INTERNAL AUDIT REPORT UN WOMEN COUNTRY OFFICE IN KENYA

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INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)
Internal Audit Service (IAS)
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EXECUTIVE SUMMARY

Audit objective and scope

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted an internal audit of the UN Women Country Office (CO) in Kenya from January to April 2020, with a field visit to the CO from 25 February to 13 March 2020.

The objectives of the audit were to assess the adequacy and effectiveness of the governance arrangements, risk management and control processes relating to the following areas and subareas:

- **Strategic priorities, programme planning and implementation:** strategic positioning, priorities setting, programme and project management, management of programme partners (PPs), coordination of gender mainstreaming, advocacy and resource mobilization.

- **Governance, risk management and internal controls:** office structure and delegation of authority, control environment, risk management, data quality, internal control framework, and implementation of prior audit recommendations.

- **Operations:** management of procurement, human resources (HR), finance and budget, information and communication technology (ICT), travel, assets, and safety and security.

The audit covered the state of governance, risk management and internal controls, based on a sample of CO activities from 1 January 2018 to 31 January 2020. Atlas-recorded expenditure for the CO totalled US$ 7.3 million in 2018 and US$ 6.1 million in 2019.

IAS followed the *International Standards for the Professional Practice of Internal Auditing* in conducting this audit.

Audit opinion and overall audit rating

IAS assessed the overall state of governance, risk management and internal controls in the CO as **Some Improvement Needed** meaning that *"the assessed governance arrangements, risk management practices and controls were established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area."*

Governance, risk management and internal controls were found to be generally **satisfactory** in the coordination of gender mainstreaming; management of PPs; the internal control framework; data management through information systems; progress on previous audit recommendations; ICT management; and safety and security.

Good practices in the CO that could be replicated elsewhere included its 'gender donor map', monitoring plans and detailed financial monitoring tools for its programmes.

IAS identified areas of **major improvement needed** in:

- **Strategic priorities, programme planning and implementation**: during the period under audit review, the design and implementation of the CO's Strategic Note (SN) and Annual Work Plans (AWPs) needed to be strengthened in terms of addressing evaluation recommendations, reconsidering implementation modalities, strengthening results frameworks and engagement with donors, further resource mobilization and results-focused reporting. Some of these issues were partially addressed at the time of the audit, following a headquarters support mission to the CO in October 2019; revision of the CO's SN in early 2020; and continuous communication with donors, but still required some further improvement.

IAS also identified areas of **some improvement needed** in:

- **Strategic priorities, programme planning and implementation**: there was a need for stronger advocacy and improved coordination, strengthening of the monitoring and evaluation (M&E) framework and enhancing project design, documentation and reporting.

- **Governance, risk management and internal controls**: the CO would benefit from embedding more proactive risk management into its processes; renewed training in fraud prevention and tracking the completion of mandatory training.

- **Operations**: there was a need to strengthen controls and management over procurement planning, use of long-term agreements (LTAs), individual consultants, personnel development, planning and monitoring of

project expenditure, and travel.

Furthermore, IAS identified areas of improvement needed at the corporate level:

- **Strategic priorities, programme planning and implementation**: there was a need to improve corporate and regional review and approval of SNs and AWPs.

- **Governance, risk management and internal controls**: a functional review of the Kenya CO remained outstanding to define its staffing needs and enable it to effectively deliver its SN.

IAS made 13 recommendations and provided further advice to address the areas requiring improvement. Six recommendations were ranked as High priority and seven as Medium priority.

The six High (Critical) priority recommendations mean that *"prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women."*

Two High priority recommendations were addressed to organizational units at headquarters and related to addressing the following issues:

- revisiting corporate SN and AWP guidance (particularly, for corporate and regional review and approval of SNs and AWPs) to ensure their completeness, coherence and quality assurance; and

- completing the functional review of the CO, taking into account the Change Management 'rightsizing exercise' outcomes and CO staffing needs for implementation of the revised SN, and proposing an optimal CO staffing structure with reporting lines, contractual modalities, headcount and funding sources.

Four High priority recommendations were addressed to the CO and related to addressing the following issues:

- establishing a knowledge-based process for (a) full consideration of evaluation findings and other lessons learned in the CO's strategic and annual work planning; and (b) follow-up on evaluation and other thematic review recommendations;

- revising future AWPs for coherence with the revised SN and expected mobilized resources;

- finalizing (a) consultation with a wider circle of gender-oriented donors in Kenya; and (b) resource mobilization plans; and

- strengthening the CO's M&E framework and function.

The seven Medium (Important) priority recommendations mean that *"action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women".* These recommendations were addressed to the CO and focused on: strengthening project documentation and reporting; embedding risk management in the CO's decision-making and programme and project management; exploring opportunities for an electronic filing system and electronic reviews and approvals of transactions; and strengthening the CO's controls in operations.

Management comments and action plan

Relevant organizational units at headquarters, the East and Southern Africa Regional Office (ESARO) and the Kenya CO Representative accepted the above recommendations and provided action plans included in this report. Some of the recommendations were already under implementation. IAS acknowledges that implementation of some recommendations could be delayed due to the COVID-19 crisis. Management comments have been taken into account in this report, where appropriate.

Low priority issues are not included in this report but were discussed directly with management, and actions have been initiated to address them.

Lisa Sutton

Lisa Sutton, Director
Independent Evaluation and Audit Services

ACRONYMS AND ABBREVIATIONS

AWP	Annual Work Plan
CO	Country Office
COVID-19	Coronavirus disease 2019
CSO	Civil Society Organization
DAMS	Donor Agreement Management System
DMA	Division of Management and Administration
DRF	Development Results Framework
ERM	Enterprise Risk Management
ESARO	East and Southern Africa Regional Office
EVAW	Ending Violence Against Women and Girls
GEEW	Gender equality and empowerment of women
HQ	Headquarters
HR	Human Resources
IAS	Internal Audit Service
ICT	Information and communication technology
IEAS	Independent Evaluation and Audit Services
IST	Information systems and telecommunications
KPI	Key Performance Indicator
LEADS	UN Women's 'Lead management system'
LTA	Long-Term Agreement
M&E	Monitoring & Evaluation
OEEF	Organizational Efficiency and Effectiveness Framework
PDR	Project Delivery Report
PMD	Performance management and development system
PP	Programme Partner
PPG	UN Women's Policy, Procedure and Guidance Framework
PPID	Policy, Programme and Intergovernmental Division
PRG	Peer Review Group
PSMU	Programme Support Management Unit
RBM	Results-Based Management
RMS	Results Management System
SMART	'Specific, measurable, assignable, realistic, and time-related'
SN	Strategic Note
SPRED	Strategy, Planning, Resources and Effectiveness Division
SSA	Special Service Agreement
ToR	Terms of Reference
UN	United Nations
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNRC	United Nations Resident Coordinator
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US$	United States Dollar
WEE	Women's Economic Empowerment

I. BACKGROUND

About the Country Office

The UN Women Country Office (CO) in Kenya reports to the UN Women East and Southern Africa Regional Office (ESARO). Both offices are hosted in the United Nations compound in Nairobi.

