

Management response to the report of the Advisory Committee on Oversight for the period from 1 January to 31 December 2020

1. The management of UN-Women welcomes the ninth report of the Advisory Committee on Oversight (ACO) and expresses its appreciation to the distinguished members of the Committee for their support and dedication to the organization's mandate.

I. Advisory Committee Review and Advice: Oversight Functions

2. UN-Women appreciates and shares the Committee's view that the Independent Audit and Evaluation Service (IEAS) is adding value to UN-Women's internal governance, programming and operations.

3. UN-Women takes seriously the identified risks associated with governance capacity and accountability structures pointed out by the Committee. As part of the UN-Women Strategic Plan 2022-2025, the Entity is therefore placing a renewed focus on principled performance as an organizational enabler.

4. Furthermore, UN-Women agrees with the Committee's finding that the pace of audits, advisory engagements, and evaluations is occasionally outpacing the absorptive capacity of the organization, particularly in the COVID-19 context which affected business processes. To address these recurring findings, the Entity will explore approaches to strengthen uptake mechanisms for recommendations and findings from audits, advisory engagements, and evaluations and will develop a prioritized list of critical areas requiring increased attention.

5. In particular, UN-Women takes note of the Committee's emphasis on common and recurring themes in audits and evaluations, which require attention, including the effects of insufficient financial resources on UN-Women's ability to support and scale up programme objectives, high personnel turnover, and some weaknesses in governance and accountability frameworks. UN-Women takes these issues very seriously and believes that some of the steps it has taken as part of its change management initiative have started to yield improvements in some areas. At the same time, UN-Women operates in an environment of increased demand for support and stagnating resources, which sometimes limit its ability to take decisive action. For example, UN-Women was not always able to scale down its programme presences as planned, due to political and other considerations, such as increased needs and complex operating environments due to COVID-19.

A. Internal Audit: The Internal Audit Service

6. UN-Women recognizes the need to conduct an assurance mapping exercise that matches roles and responsibilities for key businesses processes against the Three Lines of Defense Model, so as to properly attribute, monitor and report on accountability and performance across the organization. In addition, carrying out an assurance mapping exercise will be conducive to UN-Women identifying areas of

overlap and duplication, thereby potentially freeing up needed resources for redeployment. These endeavors are in line with UN-Women's current efforts towards strengthening its Second Line of Defense at Headquarters and in the field and will complement other planned workstreams.

7. With regards to the Committee's observations on lack of digitization, UN-Women notes that it was able to strengthen this aspect at the outset of the COVID-19 pandemic, ensuring business continuity and adapt quickly while continuing to make enhancements. While significant progress in digitizing has been made, including in providing comprehensive tools and guides for field offices to foster digitization and archiving of records through online tools, digitization processes are expected to further increase in accordance with field office capacity.

8. UN-Women takes note of the Committee's recommendation to enhance clarity relating to the functions and roles of HQ, Regional and Country offices. While the UN-Women Presence Governance Framework defines the functions and roles of UN-Women's country level presences, the HQ and Regional levels functions are being further clarified, including through a Responsibility Assignment Matrix (RACI framework) as a comprehensive accountability framework with clear roles and responsibilities. This is a key focus of change management in 2021.

B. Evaluation function: Independent Evaluation Service (IES)

9. UN-Women thanks the Committee for highlighting the importance of the findings from the Meta-synthesis of UN-Women Evaluations and some of the recurring findings therein. In the context of promulgating the Presence Governance Framework, UN-Women has identified and developed different country typologies that provide guidance on the minimum office structure required for operational functioning, while considering the size and funding of the office, as well as country context. Whilst the Presence Governance Framework has clarified responsibilities at country level, work to define the same at regional level is delayed due to the COVID-19 pandemic.

10. In order to address capacity issues and staff turnover, UN-Women has updated its guidance on Strategic Note development, including ways to improve adequately capturing the office functions needed as proposed in Strategic Notes, as well as developed an HR Planning tool to assist offices in defining minimum structures needed for functioning and in foreseeing possible growth scenarios. In addition, the planning tool will be instrumental for offices to improve justifications for some office functions funded as part of Programme Documents or the Strategic Note.

