fuel, as there is no specialty attached to fuel purchases. Staff personnel have also been trained on these policies and procedures and using Quantum functionalities for procurement.

f) *Human resources management*

17. UN-Women is fully committed to ensuring that the selection process for staff and personnel, including consultants, adheres to the principles of transparency, competitiveness, efficiency, and value for money. This is promoted through the practice of ensuring a diverse composition of recruitment panels that involve relevant representations from country, regional, and headquarters levels. In line with UN-Women's pivot to the field, a Human Resource Business Partner is assigned to and located in each regional office. The HR Business Partner ensures capacity at the regional level to oversee the recruitment processes, as well as other regional and country office human resource processes at regional and country levels, such as training, leave management, and performance evaluation. Simultaneously, the Human Resource Division at headquarters provides underpinning corporate guidance and assistance with the following:

- A revised Consultant Policy was promulgated in December 2023, standardizing and simplifying the process across UN-Women and providing additional guidance to ensure fair and consistent rates. Since December, the Human Resource Division has organized over ten training sessions to promote understanding and compliance with the updated policy. It will continue to guide all offices on the key revisions, including

updated service and contract conditions, mandatory reference checks, and screenings through the clear check database.

- Provision of quarterly verified reports on the completion of mandatory training to facilitate headquarters and field office-level oversight and follow-up. More stringent requirements and processes were established to promote compliance with mandatory training.
- The leave management module accessible to all personnel and their managers supports timely recording, processing, and approval of leave, while comprehensive leave monitoring reports support effective follow-up and oversight of leave monitors.
- Training and one-on-one guidance for staff on performance management development (PMD) are provided, with corporate compliance on completion of PMDs monitored and reported in the Quarterly Business Review for any necessary management actions.

g) *Programme partner management*

18. UN-Women appreciates the audit observations and recommendations to improve the management of programme partners. These provided vital inputs to the comprehensive revision of the Programme Partner Management Policy and the Programme Project Life Cycle Procedures, which underpin the overall strategy for managing UN-Women programmes, projects, and programme partners. The following key initiatives have been implemented to further strengthen programme partner management across the organization:

- A robust risk-based capacity assessment requirement has been introduced in the selection of programme partners, aligned with the HACT, and incorporated as part of UN-Women's global system for managing and monitoring programme partners, making the overall risk profiles visible across the organization.
- Procedures are being implemented to encourage the selection of programme partners with a view to long-term partnerships with UN-Women to leverage and scale the results achieved. Dedicated support is provided to field offices formulating new Strategic Notes to include the engagement of partners for large-scale programmes to deliver high-level results.
- Refresher training for UN-Women staff and programme partners was conducted to ensure proper use of FACE forms. Strategic partners' capacity building to design and implement programmes was also undertaken to ensure the sustainability of partnerships and support the scaling of results to the national level.

19. The above corporate actions to reinforce programme partner management laid the foundations for audited country offices to improve partner management based on audit findings, including by strengthening partner assessments, monitoring and developing partners' capacity in results-based and financial management, ensuring compliance with management tools, and conducting end-performance evaluations.

h) **Advocacy and communications**

20. The recently promulgated corporate Partnerships and Resource Mobilization Strategy guides field offices in developing resource mobilization strategies, while the Private Sector Engagement Strategy finalized in 2023 provides support to headquarters, regional, and country offices on private sector engagement and partnership. Likewise, the Communications Section in the Strategic Partnerships Division at headquarters supports strengthening and guiding communications efforts in the field. Additional guidance materials will be rolled out in 2024, including an updated Communications Strategy and guidance on communications-based advocacy.

21. Accordingly, audited country and regional offices have developed focused and data-driven communication strategies to augment their respective advocacy efforts, informed by data collected from comprehensive surveys, aligned with the expectations of their targeted stakeholders.

i) *Information systems*

22. To support field offices' capacity building on information systems, the Information Systems and Telecommunications (IST) Section in the Management and Administration Division at headquarters provides cybersecurity and information technology operations guidance to field offices through the Information Communications and Technology (ICT) network. This includes advice on strategies to mitigate information security vulnerabilities, such as implementing automated monitoring measures and conducting information security awareness socialization and training. In addition, the IST section closely monitors field offices' compliance with the information security programme, which is also one of the key performance indicators reported in the Quarterly Business Review.