The CO's previous Representative served until January 2019, when she transferred to ESARO and became Deputy Regional Director. The Representative at the time of the audit took office in September 2019, transferring from another CO. The interim period was covered by the CO's Programme Specialist (subsequently appointed Deputy Representative) and by another Acting Representative.

At the time of the audit in March 2020, the CO employed 3 international staff, 4 local staff, 13 service contractors, 9 UN volunteers and 2 consultants. Shortly before the audit, one additional local staff position was approved and was vacant.

The CO's budget and expenditure[1] are summarized in Table 1 below:

Table 1: CO budget and expenditure, US$

	2018	2019
DRF budget target	4,749,321	6,583,999
DRF actual budget	6,568,894	4,131,330
DRF expenditure	5,984,589	4,259,229
Delivery rate	91%	103%
OEEF budget target	2,464,350	2,271,774
OEEF actual budget	2,031,921	1,777,914
OEEF expenditure	1,820,860	1,327,335
Delivery rate	90%	75%

Source: Results Management System (RMS) and Executive Dashboard data

During the audit period and according to the Donor Agreement Management System (DAMS), the CO's country field programme comprised two bilateral donor agreements (US$ 15.1 million) funding the CO's SN; three UN joint programmes funded by multi and bilateral donors (US$ 5.9 million); and five bilateral donor agreements (US$ 2.9 million) funding individual projects. The CO also supported projects managed by other UN Women offices mainly at headquarters.

The CO's SN 2019–2022 (revised in early 2020) focused on four Impact areas (Women in Leadership and Decision-Making; Women's Economic Empowerment (WEE); Ending Violence Against Women and Girls (EVAW); and Women, Peace and Security) under the Development Results Framework (DRF) and four Clusters under the Organizational Efficiency and Effectiveness Framework (OEEF).

At the time of the audit, the CO's revised resource mobilization target of non-core funds for 2019–2022 was US$ 28.3 million. As of 30 June 2020, the CO had secured US$ 8.2 million of this funding.

Atlas-recorded expenditure for the CO totalled US$ 7.3 million for 2018 and US$ 6.1 million for 2019. Overall, this consisted of: staff costs (11 per cent); other personnel costs (35 per cent); training costs, including external participant travel (30 per cent); personnel travel (6 per cent); maintenance, utilities and common services (5 per cent); procurement of other services (4 per cent); grants (3 per cent); procurement of goods (1 per cent); and support cost charges (5 per cent). Twenty-five per cent of the total expenditure was incurred through liquidation of advances or reimbursements to PPs.

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[1] The Executive Dashboard data included immaterial 'unmapped' budget and expenditure amounts, which were excluded from Table 1.

II. AUDIT RESULTS

A. Strategic priorities, programme planning and implementation

The CO's SN 2019–2022 (aligned with UN Women's Strategic Plan and Africa Strategy, African Union Agenda 2063, the UN Development Assistance Framework [UNDAF] for Kenya, and national strategy documents) was based on data and revised in early 2020 to focus programmes on priority geographical and result areas and to increase national partner involvement in programme implementation. The CO had extensive and multi-sectoral networks with partners and was in the process of renewing and expanding its resource mobilization. The CO was a key stakeholder in gender mainstreaming in the country, the UN Country Team (UNCT) and donor community, including through thematic working groups and support for gender-responsive UNDAF planning and implementation.

IAS assessed that, in general, key aspects of the CO's advocacy and communications; coordination of gender mainstreaming; clearance of donor agreements; project implementation timelines and results; and procedures for selection, contracting and monitoring of PPs were satisfactory. Stakeholders interviewed by IAS recognized the CO's extensive gender advocacy work through technical assistance, capacity building and networks with national and local government and civil society. Good practices at the CO included a 'gender donor map' developed for the Development Partner Group on Gender, monitoring plans and detailed financial monitoring tools for its programmes. The CO also employed a Gender Adviser attached to the UN Resident Coordinator's (UNRC) Office, but this position was not funded at the time of the audit. The CO was addressing recommendations from a headquarters support mission in October 2019, in relation to governance, strategic focus, implementation and reporting, coordination and communication.

During the audit period, the CO needed major improvement in implementation of evaluation recommendations; strengthening SN and AWP results frameworks; improving donor engagement and resource mobilization; reconsidering SN implementation modalities; and SN-based reporting. These issues were partially addressed at the time of the audit, primarily following revision of the CO's SN in early 2020 and continuous communication with donors. However, management efforts need to continue. The CO needed some improvement to enable stronger advocacy and improved coordination, strengthening the M&E framework and project design, documentation and reporting. There was a need to improve the corporate and regional review and approval process of SNs and AWPs. The CO could use opportunities to further streamline some areas of its management of PPs.

KEY ISSUES AND CONCLUSIONS

Issue 1: Opportunities for improved coordination and advocacy in the country

While noting the CO's active role in coordination of gender mainstreaming in the country, various stakeholders indicated opportunities to further strengthen the CO's coordination work to minimize competition among national gender institutions with similar mandates and to enhance coordination of gender issues-oriented Civil Society Organizations (CSOs) and religious leaders at national level. Increasing PPs' work 'at ground level' on EVAW and WEE (rather than focusing on 'direct implementation' by the CO) could also be considered, as could enhancing the CO's technical assistance to UN sister organizations. There were opportunities to increase the CO's activist voice on gender equality and empowerment of women (GEEW), for example: advocating for implementation of the constitutional gender balance requirement in elected and appointed institutions, and

making better use of UN Women's gender data in the country.

The above-mentioned unrealized opportunities were due in large part to the CO's direct implementation of numerous programme activities and the discontinued funding of its Gender Adviser in the UNRC Office. The CO intended to address these issues by updating its Communication and Advocacy Strategy and developing a Partnership and Coordination Strategy expected to be finalized in September 2020.

See **Recommendation 3**.

Issue 2: Strengthening the SN and AWP design and approval process

As highlighted by external stakeholders, and noted by IAS, some of the 2018 Country Portfolio Evaluation findings (such as *narrowing the thematic and geographical focus of the SN, limiting partnerships with high transaction costs and sustainability risks, high number of results indicators with lack of data and high cost of direct implementation*

through training and workshops), had not been fully considered in the design or implementation of the CO's original SN for 2019–2022 (prior to its revision in early 2020). This may have been due to the CO's ambition to work in many areas and with many partners. However, this represents a missed opportunity to make use of evaluative evidence for accountability and learning. Of note, the CO did not have a dedicated strategic planning function, while its knowledge management and M&E function was not well resourced (see Issue 4). The original SN had been reviewed by ESARO, relevant headquarters divisions and the peer review group (PRG), and had been approved. A management-led headquarters support mission to the CO in October 2019 noted potential weaknesses in the corporate mechanism for reviewing and approving SNs, particularly those with predictable and flexible donor funding as in Kenya. It recommended revisiting this mechanism to ensure that SNs are of high quality before their implementation begins.

