

# **2016 Annual report on Internal Audit and Investigation activities**

## **UN Women**

# Introduction

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- 6<sup>th</sup> Year Internal Audit and Investigations Function of UN-Women entrusted to UNDP's Office of Audit and Investigations (OAI)
- Biennial Service Level Agreement (SLA) between UN-Women and OAI is in place until 17 December 2017

# Internal Audit - IIA Standards

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Audits in UNW performed as per IIA Standards of Professional Practice of Internal Auditing and the Code of Ethics

- Quality Assurance Reviews
- Customer Satisfaction Surveys

Promotes coordination and efficiency through sharing of relevant documents and information with Board of Auditors

# Internal audit function - Independence

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## OAI's operational independence respected in 2016

- Free from interference in determining the audit scope,
- performing work, and
- communicating results

## Audit planning in UNW

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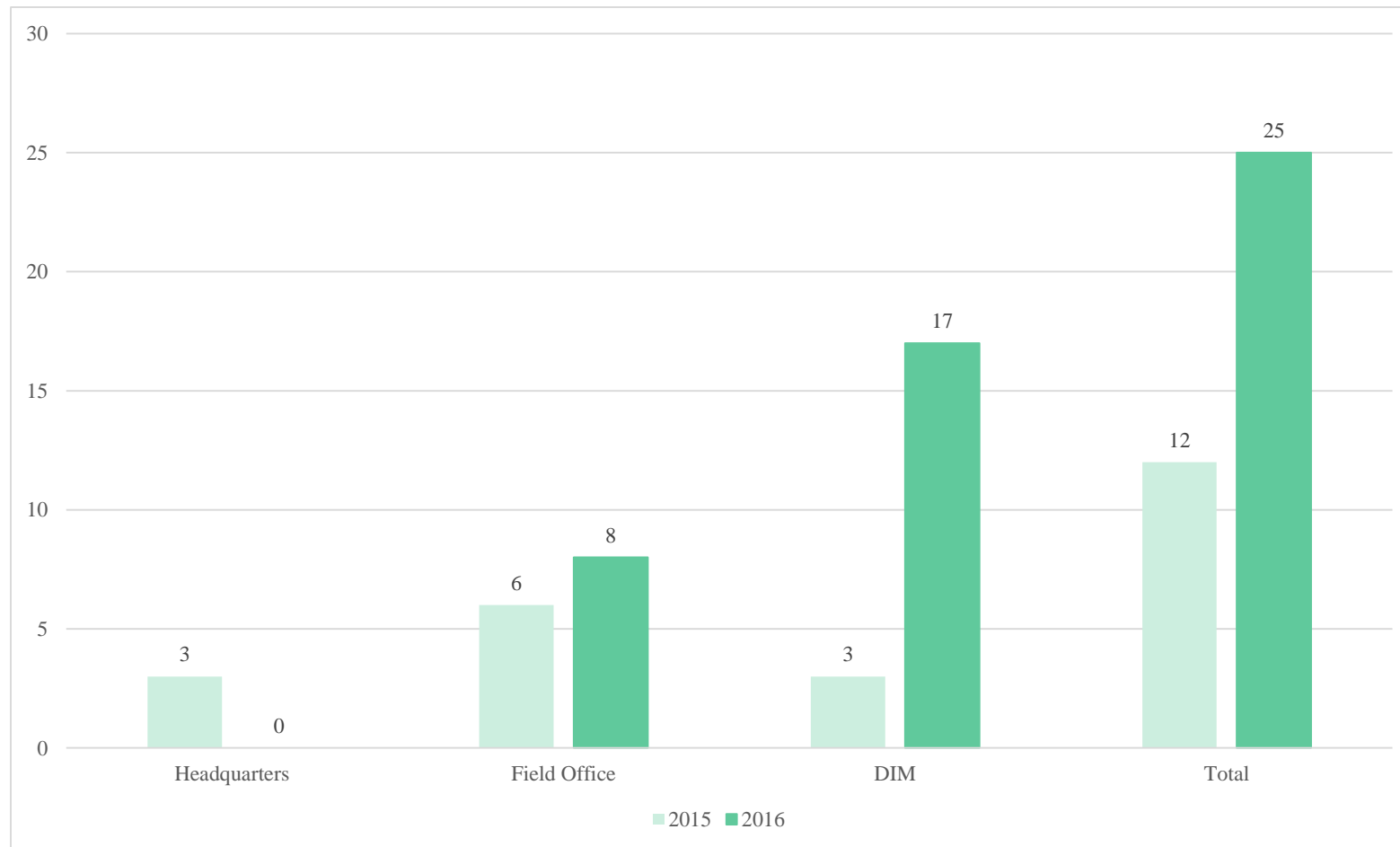
- Risk-based approach focusing on high and medium risk UN-Women activities.
- Audit portfolio expanded by conducting financial audits of projects implemented under the Direct Implementation Modality (DIM).
- Risk assessment model updated annually for field based Offices to ensure its continued relevance.

