

Management response to the report of the Audit Advisory Committee for the period 1 January to 31 December 2017

The management of UN-Women acknowledges the sixth report of the Audit Advisory Committee and expresses its appreciation to the distinguished members of the Committee for their support and dedication to the organization's mandate.

Board of Auditors

UN-Women remains committed, within available resources, to take needed actions to timely implement all audit recommendations that lead to improved operational effectiveness and efficiency, as well as for immediate and long-term savings and economic gains. Where applicable, strategic solutions have been identified to even go beyond recommendations presented by the auditors. This is to effectively address root causes of identified audit issues, as well as underlying systemic and strategic issues. This approach is informed by UN-Women's analyses and knowledge of its operations.

Regional architecture and organizational challenges

UN-Women thanks the Committee for its support and advice on the implementation of the regional architecture, including the follow-up to the corporate evaluation on the regional architecture finalized in 2017. The new Strategic Plan, 2018-2021, includes a set of principles to inform UN-Women's country typology. Based on a number of analyses and assessments, UN-Women is in the process of refining its country office typology. UN-Women will ensure that the country office typology and any changes to its regional architecture are informed by the outcomes of the repositioning of the UN Development System. UN-Women is committed to making any necessary change to ensure that it is fit for purpose to support the implementation of the Strategic Plan in the context of a renewed UN Development System.

UN-Women agrees with the observation of the Committee regarding the Entity's Second line of Defense, and will continue to assess and monitor respective structures to support this function at the Headquarters and field levels. At the field level, the Regional Offices have a function to perform oversight, programme, risk management, operational support and quality assurance to all country offices and programme presences. In this respect, UN-Women is committed to building capacity at a regional office level as this will translate into a much stronger Second Line of Defense.

UN-Women has established HR Business Partner positions in regional offices who will also act as organizational focal points for the ethics function. These positions are currently under recruitment.

UN-Women continues to modernize and improve its HR processes and has implemented a wide set of policies and tools to enhance career development, performance management and address issues raised in the Global Workforce Survey. These efforts will be further strengthened in 2018 with the development

of new policies on performance management, recruitment and an action plan to promote a more inclusive environment for staff with disabilities.

Programming activities

UN-Women is grateful to the Committee for its strong support to Flagship Programming Initiatives (FPIs). The new Strategic Plan positions FPIs as the main programming modality to implement the Strategic Plan as partnership vehicles to bring partners around common goals and a common theory of change. FPIs support the achievement of each output in the new Strategic Plan results framework.

UN-Women is continuously improving its Results Management System (RMS) and has fully integrated it with its Enterprise Resource Planning System (Atlas). Through this integration, UN-Women is now able to track budgets and expenditures against results on a real-time basis.

As part of the annual work planning process, every office/unit is required to upload annual risk registers in the RMS. UN-Women is looking at a possibility of further integrating the RMS with Enterprise Risk Management system to allow continuous monitoring of risks.

UN-Women agrees with the Committee's observation on the risk of long outstanding partner advances and has proactively addressed this issue, achieving a significant reduction by 59% of aged partner advances older than 6 months from 2016 to 2017. Mechanism and systems are in place that ensure that all offices are informed on the status of outstanding advances.

UN-Women agrees with the Committee's observation on late financial project closure. UN-Women achieved a net 73% decrease in the non-compliant financially closed projects for 2017. The automated operational and financial Project closure Workbench tool was launched in May 2017 and training was provided to all Regional Offices as well as Headquarters. The establishment of the Virtual Global Service Centre has provided additional capacity in Regional Offices to support financial project closure.

Funding framework and resource mobilization

While resource mobilization remains a top priority for the Entity and continues to represent a high organizational risk, UN-Women has seen significant growth in revenue since establishment, increasing from \$227.2 million in 2011 compared to \$378.5 million for 2017. Non-core resources have doubled over the same period. To build on these success, the Corporate Resource Mobilization and Partnership Strategy 2018-2021 is being developed through a consultative process which includes regional and country offices to provide the framework by which UN-Women will mobilize resources to support the implementation of its Strategic Plan 2018-2021.

UN-Women's Strategic Plan 2018-2021 and draft institutional budget 2018-2019, adopted in 2017, align with the new QCPR, which recognizes the critical role of high-quality core funding to ensure strategic integrity, effectiveness and efficiency. It also recognizes the need to focus on the most strategic partnerships and to explore innovative funding approaches to catalyze resources and results. UN-Women intends to leverage its comparative advantages to mobilize

resources together with the rest of the UN Development System through joint programming and pooled funding, as shown through the Spotlight initiative.