Consequently, some lessons from a previous evaluation were not applied in a timely manner, impacting the achievement of results, value-for-money and the CO's relationship with donors. Evaluation findings were reconsidered during revision of the SN in early 2020, following further concerns expressed by the CO's principal donors and based on the recommendations of the headquarters support mission.

IAS noted great variation in results frameworks between the original SN for 2019–2022 (66 DRF Output indicators) and the 2019 AWP (54 DRF Output indicators). Around 20 of the DRF Output indicators in the 2019 AWP were also different and not from the original SN. Several indicators in the 2019 AWP were also duplicated under different Output areas. As a result, about half of the DRF Output indicators from the original SN were not included in 2019 AWP.

This was despite the AWP being reviewed by the Regional PRG and its subsequent approval. IAS understands that donor concerns and the reduction in funding (see Issue 3) may have led to swift changes in 2019 AWP results framework. However, substantial changes between SN and AWP results frameworks complicate the tracking and reporting of results against SN targets and their potential evaluability.

At the time of the audit mission, baselines, targets and sources of data for the results framework indicators were to be defined in the revised SN, and the 2020 AWP had to be updated in response to the revised SN and the resources to be mobilized. These tasks had progressed to completion at the time of the issuance of this report.

AWPs did not refer to any regional projects impacting Kenya, e.g. those managed by ESARO. Therefore, such projects may not have been sufficiently coordinated with the CO, which may lead to inefficiencies or ambiguities for external counterparts. No corporate guidance was in place regarding the need to include global or regional projects in CO AWPs.

Recommendation 1 (High):

The Representative to establish a knowledge-based process for full consideration of evaluation findings and other lessons learned in the CO's strategic and annual work planning, and for follow-up on evaluation and other thematic review recommendations, including check-backs to ensure that earlier actions to implement recommendations are sustained (e.g. through quarterly management reviews).

Recommendation 2 (High):

The Director, Strategy, Planning, Resources and Effectiveness Division (SPRED), in consultation with the Director, Policy, Programme and Intergovernmental Division (PPID), to revisit corporate SN and AWP guidance (particularly for corporate and regional review and approval of SNs and AWPs) for completeness, coherence and quality assurance to:

- Address potential flaws, which may have permitted notable weaknesses in the design of SNs submitted for review and approval being overlooked and to ensure that the process incorporates feedback from key donors to the relevant office.

- Ensure that the review process adequately covers reconciliation of the AWP to the SN, considering potential revision of the SN, where the AWP varies from it substantially.

- Provide guidance on how global or regional projects impacting countries overseen by other field offices should be considered in CO AWPs, specifying the CO's roles (if any) in project implementation and tracking of results, and allocation of resources within such projects.

Recommendation 3 (High):

The Representative to revise the 2020 and future AWPs in response to the revised SN and expected mobilized

resources, to the extent possible, taking into account:

- areas for improved coordination and advocacy indicated by stakeholders (see Issue 1);

- innovation and value-for-money considerations in planning cost-effective AWP implementation modalities, aiming for ownership and sustainability of results by in-country partners. The CO could enhance results-based management (RBM) principles in SN/AWP implementation and in contracting and payment of PPs (see Issue 4); and

- where applicable, references to UN Women's global or regional projects directly impacting Kenya, including the CO's role in their implementation.

Issue 3: Need for further donor engagement and improved resource mobilization

The CO benefitted from SN-based funding by two bilateral donors for the CO's earlier SN for 2014–2018, extended through 2019 but not beyond, as the donors had raised repeated concerns about SN implementation and reporting on the results achieved (see Issue 4). The funding was not re-negotiated by the CO in a timely manner; headquarters was not informed about the end of the SN funding; and neither ESARO was involved in any re-negotiation. This was due, at least in part, to the prolonged transition and handover of CO leadership in 2019, and the coinciding transition of ESARO leadership (see Issue 7). The headquarters support mission in October 2019 aimed to assist the CO in resource mobilization, but notably this mission was a response to risks that had already materialized. New project-oriented funding was being negotiated with various donors at the time of audit.

The CO's resource mobilization strategy for 2019–2022 had an overall resource mobilization target of US$ 32.6 million. The revised target at the time of the audit was US$ 33.1 million, of which US$ 28.3 million was non-core resources. Target achievement was not on track. In 2019, only US$ 4.8 million of US$ 7.3 million had been mobilized (66 per cent); and in 2020, only US$ 3.4 million of US$ 6.6 million had been mobilized by 30 June (52 per cent). This was again due in part to the prolonged transition of CO leadership; changes in donor priorities; insufficient engagement with some gender-oriented donors in the country; and increased donor demands for results-focused, more detailed financial reporting. Greater proactive 'second line defence' management oversight by ESARO or headquarters might also have helped to mitigate resource mobilization risks before they became a significant issue.

Gaps in resource mobilization impacted achievement of results targets in the SN and AWPs. For example, IAS assessed that, according to the CO's Annual Report in RMS, in response to the 54 DRF Output indicators in the 2019 AWP, for 8 indicators only 'some progress' was achieved and for 3 indicators 'no progress' was achieved. However, at the time of the audit, the CO expected incoming donor contributions and had planned new donor negotiations.

Furthermore, the CO did not track prospective or received in-kind contributions, if any. At the time of the audit, LEADS records were not updated to reflect the latest status and probable amounts of project pipelines.

Recommendation 4 (High):

The Representative to finalize:

- The CO's revised SN consultation with a wider circle of gender issues-oriented donors in Kenya.

- Relevant resource mobilization plans and update of LEADS. Where relevant, the CO should consider revising its resource mobilization targets and, if necessary, the targets in its AWPs.

Issue 4: Reconsidering SN implementation modalities and improving reporting, monitoring and evaluation arrangements

Donors of the CO's earlier SN raised various concerns over time about SN implementation and reporting in 2014–2019, as well as the CO's M&E capacity.

Specifically, concerns were raised about limited effectiveness and innovation due to the degree of 'direct implementation' by the CO and frequent high-cost workshops and training activities potentially limiting value-for-money, ownership by counterparts, or impact on direct beneficiaries. In 2018–2019, the CO's total training costs (including external participant travel) were US$ 4.0 million (or 30 per cent of the CO's total costs). About US$ 2.5 million of these costs were incurred through 'direct implementation' and about US$ 1.5 million through implementation by PPs. While workshop and training activities were important for initial knowledge transfer to PPs in Kenya, there was room for improved value-for-money considerations and innovation in the CO's programming, including more implementation through PPs. This was considered in the CO's revised SN for 2019–2022.