23. In line with the corporate strategy, regional ICT strategies are also being developed to better support country offices, which has resulted in enhanced regional IST infrastructure and operations. Compliance with information security (InfoSec) standards is closely monitored and shows an improving trend.

j) *Coordination of gender mainstreaming*

24. UN-Women carried out the following corporate initiatives to strengthen the implementation of its coordination mandate.

- UN-Women developed a corporate Coordination Strategy in 2023 to guide regional and country-level coordination strategies. The corporate strategy will be updated as needed to incorporate the ambitions of the recently launched Secretary-General Gender Equality Acceleration Plan, including for UN Women to scale up its work on coordination. Guidance is also being provided to ensure that regional and country strategies are consistent with their Strategic Notes and aligned with Outcome 7 in the UN-Women Strategic Plan 2022-2025 on UN system coordination. Accordingly, country offices have engaged with relevant UN Country Teams (UNCT), including by creating gender mainstreaming coordination strategies aligned with UN-Women's priorities as well as the relevant cooperation framework and by putting in place systematic monitoring plans to ensure the implementation of UNCT-SWAP recommendations and reporting.
- The UN-Women Executive Director sends a letter annually to each Resident Coordinator reporting on the UNCT-SWAP. The letter identifies areas of strength and weakness and urges the Resident Coordinator to strengthen continued leadership and advocacy for gender mainstreaming. UN-Women leads most Gender Theme Groups, utilizing the UNCT SWAP Action Plan to guide their annual work plans and implement proposed actions. At the country office level, UN-Women organizes training for various working groups to enhance the capacity of UNCTs and deepen their understanding of gender accountability tools, to support effective implementation of action plans.
- UN-Women has taken important steps within available resources to meet current and growing capacity demands for coordination expertise. Six new Coordination Specialist posts have been established and assigned to each UN-Women regional office for closer-to-field-office level support.

k) *Safety and security management*

25. The Safety and Security Section in the Management and Administration Division continually advocates for all personnel to complete mandatory security training. Concurrently, country offices have invested in increasing capacity for safety and security by mandating that all personnel undergo security training before receiving their staff identity cards and requiring the completion of the BSAFE training before any missions. To comply with the security and business continuity plans, field offices completed the UN-Women Business Continuity & Crisis Management Application (BCCMA), which was incorporated into the UN-Women Security and Safety Compliance in line with the UNSMA country-level Security Plans. UN-Women is pleased to report that the new UN-Women Business Continuity Crisis Management Application (BCCMA) is fully implemented with a compliance rate of 97%, a clear indication of UN-Women's continued commitment to personnel safety and security.

l) ***Risk management***

26. UN-Women is steadily advancing in the maturity of its enterprise risk management practice, with a quality assurance process to ensure that unit-level risk registers, including those of field offices, align with corporate risk management frameworks and standards. The quality assurance includes reviewing proper risk identification and ownership of mitigating actions. In line with the decentralization and the pivot to the field initiative, regional offices are responsible for reviewing the risk registers of country offices within their respective regions. Audited country offices review their partner risk registers as part of the local project appraisal committee (LPAC) process and ensure that these inform their country office risk assessment. The headquarters Enterprise Risk Management team in the Strategy, Planning, Resources, and Effectiveness Division complements this work by sampling and spot-checking country office risk registers during the six-monthly validation process.

m) ***Ethics, integrity and anti-fraud***

27. A dedicated Ethics Advisor was appointed to manage the in-house ethics function and advance UN-Women's ethical organizational culture that fosters ethical practices and cultivates a healthy work environment. Immediately upon entering duty in 2023, the Ethics Advisor hosted a global meeting on ethics and integrity to provide an overview of the relevant framework and mandate of the function. Various ethics awareness sessions were held at headquarters and field offices, and personnel were routinely reminded to complete the mandatory online Ethics and Integrity training. In addition, written materials on "Ethical Do's and Don'ts in Procurement" and "Holiday Gifts Advisory" fact sheets were circulated to all personnel.

