

Statement by

Elizabeth MacRae  
Chair of Audit Advisory Committee  
UN-Women  
on

**Item 6: Audit matters**  
**Thursday 2 July at 10 am**  
**Report of the Audit Advisory Committee (UNW/2015/4/Add.1)**

Executive Board of United Nations Entity for Gender Equality  
and the Empowerment of Women

Annual Session, 30 June – 2 July 2015

**Mister President, distinguished Members of the Executive Board, ladies and gentlemen,**

It is my privilege as chairperson to introduce the third report of UN-Women's audit advisory committee to you. The report covers the activities of the committee for the second full year from 1 January 2014 to 31 December 2014.

*/Constitution of audit advisory committee/*

The founding Executive Director, Madame Michelle Bachelet, formally constituted the audit advisory committee in September 2012.

In accordance with the Terms of Reference, five independent members were appointed to assist the Executive Director in fulfilling her oversight responsibilities.

The committee members serve for an initial period of three years which is renewable once.

*/Activities 2014/*

The audit advisory committee held three face to face meetings and one teleconference call during 2014. In addition to formal meetings, the committee members continued their internal consultations, document review and provision of advice to UN-Women management.

The committee met with the Executive Director, the two Deputy Executive Directors and relevant programme and operational senior management throughout 2014. The Committee also held in camera meetings with the Executive Director, the Board of Auditors and the Director of Audit and Investigations.

In October 2014, two Committee members participated in a three-day field visit to the regional office of UN-Women in Bangkok and the Entity's country office in Viet Nam.

**Mister President, distinguished members of the Board,**

Let me now turn to the observations noted by the committee members:

***/Organizational challenges and regional architecture/***

With the opening of its last regional office for Eastern Europe and Central Asia, in Istanbul in 2014, UN-Women completed the implementation of its regional architecture. The Committee now expects that UN-Women, through its monitoring of performance indicators, will be in a position to report substantively on the realization of benefits, including operational efficiencies, which are expected as a result of decentralization.

The Committee also supports UN-Women in ensuring that appropriate staff complements are in place globally and at the country level and that the necessary training and learning required is provided to ensure the appropriate controls and risk management strategies are implemented throughout the Entity.

***/Resource mobilization /***

It is vital for UN-Women to attract sufficient resources to carry out its mandate globally as well as at country level. Furthermore, the pace of resource mobilization needs to be accelerated and delivery through implementing partners needs to be more effective. However, the Committee recommends prudence in UN-Women's resource mobilization efforts to guard against a tendency to accept all monies, which could lead to non-reversible long-term commitments and future risks to the Entity's core mandate.

***/Enterprise risk management/***

The Committee supports UN-Women's efforts to date in developing an enterprise risk management strategy and policy. The committee underscores the

importance of implementing a formal entity-wide integrated risk management system that addresses risk exposures throughout the Entity and in its external relationships, and clearly identifies accountability and responsibility for risk ownership.

*/Evaluation function/*

The Committee continues to stress the importance of appropriately resourcing the evaluation function both centrally and decentrally, and ensuring that evaluation results are used to increase knowledge and improve performance results. It is particularly important that the annual evaluation report is practical, realistic and usable and reflects clearly how the programmes have been effective.

*/Internal audit/*

The Committee recommends that UN-Women continue to assess options for the most appropriate model for its internal audit function – whether it will continue to outsource it through the service-level agreement established with UNDP or create an internal audit function in-house within UN-Women – ensuring that value for money is obtained and the appropriate level of audit assurance and resources is provided.

The Committee supports the continued strengthening of the internal audit services at UN-Women in order to ensure sufficiency of audit coverage in its annual plan. The Committee reiterates the importance of regularly monitoring and assessing resource levels and capacity to ensure they are appropriate and sufficient to address the overall assurance needs of UN-Women.

At this time, the Committee recommends that the UN-Women Audit Unit, outsourced to UNDP, be continued until such time that UN-Women has its full senior management complement in place and the costs and benefits of

any subsequent transition of the internal audit function are identified and approved by the Executive Board.

In this respect, the committee reiterates the importance of having an independent organizational focal point in UN-Women to oversee internal audit activities and ensure that results are integrated into the senior management structure.

### ***/Investigations/***

The Committee stresses the importance of relevant UN-Women senior management receiving timely reports, which set out the current investigation cases as well as management action taken as a result of closed investigation cases. This will ensure that cases which warrant investigation are appropriately followed up and UN-Women's accountability for decision-making and results are assured.

### ***/Financial statements/***

In April 2014, the audit advisory committee reviewed UN-Women's 2013 draft financial statements.

UN-Women received an unqualified audit opinion from the UN Board of Auditors and the Committee commends UN-Women on this significant achievement and on its improvements in financial reporting.

The Committee recommends that UN-Women continue to monitor closely the management of advances made to implementing partners.

### ***/Relationship with UNDP/***

The Committee underscores the importance of UN-Women ensuring that functions outsourced to UNDP are performed appropriately.

*/Strategic plan 2014 to 2017/*

The Committee was updated regularly on the processes and approaches to implement the updated strategic plan, 2014-2017. The Committee supports the continued collaboration of UN-Women with partners within and outside the United Nations system in achieving its strategic objectives in advancing gender equality, promoting the empowerment of women and girls and ending violence against women.

*/Conclusion/*

I would like to express my appreciation for the continuing support of the Executive Director, Madame Phumzile Mlambo-Ngcuka, the senior management team, the internal audit team under the leadership of the Director of Internal Audit and Investigations, the Director of external audit and the team at the UN Board of Auditors and to you, the Executive Board.

**Mister President and distinguished Members of the Board, I thank you for your attention. I would be happy to respond verbally or in writing to any questions you wish to raise.**