## Audit planning and delivery 2016

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- All planned audits for 2016 completed, except the audit of the resource mobilization audit due to a UN-Women Senior Management request to postpone the audit to 2017.
- And: In consultation with UN-Women Senior Management, the headquarters risk assessment was also postponed to 2017, to allow for completion of the Internal Review of UN-Women Regional Architecture.

# Audit reports issued in 2016



## Audit reports issued 2016

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### Overall audit ratings:

- **“Unsatisfactory”**: two offices ( CO Papua New Guinea and RO West and Central Africa)
- **“Partially satisfactory”**: one office (CO Egypt)
- **“Satisfactory”**: four offices (CO Kenya, CO Albania, RO Latin America and Caribbean in Panama, CO Timor-Leste)
- 1 follow up audit reports which are not rated ( CO Mali follow up audit )
- 17 directly implemented project audits reports were issued by 31 December 2016, not rated.



# Audit Coverage 2016

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## Expenditures audited:

- 2016: The audits covered approximately 15.4 percent of UN-Women expenditures (\$315 million) for the period 1 Jan 2016 to 30 Dec 2016
- 2015: This compared to 20 percent covered in 2015.

# Audit disclosure

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## Disclosure of audit reports as per the Executive Board's decision 2012/10

- All audit reports from 2016 are publically available in line with EB decision 2012/10
- OAI partially redacted three reports prior to disclosure because it contained sensitive information regarding the country office's safety and security readiness and its information and communications technology infrastructure.

## Common Issues Noted in 2016

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- The UN Women Audit Unit noted common issues noted in more than one audit. Specifically,
  - PROGRAMME:
    - inadequate programme, project or results monitoring and oversight processes and the lack of monitoring frameworks or plans (two country offices),
  - OPERATIONS:
    - inadequate management of assets (one country and two regional offices),
    - weaknesses in the management of travel (two country offices), and
    - a lack of compliance with minimum information and communication technology standards (two country, and two regional offices)

## Follow-up on audit recommendations

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It is a management responsibility to implementing the audit recommendations or take alternative action to meet the original objective of the audit recommendation .

UN-Women Management benchmark is 90 percent implementation rate.

OAI independently assesses and validates actions and reports on implementation status – implemented, in progress, not implemented, withdrawn.

- As of 31 December 2016, the rate of implementation was **98 percent**. The implementation rate as of 31 December 2015 was 99 percent
- As of 31 December 2016, 8 recommendations had been outstanding for more than 18 months, three of which were of high priority.
- As of 15 June 2017, 3 recommendations had been outstanding for more than 18 month, one of which was of high priority.

## **Long outstanding audit recommendations as of 15 June 2017**

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Out of a total of three long-outstanding recommendations as of 15 June 2017, two are related to the UN-Women Regional Office for Arab States in Egypt. The recommendations required management to:

- (a) Improve the ability of Regional Offices to efficiently and effectively function ( high priority); and
- (b) Develop and disseminate policies and procedures for engaging in activities on an ‘urgent’ basis or in a crisis environment. ( medium priority)

The third long outstanding recommendation was related to the UN-Women Tanzania, which required management to request the Permanent Mission of the United Republic of Tanzania to the United Nations to advance the negotiations regarding the host country agreement and the Office’s mandate. This recommendation was rated medium priority.