28. By the same token, UN-Women is committed to promoting and adhering to the highest standards of anti-fraud measures in programming and resource use. UN-Women has an anti-fraud policy that outlines its current approach to the prevention, detection, and response to incidents of fraud. An update to this policy is underway to ensure that roles and responsibilities among the three lines of defense are further articulated and communicated. This also includes actions to improve UN-Women's anti-fraud culture, awareness, and training.

Management Actions to address results of advisory services

29. UN-Women management appreciates the advisory engagements conducted by the IAS in 2023 on the UN-Women's ERP system Quantum and the operational risk assessment of the UN-Women Country Office in Afghanistan, as well as the IAS's participation in the inter-agency joint advisory engagement for implementing the Business Operations Strategy. Annex 2 of this report contains the management steps taken to address the recommendations made by IAS and implement the lessons learned from the advisory engagements for the UN-Women's ERP system Quantum and the operational risk assessment of the UN-Women Country Office in Afghanistan.

30. With regards to the Inter-agency joint advisory engagement for implementing the Business Operations Strategy, UN-Women supports the suggested actions of the UNSDG and the Business Operations Strategy Task Team to further enhance the efficiency and effectiveness of the organization's business operations.

Response to outstanding Executive Board Decisions

Decision 2023/1

The Executive Board "Takes note of the amendments made to the rules, related to the internal audit function, as part of the Financial Rules and Regulations (UNW/2023/CRP.2), and asks UN-Women to assess the need for a comprehensive review and to report back to the Executive Board at the annual session 2023."

31. UN-Women has taken steps to complete the initial review of the Financial Regulations and Rules (FRR) in the first quarter of 2024. The assessment of the need for a comprehensive review of the Financial Regulations and

Rules (FRR) is in progress under the co-leadership of the Head of the Financial Management Section, Management and Administration Division, and the Chief Legal Office. UN-Women is confident that the full assessment will be completed before the end of 2024.

Decision 2022/5

The Executive Board "Urges UN-Women management in its continuous efforts to further strengthen its second line of defense and the establishment of a Statement of Internal Controls." (paragraph 3)

Decision 2021/4

The Executive Board "Encourages UN-Women management to continue strengthening its second line of defense and its work on the establishment of a Statement of Internal Controls". (paragraph 3)

32. UN-Women plans to issue its first Statement of Internal Controls over financial reporting together with the 2024 financial statements. A full Statement of Internal Controls will be implemented thereafter.

INVESTIGATIONS

33. Of all the allegations[1] received by OIOS in 2023, it is noted that 29 were related to prohibited conduct and five to sexual misconduct[2] Of those allegations, one case was investigated and substantiated, and two are still pending. OIOS closed 30 cases following a preliminary assessment that an investigation was not warranted: 27 were referred back to the organization (subject to consent by the complainant, where applicable) for management consideration and potential action by UN-Women, and three were closed for information.

34. OIOS investigated and closed 12 allegations of all types of misconduct in 2023. Of these, eight closed cases were indicative of potential misconduct, and the other four were closed as follows: one was closed as unsubstantiated, and three related to programme partners were closed through a completion memorandum[3]. The eight allegations that were indicative of misconduct included three cases opened in 2023, one case carried over from 2022, and four cases carried over from 2021.

35. In line with its commitment to address workplace-related issues holistically and promote an ethical organizational culture, UN-Women fully endorses and welcomes creating a hybrid investigation model. Complementing the investigation services provided by OIOS, the internal investigation function assumed by IEAS will enhance the sustainability and efficacy of UN-Women's investigation services.