Concerns were similarly raised about the quality of the CO's reports to donors on SN implementation (e.g. reporting on results versus targets, indicator data, budget and expenditure breakdown). The CO had improved its

reporting over time, particularly by the time of the audit. In the absence of more detailed corporate financial reporting, the CO also submitted informal financial breakdown information to donors. The quality of the CO's earlier reports was impacted by insufficient corporate guidelines on SN-level reporting to donors; the earlier large number of SN result areas and indicators; and by a partial lack of required data due to weaknesses in data collection and validation related to the CO's limited M&E capacity. For example, IAS enquired about the source data for results reported on four SN Output indicators and three Output indicators of various projects. Of these seven indicators, the CO could not trace source data for two indicators and one more sub-indicator. This was partially due to a lack of separation of responsibilities between programme and M&E personnel, as programme personnel had to absorb some M&E responsibilities due to the CO's limited M&E capacity.

The CO had limited M&E personnel (one service contractor who left in January 2020 and one consultant) who were also responsible for other tasks beyond M&E. A donor intended to fund one M&E Specialist as of mid-2020. Project monitoring missions by M&E personnel were not frequent (e.g. one mission at the end of a project). Other personnel had limited M&E and RBM training (a postponed training session ultimately took place in March 2020).

The projects reviewed by IAS generally did not have project-based M&E plans, and project-based monitoring templates were not used to track project progress. However, all reviewed projects had monitoring arrangements with PPs, and project monitoring missions were documented in mission reports.

The issues were mostly due to the fact that not all M&E requirements were explicitly budgeted for in the CO's programmes and projects, and an M&E framework and related tools were not elaborated for use at project level. The CO's M&E processes were under improvement at the time of audit, including a plan to develop an M&E Strategy/Framework and improve various M&E tools and budgeting in projects. Greater CO management emphasis on the importance of effective M&E would also help.

However, earlier issues resulted in credibility concerns about UN Women's capacity and reported results; funding of the SN not being renewed; and impacted the stability of the CO's staffing structure (see also Issue 7).

Recommendation 5 (High):

The Representative to strengthen the CO's M&E framework and function through: adequate M&E budgeting for programmes and projects; dedicated M&E and reporting function; and finalizing initiated and other M&E process improvements, such as mapping monitoring missions across different projects and stakeholders, independent validation, tracking and storing of results source data, as well as the establishment of project-level monitoring plans and M&E tools.

See also **Recommendation 3.**

Issue 5: Strengthening project design, documentation and reporting

Design and documentation of the projects reviewed by IAS varied. For one joint programme, a donor agreement was in place and included project objectives, budget, results framework with indicators (but without clear baselines or targets) and reporting requirements; but there was no project document or workplan. This was due to programme management arrangements with the UN agency leading the programme and turnover of CO personnel, which led to some ambiguities in project reporting. Due to lack of indicator targets, it was challenging for IAS to assess project results. Indicator definitions also varied between the donor agreement and several project progress reports. For instance, substantially different indicators were reported in a progress report at the end of 2018 versus the final report in early 2019. Nevertheless, the leading agency and the principal donor were satisfied with project implementation, communication and reporting by the CO. While positive, this does not provide an appreciation of the project's impact.

Furthermore, for the programme activities funded by two bilateral donors under the CO's earlier SN for 2014–2018 and extended through 2019, the CO did not have dedicated project documents. The CO started to develop project documents for each thematic area of the revised SN for 2019–2022, with one draft project document developed at the time of the audit.

There was no corporate guidance on project documents under the SN funding modality. This has already been raised by IAS in another CO audit[2] and was highlighted by

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[2] Report IEAS/IAS/2019/001, Issue 7 and Recommendation 7: https://www.unwomen.org/en/about-us/accountability/audit/internal-audit-reports

the headquarters support mission in October 2019. The IAS Project Life Cycle Gap Assessment (advisory review completed in October 2019) also made recommendations regarding improved guidance on project design. At the time of the current audit, PPID had initiated development of relevant guidance on SNs with unearmarked funding, including on programme design, implementation and reporting.

Recommendation 6 (Medium):

The Representative to ensure that CO managed projects have the required project documentation, including project documents with comprehensive results and M&E frameworks and workplans, and that progress reports to donors reflect agreed results frameworks.

Issue 6: Opportunities for improving management of PPs

Overall, the CO had satisfactory procedures for the selection, contracting and monitoring of PPs. IAS identified the following opportunities for improvement in corporate and CO procedures:

- Although the CO had agreements with all of its PPs and issued advances to most of them for the relevant activities, it did not use the cash advance modality for some PPs but instead made direct reimbursements to third-party service providers and beneficiaries on the provision of progress reports and supporting documentation by the PP. The CO was not aware how to link such reimbursements to the relevant PP's 'Implementing Agent' code in Atlas and only tracked them, using the PP's abbreviation within voucher descriptions. During the audit period, such PP expenses reimbursed to third parties totalled at least US$ 0.8 million. However, IAS could not trace these expenses in Atlas entirely. As a result, total CO expenses incurred through PP agreements could not be directly generated from Atlas for monitoring against the agreed budget.

- One of the PPs indicated that UN Women's feedback on performance always focused on weaknesses in financial management, and there was no opportunity to receive an objective assessment of the PP's overall

performance. There was no corporate procedure in this regard.

- Based on a donor's recommendation and earlier experience of one CSO, the CO involved the CSO as another PP's subcontractor in charge of small construction works of about US$ 118,000. However, the CO did not consult the headquarters Infrastructure Projects Approval Committee or Procurement Team about PP engagement in construction works, as the CO was not aware of the informal guidance on infrastructure projects produced by the Division of Management and Administration (DMA) and PPID in October 2017 (it was not included in UN Women's Policy, Procedure and Guidance Framework [PPG]). The CSO followed a procurement procedure for construction works and involved local beneficiaries (particularly women) in the construction. The PP explained that the works were supervised by an independent site engineer from another UN organization. However, the CO was not aware of the supervision process and did not have any supervision reports on file. Therefore, there was limited assurance that the construction works conformed to the required 'statement of works' in terms of quality and quantity. The completed construction site was handed over to the beneficiary community during the CO's monitoring mission in February 2020.

IAS advises the Representative to consult headquarters, in particular: (a) the Financial Management Service on tracking of PP expenses reimbursed to third parties through 'Implementing Agent' codes in Atlas; (b) the Programme Support Management Unit (PSMU), to institute a procedure for brief assessment and feedback on PPs' performance; and (c) the Infrastructure Projects Approval Committee or the Procurement Team for any guidance on planned construction works, taking into account the guidance issued by DMA and PPID.

In its Audit of the Implementing Partner Management Process,[3] IAS recommended that PSMU in headquarters establish a mandatory PP performance evaluation procedure, which was being developed at the time of the current audit.

In another CO audit,[4] IAS further advised PSMU and DMA in headquarters to address infrastructure policy issues, in particular embedding a requirement in the PPG for the relevant Project Appraisal Committees to submit

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[3] Report IEAS/IAS/2019/06, Issue 9 and Recommendation 10: https://www.unwomen.org/en/about-us/accountability/audit/internal-audit-reports

[4] Report IEAS/IAS/2019/13, Issue 5: https://www.un-women.org/en/about-us/accountability/audit/internal-audit-reports

proposals for construction works to the PPG Unit (within SPRED) for review.