# Advisory Services

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In response to UN Women's request the Audit Unit provided advice and information related to, inter alia:

- donor requests for information,
- changes to donor agreements, donor reporting requirements and procurement contracts, and
- retrieving project status/management data from ATLAS

# Investigations

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- OAI continued to investigate allegations of wrongdoing by staff members, contractors, partners or by third parties.
- OAI opened 41 new cases in 2016 compared with 19 in 2015.
- 10 cases were carried forward from 2015.
- At the end of 2016, OAI had 26 open cases for UN-Women: 14 were at the assessment stage and 12 were under investigation.

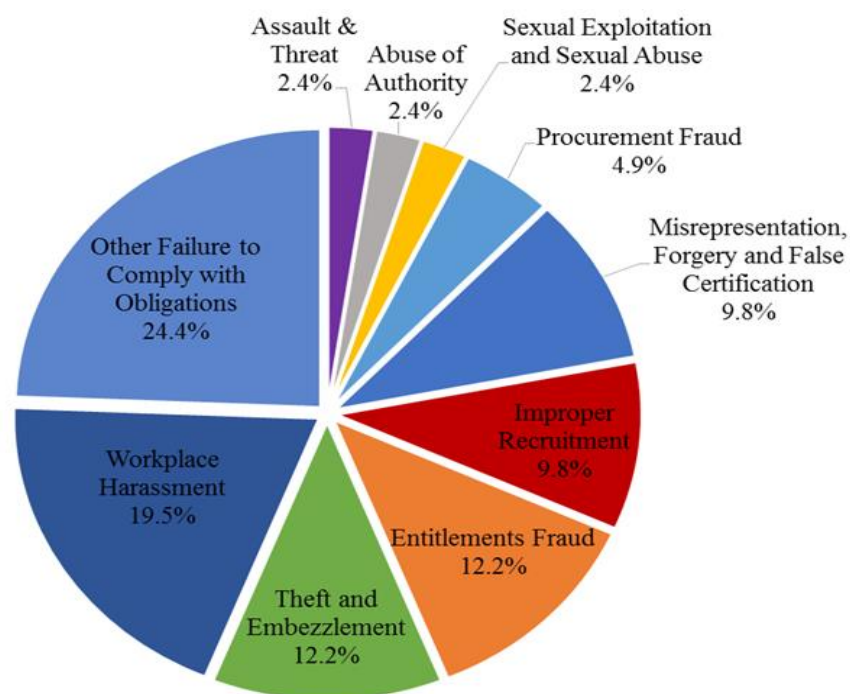
## Investigations – Cases resolved/closed

In 2016, OAI closed 25 cases:

- 15 after a preliminary assessment owing to insufficient evidence of wrongdoing to justify an investigation or because an investigation was not warranted,
- 10 after investigation. Of the eight cases closed after investigation,
  - six resulted in a closure note,
  - two case resulted in a closure report, and
  - two case resulted in an investigation report.



# Types of Case Received in 2016



## Geographical Distribution of the Cases

- Geographically, the 41 cases received in 2016 were from
  - Africa (**17**)
  - the Arab States (**6**);
  - Asia and Pacific (**4**);
  - Americas and the Caribbean (**4**);
  - Europe and Central Asia (**9**); and
  - Headquarters (**1**).

# Staffing and budget

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## Staffing:

- 4 authorized posts fully staffed in 2016

## Budget:

- Total budget - \$1.52 million (slight increase of \$0.02M compared with 2015)
- 2016 expenditures - \$1.4 million, underspending of appx. 10%
- Audit and investigation services in UNW – the future

# Audit Opinion

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The results of the following audits are taken into account to support OAI's opinion:

- Audits of UN-Women country offices
- Audits of UN-Women headquarters functions or units; and
- Audits of UN-Women DIM projects

The audit results are aggregated using the amount of expenditure covered by the audits undertaken in 2016.

# Audit Opinion

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- In OAI's opinion, based on the scope of work undertaken, the adequacy and effectiveness of the governance, risk management and control in the audits issued in 2016 were in aggregate partially satisfactory, which means that they were generally established and functioning well but needed improvement.
- The opinion is based on an audit coverage of 15.4 per cent of the 2016 expenditures of UN-Women.
- 27 per cent of all audit recommendations were corporate in nature, relating to policy guidance and corporate support.

# Thank you....

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Questions/comments to:

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