36. Moreover, UN-Women undertook in 2023 targeted actions to further bolster its efforts to cultivate a safe and respectful work environment, as outlined in its 2022-2025 Strategic Plan, prioritizing the advancement of an inclusive culture and the empowerment of a diverse workforce. As such, the Entity continued to offer informal and confidential conflict resolution, mediation, and coaching services to all personnel, as well as implement action-based leadership learning journeys for managers to strengthen self-leadership, peer coaching, and inclusive team practices. Responding to feedback from the 2022 UN-Women Empowered Workforce survey, targeted sessions were also conducted employing a practical engagement approach. These sessions aimed to support the development of equity and inclusion action plans tailored to the unique results of each region and

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[1] An allegation received and registered by OIOS may include more than one type of alleged misconduct.

[2] Sexual misconduct category refers to sexual exploitation and abuse and sexual harassment. This category is based on a harmonized annual report approach among UNDP, UNFPA, UNICEF, UNOPS and UN-Women.

[3] A completion memorandum is issued for cases where the facts are indicative of potential misconduct, where OIOS finds a full investigation report is not warranted.

division. Additionally, UN-Women partnered with Headspace to offer all colleagues access to mindfulness meditation and well-being tools.

37. Furthermore, the Entity continued to focus on the effective tackling of sexual exploitation and abuse (SEA) and sexual harassment (SH). Emphasizing a cohesive approach, UN-Women prioritized aligning its initiatives with the broader UN system while harmonizing strategies across its regional and country offices. More specifically, in 2023, specific measures taken to strengthen its SEA and SH protection frameworks included, *inter alia*: expanding the regional and country office SEA and SH focal point network from 96 to 118 appointees; building capacity of the focal points through regional workshops; providing comprehensive assistance to victims and survivors; and engaging actively in the CEB Task Force for Addressing Sexual Harassment, the SEA Working group led by the Office of the Special Coordinator on Improving the UN Response to SEA, as well as the Inter-Agency Standing Committee (IASC) PSEA Technical Advisory Group. More detailed information on the specific measures for addressing SEA and SH can be found in the Update on UN-Women policies and procedures to tackle sexual exploitation and abuse, and sexual harassment and the Management Letter presented to the Executive Board.

38. The Executive Director has issued the attached report (i.e., Annex 3) setting out disciplinary measures and other actions taken in response to misconduct and wrongdoing by UN-Women staff members, affiliate personnel, or third parties and cases of possible criminal behaviour for the period 1 January-31 December 2023 in accordance with the UN-Women Investigation and Disciplinary Process Policy (formerly the Legal Policy for Addressing Non-Compliance with United Nations Standards of Conduct).

39. In 2023, UN-Women took prompt and appropriate action to implement its zero-tolerance policy in substantiated cases following an investigation and disciplinary process. As set out in the report, in 2023, one staff member was found to have committed harassment and was issued the disciplinary measures of deferment of eligibility for a salary increment for one year, written censure, and a deferment of consideration for promotion for one year was imposed. Another staff member was found to have committed sexual harassment and harassment. The staff member was issued the disciplinary measures of written censure and loss of one step in grade. Another staff member was found to have undertaken unauthorized outside activities and misused the property and assets of UN-Women. The staff member was issued the disciplinary measures of written censure, loss of two steps in grade, and deferment for two years of eligibility for salary increment. In 2023, there was one case in which the staff member separated following an investigation and prior to the instigation of a disciplinary process. Pursuant to paragraph 5.7.2 of the UN-Women Investigation and Disciplinary Process Policy, a letter was sent to the staff member informing him or her that had he or she remained employed, a recommendation would have been made for charges of misconduct to be initiated against him or her. This letter together with the staff member's response, if any, is placed in his or her official status file. Finally, there was one case that resulted in an administrative measure against a staff member, and there were no cases involving affiliate personnel.

Annex 1: Updated Management Actions for High-priority Long - outstanding Recommendations

This annex lists the latest management actions taken to address high-priority long-outstanding recommendations.