Good practice: Financial monitoring tools for programmes

The CO had developed a manually maintained financial monitoring report, which allowed the CO to trace the data not included in the corporate 'Project Delivery Report' (PDR) in Atlas, i.e. commitments made by the organization but not yet recorded as such in Atlas or in the PDR: (a) staff cost obligations not yet paid for staff contracts (PDR included only the incurred staff costs); (b) obligations under PP agreements to be advanced/reimbursed; and (c) other (non-PP) advances paid but not included in the PDR. The CO Finance Team regularly shared this manual workaround with programme managers for comprehensive budget monitoring. Other reports were shared to monitor PP commitments and assets. Programme teams also prepared 'consolidated spending plans' to monitor programme or project budget lines.

The CO developed such tools because the corporate tools (e.g. Atlas or Executive Dashboard) did not permit comprehensive financial monitoring of programme and project implementation, and there was no corporate guidance for the local development of such tools. As IAS has observed in its various field office audits, this has led to varying practices and levels of success among offices in programme financial monitoring and has also resulted in budget overruns, due to programme managers' unawareness of all commitments made but not reflected in Atlas reports.

The headquarters Financial Management Service explained that monitoring of the above-mentioned commitments had been explored; however, there were technical limitations in Atlas, as well as differences in reporting needs for accounting or programme financial monitoring purposes. Some of the commitments made were not considered financial obligations of the organization, based on its accounting policy. IAS noted that there were varying approaches between UN organizations in this regard. Financial monitoring tools for programmes could be considered in UN Women's new and ongoing 'Integrated information systems project'. IAS will address this issue, as necessary, in its upcoming report of meta-synthesis of field audits, to be issued in 2020.

B. Governance, risk management and internal controls

The CO's total budget was US$ 8.6 million in 2018 and US$ 5.9 million in 2019. In March 2020, the CO employed 7 staff and 24 personnel on non-staff contracts, and had one staff vacancy.

IAS assessed that, in general, the CO's overall organizational structure; control environment and culture; internal control system; data management through corporate information systems; and progress on previous oversight recommendations (except for evaluation recommendations as indicated in Issue 2) were satisfactory.

Major improvement was needed on the functional review of the Kenya CO, at the corporate level, to ensure the required staffing and skillset are available to deliver the CO's SN. The CO would benefit from an embedded risk management process; renewed training of personnel in fraud awareness and prevention; and in tracking personnel's completion of mandatory training (see Issue 11 in Section C on Operations). The CO had opportunities to enhance its electronic filing, and review and approval of transactions.

KEY ISSUES AND CONCLUSIONS

Issue 7: Need for a functional review of the CO to stabilize its staffing

The 2018 Country Portfolio Evaluation identified the need for a functional review of the CO after the formulation of its new SN for 2019–2022, to inform the staffing needed for its implementation. The review was postponed due to the corporate Change Management review. Nevertheless, outcomes of the corporate 'rightsizing exercise' or staffing solutions for the CO were not clear at the time of the audit. The CO's functional review was not revisited due to the prolonged transition of both the CO and ESARO's leadership. More corporate attention was needed for timely recruitment of leaders in field offices. Some stakeholders highlighted gaps in the CO's visibility and leadership during this period. The prolonged transition period also coincided with the discontinued SN funding by some donors and delayed further resource mobilization. The headquarters support mission in October 2019 reiterated the need to undertake the CO's functional review. A relevant management mission from headquarters was scheduled for March 2020 but postponed, again due to the COVID-19 crisis.

As of March 2020, the CO had 3 international and 4 local staff (primarily in managerial and operations positions), 13 service contractors, 9 UN volunteers, 2 consultants, and 1 vacant local staff position. Only four of these positions were funded from the Institutional Budget and 2.5 positions from core funds. Most of the CO's functional areas (strategic planning, UN and in-country coordination, programme and project management, M&E and communications) were carried out primarily by temporary personnel. This occurred despite relatively stable SN (non-core) funding in 2014–2019 because the CO's previous management focused on more flexible and less costly personnel

arrangements.

The CO lacked some core positions with more sustainable funding. It had no Operations Manager (position approved shortly before the audit). At the time of the audit, the CO's M&E function consisted of one M&E consultant. Its coordination function was funded from non-core and extrabudgetary funds, not conforming to the Cost Recovery Policy.

During the audit period, several service contractors and UN volunteers (primarily programme personnel) separated from the CO for more stable employment opportunities and had not been replaced due to diminished available funding.

The fragile CO structure affected continuous country programme management and led to inefficiencies, lost opportunities and institutional knowledge. The CO's limited M&E capacity and gaps in technical lead positions were highlighted by at least one donor interviewed by IAS. The new CO Representative awaited the CO's functional review to define the office's sustainable staffing structure.

While the CO's organizational structure appeared generally adequate in terms of reporting lines, in IAS's view and to ensure better separation between the programme and operations functions, the CO has an opportunity to institute direct reporting of the operations function to the CO Representative, instead of the Deputy Representative.

In IAS's view, the CO's functional review should consider any opportunities for economies of scale among the co-located ESARO and Kenya CO operations functions (e.g. for procurement and travel), while ensuring that any combined function operates effectively for both offices. IAS notes that the offices had an arrangement of a joint operations function between 2013 and 2016, which was discontinued

because it was not sufficiently dedicated to the CO's fully-fledged country programme.

Recommendation 7 (High):

The Change Management Adviser, in collaboration with the Director, HR, and the Regional Director, ESARO, and, if necessary, with delegation to the Representative, Kenya CO, to complete the functional review of the Kenya CO, taking into account the Change Management 'rightsizing exercise' outcomes and CO staffing needs for implementation of the revised SN; and propose an optimal CO staffing structure with reporting lines, contractual modalities, headcount and funding sources (taking into account that the CO is co-located with ESARO).

IAS will address the issue of filling key staff positions in a timely manner, as necessary, in its upcoming report of meta-synthesis of field audits, to be issued in 2020.

Issue 8: Embedding risk management in the CO's decision-making and programme and project management

In September 2018, CO personnel received risk management and fraud prevention training by the corporate Enterprise Risk Management (ERM) Specialist. The CO had a results-focused risk register and fraud risk register, updated on an annual basis and uploaded to the corporate ERM information system. However, risk and mitigation action definitions in the risk registers did not cover all relevant risks to the CO, e.g. in communications, donor reporting, information security or business continuity. The CO's projects did not have project-related risk registers. The CO did not use a monitoring tool to follow up on risk mitigation actions, although such follow-up was expected to take place based on the CO's own operational Key Performance Indicators (KPIs).

At the time of the audit, the CO's risk management process resembled an annual compliance exercise and was not fully embedded in the CO's decision-making and programme and project management. As a result, all significant risks impacting the CO (as well as potential opportunities) might not have been identified or followed up in a systematic

manner. For example, the risk register identified a risk of 'limited funding and/or resource mobilization' and a mitigating action of 'high level advocacy for resource mobilization'. However, the non-renewal of funding by one of the donors was not escalated in a timely manner.