UN-Women will accelerate the diversification of public and private sector donors contributing to the Entity; invest in public giving; and generate greater revenue from communication and advocacy campaigns. In so doing, UN-Women will emphasize strategic partnerships, portfolio management based on the pareto principle and strategic positioning of the organization to expand Member State support, increase private sector income as well as public giving.

UN-Women agrees with the Committee on the importance of setting realistic targets and clearly defining roles and responsibilities. As noted by the Committee, the resource mobilization team was reorganized in 2017 to focus the work of the team in pursuit of the 2018-2019 integrated budget targets. A fundraising roadmap is being developed by the team to detail planned activities, timelines, roles and responsibilities, as well as fundraising targets. Targets will be set based on analysis and evidence, complemented by aspirational targets based on possible scenarios.

In order to improve transparency, coherence, due diligence, accountability and impact, UN-Women has initiated the development of a Customer Relationship Management System (CRM) to be rolled out in 2018. In addition, a system of Resource Mobilization Focal Points in the field has been put in place, complemented by the establishment of a Community of Practice aimed to enhance capacity in partnership engagement and management. The Strategic Partnership Division and the Programme Division are collaborating to train national, regional and global staff through specialized training and global webinars to share best practices, with further dedicated training under design.

UN-Women is strengthening its efforts to identify innovative solutions to resource mobilization and is looking at innovative financial initiative and platforms such as crowdsourcing micro donations. UN-Women also intends to leverage and strengthen business networks using UN-Women's convening power, with several private sector champions in Collective Action Platforms such as the Global Innovation Coalition for Change and the Unstereotype Alliance. To diversify its funding base, including contributions from individuals, UN-Women is increasing its investment in and technical support to its National Committees, some of whom have been very successful in raising funds from individuals. UN-Women is recruiting a Public Giving Advisor to develop UN-Women's own individual/public giving strategy, including new markets, as well as expanding the work done by its National Committees.

UN-Women appreciates and values the internal audit of the resource mobilization function covering the activities of the office from 1 January 2016 to 10 November 2017. To address audit observations, UN-Women is conducting a business process and resource mobilization capacity review to inform the actions that the report recommends. UN-Women will conduct a review, consolidation, and reorganization of existing processes, action plans, and structures in place around the corporate Resource Mobilization strategy and associated action plans. These will be clarified and spelled out in a new framework or guidance document, including templates and standard procedures.

UN-Women will strengthen coordination across the Entity, including across Regional Offices, Country Offices and Liaison offices, to achieve a more coherent approach to resource mobilization, supported by better dissemination of information and engagement of experts where possible.

Enterprise risk management

UN-Women remains committed to building a culture of risk management to ensure that this is not seen as compliance exercise, but embraced as a value-added component of planning, decision making and resource allocation. UN-Women recruited a full-time Technical Specialist to focus on risk management and establishing an internal legislative framework. The Technical Specialist provides strategic support to risk management and technical support to monitoring, reporting, and oversight.

Ongoing efforts to roll out training continues, within available resources. This includes face-to-face training, webinars as well as technical support. Efforts are being made to build capacity at a regional level that will translate into increased coverage on efforts to raise awareness on the risk management framework. Over and above this, a Programme Management training is being piloted and includes risk management modules that are integrated into the Programme Management cycles.

Internal Audit

UN-Women is grateful to the Committee for its continued advice and support in achieving the creation of the Entity's in-house internal audit function. UN-Women appreciates the Committee's invaluable review and comments to the Charters of the Independent Evaluation and Audit Services (IEAS) and of the Internal Audit Service (IAS), the IEAS Multi-year (2018-2021) Rolling Risk-based Audit Plan and Strategy as well as the Risk-based 2018 Audit Work Plan. Following the Committee's review and advice, the Executive Director approved the Charters and the 2018 work plan of the IAS and these key documents will serve as solid foundation for a well-established oversight office within UN-Women.

UN-Women welcomes the Committee's positive remarks on the actions taken to ensure the proper transition of internal audit function from the UNDP Office of Audit and Investigation (UNDP/OAI) to in-house internal audit. UN-Women continues to take steps expeditiously to ensure complete implementation. This includes the extension of the Service Level Agreement between UN-Women and the UNDP/OAI to 31 March 2018, which facilitated the completion of ongoing internal audit reports and the smooth transition to the new audit unit.

UN-Women wishes to acknowledge the cooperation extended by the Director, of UNDP/OAI and his staff during this transition period. We wish to extend our appreciation for their professionalism and collaboration to ensure a successful transition.