Audit engagement title	Action taken by the responsible office on the recommendation
2019 – Afghanistan Country Office Audit	In April 2023, UN-Women promulgated a set of guidelines to address situations where country offices receive unmarked funding for Strategic Notes. These guidelines were developed following an extensive consultation process and have been reviewed by the Legal Office. Management action has been completed for this audit recommendation and awaits the auditor's assessment for closure.
2020 – Audit of Detail Assignment	UN-Women has assigned the Human Resources Division as the business process owner for overseeing the policy on temporary staff placements. Monitoring and reporting to mitigate risks for selecting candidates for detailed assignments have been improved. Additionally, an overall framework for temporary staffing is being developed.
2020 – Audit of Trust Funds Governance, Policy and Risk Management	UN-Women is developing a draft corporate policy for Trust Fund Management and expediting work on the UN-Women Grant Management Policy, which is currently in draft form. UN-Women will follow the required Policy, Procedures, and Guidance (PPG) process for promulgation. At the same time, the development of grant-making procedures, including grant-making under Trust Fund arrangements, will begin. UN-Women intends to finalize the policy by October 2024 and the related procedures by June 2025.
	UN-Women has developed a draft policy for managing the Trust Fund. This policy will undergo necessary consultations and reviews as per the PPG guidance. Once finalized, appropriate procedures for establishing the UN-Women Trust Fund and managing its operations will be put in place.
2020 – Cybersecurity Audit	UN-Women is making progress in addressing audit recommendations for information security. Priorities include strengthening foundational controls through policy updates, enhancing cybersecurity capabilities, and promoting an information security awareness culture, which has resulted in the successful closure of related recommendations.
2020 – Audit of Policy Cycle Management	UN-Women has approved a temporary investment to enhance the PPG function while acknowledging the importance of institutionalizing and providing sustainable support for this function over the longer term. In this regard, a business case will be prepared for review as part of the next Institutional Budget.
2021 – Thematic Audit: Consultant management	UN-Women has determined that the use of consultants in the HR modules of the new Quantum ERP system was out of scope, except for the recruitment module. The organization is exploring a new contractual modality to replace most consultancies. If this new modality is implemented through UNDP as a service provider, it will be managed through the Quantum ERP system.
2021 – Audit of outsourced services	UN-Women recently updated its risk management procedure, standardized risk register template, and ERM OneApp platform to include a new risk label for "third-party risks." As with all risk labels, risk units must assess all risks for applicability. Once the UN-Women policy framework for outsourcing to third-party business processes and functions has been developed, business process owners will be guided on undertaking periodic risk assessments for third parties.
2021 – Internal Audit of Ethiopia Country Office	A comprehensive HR strategy is being developed to guide staff recruitment, well-being, training, and performance management. Staff needs were identified, and recruitment processes were undertaken as part of the 2022-2023 and 2024-2025 biennial work plan process.
2022 – Internal Audit of Safety and Security	The UN-Women Security & Safety Framework of Accountability Policy has been completed and follows the audit recommendation and the UN Security Management System Framework. The Executive Management team has been briefed on the policy, which is currently being finalized within the UN-Women approval system.
2021 – Audit of Country Office in DRC	The country office has acted upon the recommendations provided in the country portfolio evaluation and has also appointed a monitoring and evaluation specialist who regularly monitors the status of those recommendations. Regarding partner audits, the office periodically follows up with partners through SharePoint. Claims for financial reimbursement have resulted in collection of funds from relevant partners, resolving financial findings.

Annex 2: Management Response to Advisory Engagements

This annex outlines management's response to the assessment's highlights and provides insights into the actions taken to the advisory recommendations received.