Recommendation 8 (Medium):

The Representative to consider how to further embed comprehensive risk management as part of CO decision-making processes and programme and project life cycles, and to track actual risk mitigation actions for identified risks (for example, by using an M&E tool).

Issue 9: Opportunities for electronic filing and review and approval of transactions

The CO generally maintained comprehensive and organized operational records. However, IAS noted substantial printing and repetitive filing of documents to support CO transactions. The volume of paper used was not always commensurate with the value and significance of the transactions. The CO's filing system was control and audit trail oriented and not entirely environmentally friendly or following the UN's Greening the Blue principles. It resulted in additional office supply costs and required additional storage space. Opportunities for a digital filing system and electronic reviews and approvals of transactions were not fully explored. This became increasingly relevant during the COVID-19 crisis.

Recommendation 9 (Medium):

The Representative, in consultation with the headquarters Information Systems and Telecommunications (IST) Team, to explore opportunities and prepare a plan for moving towards an electronic filing system and electronic reviews and approvals of transactions, where only paper supporting documents produced by external parties should be kept in originals.

C. Operations

Atlas-recorded expenditure for the CO totalled US$ 7.3 million for 2018 and US$ 6.1 million for 2019. US$ 3.4 million of this expenditure in 2018–2019 was incurred through liquidation of advances or reimbursements to PPs. According to Executive Dashboard data on procurement and travel, in 2018–2019 the CO generated 358 purchase orders for goods and services totalling US$3.8 million (96 per cent related to procurement of services and 4 per cent to procurement of goods), as well as 1,774 purchase orders for travel totalling US$ 1.0 million.

IAS assessed that, in general, the CO's systems and procedures for staff performance management; payments, accounting and monitoring of advances; ICT management; asset management; and safety and security were satisfactory.

The CO needed some improvement in strengthening procurement planning; use of LTAs; management of individual consultants and personnel development; planning and monitoring of project expenditure; and travel management.

KEY ISSUES AND CONCLUSIONS

Issue 10: Strengthening procurement planning and use of LTAs

The CO's procurements were generally competitive. However, actual procurements significantly deviated from the CO's procurement plan. For example, according to Executive Dashboard data on 'Plan vs. Purchase Orders', the CO's 2019 procurement plan estimated procurements totalling US$ 840,000, while the actual purchase orders raised in 2019 exceeded US$ 1.4 million. This was due to many last-minute procurement requests by programme teams with tight deadlines characterized as 'urgent', or frequent changes to requests, such as additional workshop participants. Programme team made their own procurement plans without coordinating with the Procurement Team and did not sufficiently plan for contingencies. Proper timelines were not set for regular updates of the CO's procurement plan. As a result, the Procurement Team was often not apprised until the actual procurement was needed, leaving limited time to ensure a competitive procurement process or effectively prepare for contingencies.

The CO had considerably streamlined its procurement process through the use of inter-agency LTAs. However, IAS noted areas for improvement in their use:

- Some hotels did not honour the discounts foreseen in the LTAs, stating the discounts were seasonal. Yet, these hotels were not requested to adhere to the LTA terms.

- Most inter-agency LTAs had expired and were still being renewed at the time of the audit. This limited opportunities to benefit from earlier LTA terms, which were no longer in force.

- At times, the CO made considerable changes to original orders made under the LTAs (such as the number of workshop participants) without relaunching a request for quotation to various LTA holders, although the revised order could have resulted in selection of another vendor or a different offer.

The CO recruited a Procurement Associate under a staff contract only in January 2020. Previously, the procurement function was handled by temporary personnel. This was related to the CO's difficulties in maintaining a stable staffing structure (see Issue 7).

Recommendation 10 (Medium):

The Representative to:

- Ensure adequate coordination and accountability for Procurement and Programme Teams in procurement planning, e.g. through periodic exchange of information.

- Direct programme teams to improve their planning of activities, to update the plan(s) on a rolling basis (e.g. every month for the next three months) and specify the timelines for procurement needs as soon as they are determined.

- Require programme teams to provide justifications when their procurement needs significantly exceed the procurement plan, e.g. a 25 per cent increase.

Issue 11: Strengthening management of individual consultants and personnel development

The CO had significantly streamlined its process for consultant recruitment through the use of a roster of pre-

selected consultants. However, IAS noted areas for improvement in the engagement of consultants under special service agreements (SSAs):

- Short-term consultants were regularly used as a replacement for regular and continuing functions in the CO. The CO issued about 80 SSAs in 2018 and about 40 in 2019. This was due to the lack of a longer-term HR strategy based on a functional analysis of the CO (see also Issue 7). Frequent short-term contracts were not a cost-effective solution, increased administration costs and lowered personnel morale.

- The consultant roster envisaged effective maintenance of the roster database regularly capturing consultants' fields of expertise and past performance. It required establishment of 'SMART' KPIs for each consultancy engagement. However, consultants' Terms of Reference (ToR) did not always reflect such KPIs to adequately evaluate performance, due to insufficient quality assurance when defining ToR.

- Programme personnel often drafted consultant ToR, negotiated and determined consultancy rates, and monitored the consultancy contract. Lack of segregation of duties between preparing ToR and determining consultancy rates, meant that rates could sometimes be set higher than in the market or for the relevant consultant's experience, and presented risks of abuse or collusion.

The CO had not established an office-wide personnel learning and development plan based on personnel skillsets and performance evaluations. The CO did not provide in-person training on fraud awareness and prevention to its new personnel, and had not tracked compliance with mandatory online training. This was again due to the lack of an HR strategy and a stretched HR function. Personnel development needs that were not prioritized limited opportunities for personnel to enhance their capacity.

Recommendation 11 (Medium):

The Representative to:

- Ensure that determination and/or negotiation of SSA rates is only handled by the CO's HR function.

- Ensure that 'SMART' KPIs are established for each consultancy engagement.

- Develop a learning and development plan for personnel.

- Regularly monitor and ensure completion of mandatory training by all personnel, including in-person training on fraud awareness and prevention.

Issue 12: Improving planning and monitoring of project expenditure

Based on the samples reviewed by IAS, the CO's payments and other accounting transactions were generally justified and documented.

However, a review of selected adjustment entries indicated that programme managers sometimes did not adequately plan or monitor project expenditure resulting in budget overruns, which were then covered by fund transfers between projects. These could be perceived by donors as ineligible expenses or ineffective financial and project management leading to reputational risks.

Recommendation 12 (Medium):

The Representative to:

- Ensure that programme managers effectively plan/budget for activities; monitor budgets against actual costs in a timely manner; and are held accountable for avoidable budget overruns.

- Require that transferring of funds between projects is approved by the Representative.

Issue 13: Strengthening travel management

IAS noted some areas for improvement in the CO's travel procedures:

- At times, travel arrangements were finalized late (less than 10 days prior to departure), resulting in higher airfares.

- Travel claim forms (F10) were not always accompanied by all supporting documents, including mission reports, boarding passes and explanations if taxi services had been claimed for reimbursement.

