

# Management Response to Annual Report on Internal Audit & Investigations Activities

**For the year ended 31 December 2016**



United Nations Entity for Gender Equality  
and the Empowerment of Women

# OPENING REMARKS

- UN-Women is pleased to present highlights of our management response to the report on internal audit and investigation activities for the year ended 31 December 2016;
- UN-Women appreciates the recognition that the overall implementation rate of audit recommendations as at 31 December 2016 was **98 percent**; and
- Of the seven (7) full-scope audits carried out in 2016:
  - ✓ Four (4) offices were satisfactory; Includes one (1) office with **no audit issue nor recommendation**
  - ✓ One (1) office was partially satisfactory; and
  - ✓ Two (2) offices were unsatisfactory
- UN-Women notes that as per the 2016 Annual Audit and Investigation Report, “the audits issued in 2016 were in aggregate partially satisfactory, which means” that “the adequacy and effectiveness of the governance, risk management and control” . . . “were generally established and functioning well but needed improvement.” UN-Women is committed to continue to work on the necessary improvements.
- **Urgent remedial actions** were taken to address issues from the unsatisfactory rating audits and achieved recommendation implementation rates above 100%

# Assurance Coverage

## Assurance coverage in 2016

### Audit

- OAI: 15.4% of total expenditures
  - **7 field offices** (ROs: West and Central Africa, Americas and the Caribbean, COs: Papua New Guinea, Albania, Egypt, Kenya, Timor Leste)
  - **17 DIM projects** (Afghanistan, Jordan, Bangladesh, Uganda, DRC, Rwanda, Ethiopia, South Sudan, Nigeria)
- UNBoA:
  - **6 field offices** (RO: Arab States, COs: Colombia, Cambodia, Jordan, Rwanda, Vietnam)
  - **Headquarters**
- Global Auditors: 48% of total 2016 NGO, Gov't, IGO project expenditures
  - **69 (sixty-nine)** projects with **227** partners

### Investigation

- Global investigation service for all allegations of wrongdoing by staff members, contractors, partners or third parties

### Evaluation

- **2** corporate evaluations and **34** decentralized evaluations

# Audit recommendations recurring in more than one office

- Areas where issues are recurring in more than one office
  - ✓ Programme and Project monitoring & oversight – 2 offices
  - ✓ Assets management – 3 offices
  - ✓ Travel management – 2 offices
  - ✓ Information and communication technology – 4 offices
- UN-Women assessed as Implemented 14 out of 15 2016 recurring recommendations
- The one remaining recurring issue on Disaster Recovery Plan testing was rescheduled for next month

# Non-recurring High priority audit recommendations

- Areas with non-recurring high priority audit recommendations
  - ✓ Governance and office administration – 3 Offices
  - ✓ Programme and projects management – 2 Offices
  - ✓ Financial management – 3 Offices
  - ✓ Procurement management – 2 Offices
  - ✓ Human Resources management – 2 Offices
- Implemented 10 (or 71% ) out of 14 non-recurring high priority recommendations
- In-progress of implementing 4 recommendations

# In-Progress Non-recurring High priority recommendations

## Recommendations:

- 1) Develop and disseminate policy for Sub-National Office (i.e., creation, operations, etc.);
- 2) Implement an oversight process to ensure adherence to the delegations of authority and establish a policy on consequences for non-compliance;
- 3) Strengthen communication and management of core funds allocation; and
- 4) Improve management of Contribution Agreements

## Actions:

- ✓ Established the **Sub-National Office policy** ready for dissemination
- ✓ Initiated revisions to Internal Control Framework and Delegation of Authority to strengthen monitoring of adherence
- ✓ **Criteria for allocation of core programmable funds** continues to be based on inter-governmentally approved distribution
- ✓ Launched **Donor Agreement Management System (DAMS)** and **Non-standard Donor Agreement Clearing System**

# All recommendations implemented for Direct Implementation Modality (DIM) Project Audits

- Areas of recommendations raised in the 17 audited DIM projects
  - ✓ Timing difference and incorrect recording of some expenditures – 7 projects
  - ✓ Project procurement management – 3 projects
  - ✓ Project Assets management – 4 projects
- Implemented all 14 recommendations
- Six (6) out of 17 DIM projects audited had no audit issues and recommendations

# Long outstanding audit recommendations

- Offices and no. of recommendations noted
  - ✓ Training Centre – 2 recommendations
  - ✓ A Regional Office – 3 recommendations
  - ✓ Travel Management Function – 1 recommendation
  - ✓ A Country Office – 2 recommendations
  
- UN-Women has completed 6 out of the above long outstanding audit recommendations; One (1) ready for OAI's assessment as implemented
  
- In-progress of implementing 2 recommendations:
  - ✓ Completed the **fast track HR procedures**; Finalized and ready for dissemination **rapid response Procurement** and **fast track finance procedures**
  - ✓ Addressed delays in appointment of the Head of Office to expedite finalization of Standard Basic Assistance Agreement (SBAA)



# Investigations

- Increased investigation case load can be attributed to:
  - ✓ Significant efforts to increase awareness about reporting wrongdoing; and
  - ✓ Improved visibility of the internal reporting mechanism of wrongdoing and awareness of staff responsibilities through training and corporate communications
- In the two investigation cases during 2016: one resulted in no loss to UN Women; in the other, UN Women took administrative, financial recovery and accountability action
- Senior management will continue to work closely with the Office of Audit and Investigations to ensure timely reports and relevant management action in all cases

# Response to Executive Board Decision 2016/3

Recommendations: 1) Include appropriate resourcing plans for increased audit and investigation coverage in the next budget to be presented to the EB for 2018-2019; 2) Address the recurring weaknesses, including high number of corporate audit recommendations noted; 3) Provide a list of investigated cases and UN-Women's follow-up

## Actions:

- Between 2015 and 2016, increased funding on audit and investigations by 13%. Further increased funding in 2017 to include an additional P3 post for investigations and engage audit consultants;
- Implemented **all** 2015 recommendations for recurring issues;
- Reduced corporate recommendations by 13%;
- Information on investigation cases are reported in the 2016 Annual Report to the Board on Internal Audit and Investigation Activities;
- UN Women has taken administrative action, financial recovery measures and action to refer matters to appropriate national authorities of the Member State in accordance with General Assembly resolution 62/63.

Thank You!  
Q & A