Advisory Review of UN-Women's Post – roll out a snapshot assessment of UN-Women's ERP system Quantum
"The assessment in 2023 reviewed the following aspects of the ERP project: status update on replacement of Atlas as of June 2023 and related risk management; change management and benefits realization; ICT governance; and exit strategy for the project. *IAS highlighted several achievements by the UN-Women project team and UN-Women ERP Board, including strong project management discipline, a dedicated implementation team, high level of participation in ERP sessions, regular meetings of the ERP Board and mature risk identification. Quantum went live in January 2023."*

Summary highlights of the snapshot assessment of Quantum	Management comments on actions taken
1. *"**In terms of risk management**: At the time there was an emerging risk of a qualified financial audit opinion for 2023 as controls over financial management, data and reporting have not been fully established. There is a risk of high dependency on UNDP for ERP management".*	The Financial Management Team has worked continually to address issues identified in 2023 and, in coordination with UNDP, closed all known items. At the time of this writing, the preparation of the 2023 Financial Statements was well underway. UNDP remains the primary service provider for the ERP system and core services. UN-Women will review the Service Level Agreements (SLAs) and Memorandum of Understanding (MOU) arrangements with UNDP to strengthen this relationship and reduce the possible dependency risks.
2. *"**In terms of change management and business transformation**: A change impact assessment, which could have been conducted during planning to understand and plan for key changes, and related regular communications and training would have benefitted the roll-out process and could still be of benefit. Management reported that a change inventory with impact assessment has been created".*	The business process owners created and reviewed a change inventory during Quantum's planning and configuration stages. However, the agile implementation approach of Quantum resulted in a change management approach that had to be reactive and adapt to the rapidly changing reality of the system deployment. While that was successful, and our operations could maintain delivery throughout 2023, advance planning on key changes could not be as structured as we would have liked. That said, Quantum introduced several changes to our processes, which were managed through targeted training, communication, and alignment of roles. Training efforts for the rollout were quite substantial, starting in November 2022 and continuing throughout 2023. Over 145 virtual global training sessions and regional on-site training, amounting to approximately 2,700 training hours, were provided, supplemented by over 160 live user guides in Quantum and more than 110 published step-by-step user guides. Recorded training sessions and self-training options were also available to all staff. Furthermore, stream-specific training was provided through targeted workshops, hands-on lab sessions, webinars, and Q&A sessions throughout 2023.

There was also a significant focus on sharing regular Quantum updates with all staff (both before and after going live) to keep them informed about upcoming activities. The DMA Director shared these updates on an ongoing basis through the UN-Women Newsletter and Intranet. These communications were supplemented by stream-specific messages shared by each functional stream.

While the implementation of Quantum has been successful, not all processes were optimized in the rapid deployment of the system. The terms of reference of the UN-Women Senior ERP Project Lead have since been revised, with the focus in 2024 and beyond shifting to identifying key processes and pain points related to Quantum that would benefit from simplification and better adaption to the capacities Quantum offers, along with the necessary Change Management efforts these will entail.

3.	*"In terms of governance: In the past, UN-Women has had a wide range of purpose-built applications, systems and dashboards with no internal capacity for maintenance and to ensure their data integrity. There is a need for stronger ICT governance to identify, connect, analyse and prioritize corporate initiatives for their value-for-money; ensure their reasonable integration; and effectively manage ICT governance-related risks for digitalization, integration and automation".*	In response to this observation, UN-Women has established a dedicated ICT Board modeled on the positive experience of the ERP Board. The ICT and ERP Boards will merge to reduce the proliferation of governance mechanisms, and the ICT Board terms of reference (TOR) have been revised accordingly. The current membership of the Board includes four HQ Division representatives and two Regional Directors. This is further supported by the ICT Coordination Group, which is a working-level committee on ICT matters at UN-Women. Subject matter experts are also requested to join the ICT governance group meetings to offer their advice and contribute to the decision-making process.
4.	*"In terms of exit strategy and sustainability: Management needed to ensure accountability for closing all planned deliverables for Phase 1 before embarking on Phase 2; prepare the Closure Report; and develop an exit strategy, phasing out current supporting mechanisms by developing and costing maintenance and support infrastructure".*	The ICT/ERP Board has endorsed the approach to solving Phase 1's remaining deliverables and issues. An exit plan will be formulated around the third quarter of 2024, and the closure report for Phase 1 of Quantum is planned for the first quarter of 2025. In parallel, the ICT/ERP Board approved the deliverables and associated budget for Phase 2 of Quantum to ensure corporate objectives are met in time for the next Strategic Plan. Phase 2 will be overseen by the ICT/ERP Board, with regular reviews for monitoring progress and adjusting scope and planning based on progress and emerging needs. Phase 2 consists of a distinct set of deliverables that do not directly impact the existing Quantum scope delivered in Phase 1.