- Some inaccurately declared entitlements for meals resulted in small overpayments of daily subsistence allowance.

This occurred primarily due to the use of manual processes, as the CO could not use the corporate travel management module in Atlas (its rollout to COs was being planned by headquarters). The volume of travel (as mentioned above, 1,774 purchase orders in 2018-2019, requiring manual follow-up) in the CO did not always

permit detailed review of and follow-up on travel transactions by the Operations Unit. The process relied considerably on travellers' self-declarations. The CO did not request that the travel agency determine the official fare prior to providing a quote for the preferred flight. As a result, travel entitlements could be inaccurately declared and result in higher airfares and other overpayments.

Recommendation 13 (Medium):

The Representative to ensure compliance with the Duty Travel Policy and hold travellers and travel approvers accountable for overpayments and/or higher airfares.

III. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
2. Strengthening the SN and AWP design and approval process	1. The Representative to establish a knowledge-based process for full consideration of evaluation findings and other lessons learned in the CO's strategic and annual work planning, and for follow-up on evaluation and other thematic review recommendations, including check-backs to ensure that earlier actions to implement recommendations are sustained (e.g. through quarterly management reviews).	Strategy and resource mobilization	Representative	High	Recommendation 1 is noted for action. Follow-up of evaluation recommendations will be included in the quarterly and mid-year reviews. The revision of the SN in January and February 2020 and the subsequent update of the 2020 AWP incorporated/addressed most of the recommendations from the evaluation.	31 December 2020
	2. The Director, SPRED, in consultation with the Director, PPID, to revisit corporate SN and AWP guidance (particularly for corporate and regional review and approval of SNs and AWPs) for completeness, coherence and quality assurance to: • Address potential flaws, which may have permitted notable weaknesses in the design of SNs submitted for review and approval being overlooked and to ensure that the process incorporates feedback from key donors to the relevant office.	Strategy and resource mobilization	Director, SPRED	High	SPRED: The new SN Guidance and Quality Assurance Checklist have strengthened corporate requirements on evidence-informed design, including explicit reference to Country Portfolio Evaluations. SPRED and PPID are in process of developing quality assessment criteria for SNs, which will further strengthen their quality. During the development of the 2021 AWP Guidance later this year, recommendations pertaining to coherence of AWPs with SNs can be furthered incorporated. ESARO: ESARO will perform its support and oversight function to ensure that the development of the AWP is focused, relevant, of high quality and in line with the approved SN, and will track implementation. Kenya CO: From CO's perspective, we will continue to	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	• Ensure that the review process adequately covers reconciliation of the AWP to the SN, considering potential revision of the SN, where the AWP varies from it substantially. • Provide guidance on how global or regional projects impacting countries overseen by other field offices should be considered in CO AWPs, specifying the CO's roles (if any) in project implementation and tracking of results, and allocation of resources within such projects.				develop CO's RBM capacity to enhance quality and coherence of planning. We will also ensure sufficient lead time is given in annual and strategic planning to allow proper review and quality assurance before submission.	
	3. The Representative to revise the 2020 and future AWPs in response to the revised SN and expected mobilized resources, to the extent possible, taking into account: • areas for improved coordination and advocacy indicated by stakeholders (see Issue 1); • innovation and value-for-money considerations in planning cost-effective AWP implementation modalities, aiming for ownership and sustainability of results by in-country partners. The CO could enhance RBM principles in SN/AWP implementation and in contracting and payment of PPs	Strategy and resource mobilization	Representative	High	2020 AWP is aligned with the revised SN taking into consideration the need to strengthen coordination, innovation, and value-for-money. The revised SN was discussed with donors, Government and CSO partners in a large donor round-table held on 24 June 2020. The CO has identified potential donors with whom we have started bilaterally sharing the revised SN and thematic programme documents based on their areas of interest.	31 July 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	(see Issue 4); and • where applicable, references to UN Women's global or regional projects directly impacting Kenya, including the CO's role in their implementation.					
3. Need for further donor engagement and improved resource mobilization	4. The Representative to finalize: • The CO's revised SN consultation with a wider circle of gender issues-oriented donors in Kenya. • Relevant resource mobilization plans and update of LEADS. Where relevant, the CO should consider revising its resource mobilization targets and, if necessary, the targets in its AWPs.	Strategy and resource mobilization	Representative	High	a) Recommendation 4 is noted for action. We have already revised the 2020 AWP to align it to the revised SN. We shall keep the issues pointed out under close scrutiny for all subsequent AWPs on a) coordination, b) value-for-money and innovation and c) linkage to global and regional programmes, as applicable. On 24 June 2020, the CO held a large donor round-table meeting to share the SN and highlight areas we need support on. Bilateral meetings with the donors are now scheduled following this successful donor round-table meeting. b) A LEADS focal person has been appointed and will ensure all updates are entered on a quarterly basis. This will also be reviewed quarterly.	31 December 2020
4. Reconsidering SN implementation modalities and improving reporting and M&E arrangements	5. The Representative to strengthen the CO's M&E framework and function through: adequate M&E budgeting for programmes and projects; dedicated M&E and reporting function; and finalizing initiated and other M&E process improvements, such as mapping monitoring missions across different projects and stakeholders, independent validation, tracking and	SN and AWP implementation	Representative	High	This is noted. The M&E function needs dedicated full time staff and we will use the donor's support of a P3 position for this role, in addition to hiring for the vacant SB5 for M&E. For large, new multi-year proposals, we will negotiate with donors to include an M&E position for that project/thematic area to ensure close monitoring and results reporting at thematic/project level. By end of Q4, we will put in place programme baselines for each result area and a performance monitoring framework which we will review on a	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	storing of results source data, as well as the establishment of project-level monitoring plans and M&E tools.				quarterly basis and course-correct. This was scheduled to be completed by June 2020, but postponed due to COVID-19 interruptions. A database of different programme beneficiaries is being developed to ensure monitoring and reporting of results beyond project duration and to enable data triangulation. Regarding budgeting for the M&E functions, we will ensure that we follow corporate guidance on minimum M&E budget availability as a % of the overall AWP costs (5%). We shall also continue to include minimum of 5% M&E cost in all our resource mobilization proposals.	
5. Strengthening project design, documentation and reporting	6. The Representative to ensure that CO managed projects have the required project documentation, including project documents with comprehensive results and M&E frameworks and workplans, and that progress reports to donors reflect agreed results frameworks.	Project design	Representative	Medium	We have taken note of the need to have a stronger risk management system. We are working with the HQ ERM specialist to update our CO risk framework which will be reviewed on a quarterly basis, and the project risk registers will form part of the monitoring exercise. We are also developing a programme document for each thematic area that is under the SN. Each programme document will have a clear results framework (derived from the SN) and its own performance monitoring framework, which we will monitor on a quarterly basis. The programme document will have a separate risk framework, which we will monitor and review on a quarterly basis.	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
7. Need for a functional review of the CO to stabilize its staffing	7. The Change Management Adviser, in collaboration with the Director, HR, and the Regional Director, ESARO, and, if necessary, with delegation to the Representative, Kenya CO, to complete the functional review of the Kenya CO, taking into account the Change Management 'rightsizing exercise' outcomes and CO staffing needs for implementation of the revised SN; and propose an optimal CO staffing structure with reporting lines, contractual modalities, headcount and funding sources (taking into account that the CO is co-located with ESARO).	Organizational structure, authority, capacity and reporting lines	Change Management Adviser	High	Change Management: Change Management, in conjunction with the Director, HR, the Regional Director, ESARO, and the Representative, Kenya CO, take note of the recommendation and agree to carry out a Functional Review to determine the optimal CO structure. However, due to the depth and work required, and the high expectations of the review, it was determined by the above parties that it was neither recommended nor feasible that the Functional Review take place remotely. Therefore, it will take place after travel restrictions related to COVID-19 have been lifted, estimated to be in early-mid 2021. Kenya CO: On 2 July 2020, the CO held a follow-up meeting with ESARO and Change Management Unit, where it was agreed that the Functional Review for Kenya will be done in 2021. It is not possible to do it in 2020 due to COVID-19 disruptions. The CO will use the period between now and the Functional Review to focus on resource mobilization and quality SN delivery and reporting.	30 June 2021 (or after COVID-19 travel restrictions have been lifted)
8. Embedding risk management in the CO's decision-making and programme and project management	8. The Representative to consider how to further embed comprehensive risk management as part of CO decision-making processes and programme and project life cycles, and to track actual risk mitigation actions for identified risks (for example, by using an M&E tool).	Risk management	Representative	Medium	This is noted. The risk framework for the CO will be reviewed on a quarterly basis and used to inform decision making by Senior Management. Each project will also have a risk framework that will be monitored quarterly under the performance monitoring framework. Following the Kenya CO audit, the CO risk framework was reviewed and updated on 26 June 2020 through a highly participatory exercise that included both	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					programme and operations.	
9. Opportunities for electronic filing and review and approval of transactions	9. The Representative, in consultation with the headquarters IST Team, to explore opportunities and prepare a plan for moving towards an electronic filing system and electronic reviews and approvals of transactions, where only paper supporting documents produced by external parties should be kept in originals.	Internal control framework	Representative	Medium	This is noted for action subject to further guidance from HQ IST. To date, the CO has adopted the use of the Global Service Tracker and Microsoft Teams/Sharepoint to share documents and get them approved. We are also adopting embracing use of e-signature/DocuSign as recently communicated by IST at HQ. The CO is also coordinating with ESARO to ensure that best practices and recommendations of the HQ-led Business Practice virtualization task team are incorporated into the CO's e-filing structures.	30 September 2020
10. Strengthening procurement planning and use of LTAs	10. The Representative to: • Ensure adequate coordination and accountability for Procurement and Programme Teams in procurement planning, e.g. through periodic exchange of information. • Direct programme teams to improve their planning of activities, to update the plan(s) on a rolling basis (e.g. every month for the next three months) and specify the timelines for procurement needs as soon as they are determined. • Require programme teams to provide justifications when their procurement needs significantly exceed the procurement plan, e.g. a 25 per cent	Procurement management	Representative	Medium	The recommendations on procurement are noted. We fully adopted the use of the e-procurement system where all procurement requests will be entered online, and based on the approved procurement plan, which is based on the approved AWP. The procurement plan will be reviewed every quarter to update as may be needed. The first review will be on 31 August 2020. In addition, the recent hiring of a Procurement Associate for the CO will strengthen capacity and compliance with procurement guidelines. We have also set aside time for regular organizational learning on key processes including procurement. We will use this opportunity to ensure programme teams enhance their understanding of procurement planning, requirements and procedures. The CO has started discussions towards streamlining the procurements through coordinated and consolidated	31 March 2021