UN-Women takes note of the Committee's comments on the importance of an on-going communication between the in-house internal audit unit and the UN Board of Auditors to enhance audit planning and coordination. In this respect, UN-Women is pleased to confirm that an on-going dialogue and exchange has been instituted and will continue to be upheld between the Director of the UN Board of Auditors and the Director, IEAS. The dialogue includes, but is not limited to, the avoidance of overlapping scope of audit coverage and the result of the internal audit work.

With regards to the annual internal audit risk assessment exercise, UN-Women takes note of the Committee's advice to leverage the result of the risks identified

from the UN-Women enterprise risk management (ERM) framework. As stated in the multi-year rolling risk-based audit plan and strategy (2018-2021), risks identified as high through the ERM process will be considered in the periodic update and formulation of audit risk assessments.

UN-Women would like to register its gratitude to the Chairperson of the Committee for her participation on the recruitment interview panels for the Director of the IEAS and the Chief of the IAS.

Investigations

UN-Women agrees with the Committee's recommendation on the Director IEAS being the focal point for investigations and related activities. In order to ensure that recommendations emanating from the investigations function are recorded, addressed and elevated to relevant management, UN-Women notes the need for IAES to establish a database or management system that will record and manage incoming reports and management letters from UNDP/OAI and from the Office of Internal Oversight Services (OIOS). The system should generate regular reporting to form the basis of briefings to the Executive Director and other members of senior management. Appropriate confidentiality measures and firewalls will need to be put in place. It is also noted that the designation of the Director IAES as investigations focal point will not affect the existing system and responsibilities under the Legal Framework for Addressing Non-Compliance with UN Standards of Conduct.

Various activities have been undertaken on the implementation of the fraud risk management framework. This includes the roll out of the anti-fraud policy, fraud risk training as well as the development of an automated fraud risk assessment tool.

In addition to ongoing enhancements to the risk management information system (e.g. quarterly risk validation process), management plans on carrying out a Risk Management Maturity Assessment that will provide independent feedback on indicators agreed upon on the effectiveness of the organization's approach to risk management.

Evaluation function

UN-Women agrees with the Committee's recommendation on the importance of appropriate resourcing for centralized and decentralized evaluation function and the key role of Regional Evaluation Specialists in supporting decentralized evaluations. UN-Women welcomes the observation on the high degree of coordination between Headquarters and evaluation specialists in the regions and agrees on maintaining the reporting line of Regional Evaluation Specialists to the Head of Independent Evaluation Function. The UN-Women's Independent Evaluation and Audit Services' Charter promulgated by the Executive Director in 2018 further reinforces the governance of UN-Women's Evaluation Policy on evaluation function. The Policy describes the role and reporting line of Regional Evaluation Specialists to the Head of Independent Evaluation Function (UNW 2012/12, paragraph 50).

UN-Women takes note of the Committee's observation that the target of 3 percent of programme expenditures dedicated to the evaluation function appears high, given UN-Women's size. UN-Women also notes that any changes to this level would have to be approved by the Executive Board through a revision of

its Evaluation Policy. As the new IAES becomes operational, UN-Women will follow the Committee's recommendation to look for economies of scale in order to focus resources on areas such as programme monitoring, risk mitigation and results measurement.

Ethics

UN-Women is in the process of developing a new Protection against Retaliation policy with the aim to promulgate it in 2018. UN-Women takes note of the Committee's recommendation for the language-sensitive training to achieve desired impact and will build this into the ethics training module.

Financial Statements

UN-Women appreciates the Committee acknowledgment of the unqualified audit opinion UN-Women received from the Board of Auditors for the sixth consecutive year.

Information and Communication Technology

UN-Women agrees with the Committee's observation of the high number of ICT consultants at Headquarters and will continue to assess and monitor the staff to consultant ratio to manage the risk.

Strategic Plan 2018-2021

UN-Women welcomes the Committee's appreciation of the consultative approach adopted during the development of the Strategic Plan 2018-2021 and is grateful for the advice it received from the Committee during this process.

As outlined in the Strategic Plan 2018-2021, UN-Women will continue to leverage its triple mandate in support of results for women and girls. In the context of its operational activities, UN-Women plays a key role in translating global norms and standards into national legislation and policies, while leveraging the full UN System to deliver for gender equality and women's empowerment. This approach emphasizes the benefits of UN-Women's normative and UN coordination functions, including in the context of its operational activities, to achieve results and ensure effective programme delivery.

Final consideration

UN-Women takes note of the Committee's concern on the Entity's ability to adequately resource key accountability functions and would like to reiterate its strong commitment to ensuring that these functions are properly resourced and capacitated to fully perform their functions.