11. With regards to the Committee's observation on the existing scope for strengthening the FPI accountability framework, the process of developing the next Strategic Plan will be used to develop clearer programmatic approaches and instruments to this end.

C. Investigations Function

12. UN-Women is appreciative of the role of the IEAS Director plays for interactions with OIOS on investigation findings. UN-Women notes that the role of responsible official has always been absorbed within existing resources, which has historically been managed adequately. It is also noted that UN-Women has developed an internal protocol for addressing matters referred by OIOS for

management action, which allocates responsibilities across diverse functions, which is being implemented successfully and absorbed within the existing resources of those functions. Nevertheless, UN-Women is committed to regularly assessing capacity levels to ensure that matters referred to UN-Women from OIOS are decisively addressed in a timely manner.

13. In relation to responding to risks associated with fraud prevention work and the Committee's observation on IEAS ability to conduct such work, UN-Women plans to draw on the findings from the Internal Audit Service Anti-Fraud Programme Implementation audit, which is currently in the planning phase, to provide the necessary data and evidence to optimize this work.

14. UN-Women welcomes the Committee's future focus on investigations timelines and possible improvements and looks forward to its recommendations in this regard.

D. Ethics Function

15. UN-Women has taken note of the recommendations issued in the IAS Advisory Report on Benchmarking and Maturity Assessment of Ethics and Integrity and reiterates its commitment to fostering a robust ethical organizational culture. Senior Management has been fully committed to fostering a culture of ethics, integrity, respect, and accountability across the Entity. In this regard and in order to continue promoting ethical awareness and decision-making, UN-Women has rolled out a Leadership Dialogue in 2020 on the topic of civility and dignity in context of offices. In addition, the Global Management Meeting offered a specific session on ethics to all managers in the Entity.

16. UN-Women would like to reiterate its commitment to implementing the Leadership Dialogue initiative of the UN Ethics Office throughout the organization.

17. UN-Women would like to inform the Committee that the Workplace Relations Advisor together with the Director of Human Resources remain the primary liaison with the UN Ethics Office. They report back directly to the Executive Director and her Deputies on key issues related to ethics and conflict of interest. UN-Women also takes note of the Committee's recommendation of having a dedicated internal ethics function or officer at leadership level and is supportive of this recommendation. However, current resource levels have not yet allowed UN-Women to implement this recommendation.

18. UN-Women appreciates the recommendation of the Report on Disciplinary Measures and Other Actions Taken in Response to Misconduct and Wrongdoing and is committed to continuing this practice and to disseminating the Report across the organization.

E. Board of Auditors

19. UN-Women welcomes and takes note of the Committee's advice to continue to include in the report to the Committee an assessment of the root causes of UNBoA findings and recommendation that effectively inform management response.

II. Advisory Committee Review and Advice: Internal Control and Accountability, including Governance, and Ethical Standards, Risk Management and Control Systems

A. Change Management / Organizational Realignment / Response to the Pandemic

20. UN-Women appreciates the Committee's observation on the organization's swift and effective adaptation to the challenges brought about by the COVID-19 pandemic and commits to continue to foster agile programmatic and business processes across the Entity.

21. UN-Women welcomes the Committee's observation on the organization's continued effort to instigate organizational realignments, in particular with regards to further clarifying roles and responsibilities between Headquarters and field offices. Furthermore, it agrees that the Presence Governance Framework has been and continues to be central to these efforts, especially thanks to its focus on growth and minimum revenue targets for each office typology. This is streamlined through key planning processes such as Strategic Notes and Annual Work Plans to ensure that financial sustainability is at the heart of UN-Women's country level operations. Furthermore, it provides the basis for organizationally-agreed revenue targets.

22. UN-Women will be prioritizing developing policies that further clarify the relationship between headquarter offices and Regional and Country Offices through the now established office typologies.

23. UN-Women will integrate the results and findings of the business process assurance mapping to further inform policy statements.

24. UN-Women is supportive of additional resourcing for the key functions of risk management, project management, programme partner management and ethics, so as to ensure that agreed upon recommendations are implemented and sustained. However, current resource levels and continued pressures on UN-Women's regular resources constitute significant constraints to ensure that all organizational functions are adequately funded.