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					increase.	
					plans.	
					We are also reducing the direct implementation modality by the CO (to not more than 20% of the value of the AWP), to reduce the number of workshop venues and consultants to be procured, and ensure more funds reach beneficiaries in the communities.	
					We have started discussions with UN Office in Nairobi and UN Procurement Working Group on the use of common LTAs for various services in line with standard UN procurement harmonization best practices.	
					For UN Women specific long-term needs, the CO will coordinate with ESARO Procurement Analyst/HQ Procurement Team on the establishment of LTAs.	
11. Strengthening management of individual consultants and personnel development	11. The Representative to: • Ensure that determination and/or negotiation of SSA rates is only handled by the CO's HR function. • Ensure that 'SMART' KPIs are established for each consultancy engagement. • Develop a learning and development plan for personnel.	Human resources management	Representative	Medium	The recommendations on SSA recruitments are noted, and HR will have the sole responsibility to negotiate SSA rates with consultants. A learning and development plan will be developed for each year based on learning needs identified in the PMD process. We shall also strengthen the monitoring of completion of mandatory learning for all CO staff and update the database on a quarterly basis. To date, all personnel except 2 have completed the courses and the updated records are available. The move to AGORA system did not update the records. New CO staff are at 80% completion rate. Database is available and updated.	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
12. Improving planning and monitoring of project expenditure	12. The Representative to: • Ensure that programme managers effectively plan/budget for activities; monitor budgets against actual costs in a timely manner; and are held accountable for avoidable budget overruns. • Require that transferring of funds between projects is approved by the Representative.	Financial management	Representative	Medium	The recommendations are well noted for action. We have instituted a system, where Finance reviews planned expenditures prior to submission to Representative/Deputy Representative for approval to ensure they are within budget ceilings, to avoid budget overruns. We have also instituted a system where transfer of funds from one project to another is done by memo request to Representative, with justification.	31 October 2020
13. Strengthening travel management	13. The Representative to ensure compliance with the Duty Travel Policy and hold travellers and travel approvers accountable for overpayments and/or higher airfares.	Travel management	Representative	Medium	Kenya CO: Recommendations are well noted for action. Finance has been mandated to check all requests for Daily Subsistence Allowance and travel prior to the Representative's approval. This has not been the practice before. We will also improve advance planning for travel by strengthening compliance with Mission and Leave Planning to reduce last minute requests for travel. In partnership with ESARO, we shall organize an awareness training for all staff on travel policy requirements and overall travel management. ESARO: ESARO is exploring the roll-out of ATLAS travel module to field offices, and Kenya CO is also looking forward to utilizing the module to strengthen planning and management of travel.	31 December 2020

Annex 1: DEFINITIONS OF AUDIT TERMS, RATINGS AND PRIORITIES

A. AUDIT RATINGS

Satisfactory	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Some Improvement Needed	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Major Improvement Needed	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

High (Critical)	Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.
Medium (Important)	Action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women.
Low	Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Country Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.

UN WOMEN IS THE UN ORGANIZATION DEDICATED TO GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN. A GLOBAL CHAMPION FOR WOMEN AND GIRLS, UN WOMEN WAS ESTABLISHED TO ACCELERATE PROGRESS ON MEETING THEIR NEEDS WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.

GENERATION EQUALITY

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