Operational risk assessment of the UN-Women Country Office in Afghanistan

"IAS conducted a risk assessment to assist the Country Office in Afghanistan in addressing (a) general risks that arise from operating in the country; and (b) potential structural issues in internal controls. The assessment also identified opportunities for the Country Office to advance its mandate."

IAS identified risk areas	**Management comments on risk-mitigating actions taken or planned**
1. The country office "***external challenges and managing sensitivities within the complex country context****; programme management and monitoring, including slow programme delivery, limited capacity of programme partners and beneficiary grievance mechanisms that should be further socialized; and the need for stronger monitoring of Strategic Note priorities and their cost-effectiveness."*	Afghanistan Country Office (ACO) has engaged a risk management consultant to support effective project risk management practices. Weekly and fortnightly delivery meetings have been instituted to ensure the timely resolution of delivery bottlenecks. Consistent partner capacity-building sessions are being conducted to facilitate ongoing partner mentoring and capacity strengthening. An external partner consulting firm was recruited tosupport partners in financial verification and mentoring. The establishment of Sub-Offices in five provinces has strengthened programme monitoring, making it convenient and easy to reach partners for ongoing monitoring and support. The partner grievance mechanism is being socialized with partners through capacity-building sessions scheduled throughout the year.
2. "***Country office governance was complex, and field offices needed to be better integrated****; there were many vacant positions; risk-management practices in decision-making could be enhanced; and there were some areas for attention in the internal control environment and workflow bottlenecks."*	ACO now has access to the online UNAMA Common Risk Management Dashboard to foster efficient risk management by ACO on common risks. ACO goes through a rigorous risk assessment, reviews, monitoring, and validations that align with corporate standards. A structured handover process for personnel separations has been instituted to mitigate the risk of losing critical institutional knowledge. Most vacant positions have been filled, and the office staff complement is now onboard. An ambitious strategy has been implemented to strengthen staff capacity. A series of capacity-building sessions were rolled out in all key areas: HR, Procurement, Finance, Programme, and fraud management, including weekly sessions on Quantum. Workflows have been designed in various vital areas and shared with staff in staff learning sessions. Ongoing self-assessment for office units is being implemented, focusing on continuous workflow process improvements.
3. *"**In terms of operations**, risk areas for further attention included personnel recruitment, performance management, development and retention; and procurement primarily due to the country context and the safety and security of UN-Women personnel and assets."*	To address recruitment challenges, the office has implemented several strategies: proactive recruitment planning, enhancing HR capacity, expanding candidate pools through broad outreach, and establishing clear budgeting with accountability. Collaboration with the UN HR working group has improved recruitment and retention of national female staff. Onboarding improvements include pre-arrival communications with essential tasks and contacts, updated welcome packs for international staff, and comprehensive orientation sessions. For rapid expansion needs, a fast-track HR procedure was approved by headquarters and is being effectively used.

	ACO has beefed up its procurement expertise, with a team headed by a P3 Procurement Specialist in place. A robust procurement planning strategy accompanied by monthly rigorous procurement plan reviews has been institutionalized.
	Regarding safety and security, ACO has a P3 Security Specialist and has implemented security risk management measures. The main office is located inside the United Nations Assistance Mission in Afghanistan compound, and all ACO field offices are co-located with other UN agencies. All international personnel are accompanied by security staff during field missions. The Country Representative regularly attends Security Management Team meetings to ensure the office has the most up-to-date information about security threats.