B. Strengthening Governance and Accountability/Reducing Risk

25. UN-Women underscores the unprecedented challenges presented by the pandemic in 2020, including the need to reprioritize and pivot to the COVID-19 response. Despite this additional unforeseen work, UN-Women has still managed to institute a wide range of internal governance improvements, including the promulgation and rollout of the Internal Management Framework, the revised Risk Management Policy Framework, and the Presence Governance Policy Framework. Additionally, UN-Women has operationalized the Business Review Committee in March 2020 which met on an almost monthly basis and covered topics such as the quarterly business review, presence governance framework decisions, resource mobilization targets and the Oracle Cloud ERP implementation amongst others. In addition, the BRC had three meetings as the Risk Management Committee. These management structures enhance the organization's ability to respond to and decide

on important operational matters. These bodies have enhanced UN-Women's governance and accountability mechanisms, while also having set up structures to improve overall risk management.

26. As mentioned earlier, UN-Women takes notes of the Committee's observation of that some governance activities are too thinly resourced and is committed to ensuring more adequate resourcing of these functions, based on overall resource levels.

27. With regard to control discipline and management accountability. UN-Women is working to clarify business owners within its new organizational structure and identify clear consequences for non-compliance, as suggested by the Committee.

28. UN-Women would like to inform the Committee that it is taking steps towards strengthening the Second Line of Defence at Headquarters and in the field. In addition, with the view of strengthening links between results and resources, a framework for effective performance oversight and monitoring mechanisms in line with the new Strategic Plan will be put in place. Planning and budgeting processes have already been integrated within a single division to foster more holistic planning and provide more effective, efficient, and delivery-oriented guidance and support. Furthermore, as noted earlier, UN-Women will strengthen the uptake mechanism for Audit, Evaluation and assessment findings, while prioritizing areas requiring increased focus and attention.

29. UN-Women is pleased to inform the Committee that the Business Process Owner for travel management was designated by the Director of the Management and Administration Division in April 2021. In February 2020, the Director submitted and presented a roadmap for the Implementation of the IAS Audit for Travel Management. The roadmap proposed means to secure absorptive capacity for travel management. Similarly, approval for resourcing the procurement section to strengthen its management of travel was granted in late 2020, which directly responded to the Audit's recommendation. However, due to the COVID-19 pandemic, there has been minimal official travel in 2020 and since the IAS report on Travel Management.

30. UN-Women takes note of the Committee's recommendation to develop a comprehensive Statement of Internal Controls and is, in principle, supportive of this recommendation. UN-Women has started looking into the feasibility of issuing such a statement and whether the existing level of human and financial resources would be sufficient to do so, including specific technical expertise to develop the process, conduct the validation/quality assurance, prepare representation letters and the eventual Statement of the Internal Control, as well as the necessary changes in business processes and reporting requirements to roll this out. Initial analysis shows that additional resources would be required and UN-Women is conducting further analysis to determine specific gaps and requirements. It will keep the Committee apprised of progress in this regard.

C. Funding framework and resource mobilization

31. UN-Women appreciates the Committee's observation on UN-Women's success in positioning itself as champion within the UN System on issues that lie at the intersection between gender equality/women's empowerment and the COVID-

19 pandemic. Furthermore, it wishes to highlight the organization's achievement in actively shaping both the global narrative and knowledge production on that subject, while at the same time decisively influencing policy, in particular with regards to the noticeable increase of violence against women in the context of household confinement.

32. UN-Women went through COVID-19 reprogramming exercise to revise planned activities that had been approved prior to the outbreak of the pandemic and allow country offices to focus on COVID-19 response and recovery efforts. Among the pandemic's immediate effects were the following:

- a. The Organization has seen an increase in political support and confidence as evidenced by early payments by major donors towards regular resources, resulting in increased revenue in 2020. Other (earmarked) resources increased by 4 percent, while regular resource contributions grew by 16 percent in 2020. This represents a slight increase in the share of regular resources relative to other resources to 31 percent, which exceeds the Funding Compact threshold. Furthermore, UN-Women is pleased to report closer donor engagement and more focused partner meetings, as well as more opportunities to support field units in resource mobilization.
- b. UN-Women has noted that, as a result of the pandemic, more effort is required to uphold and preserve both partnerships and contributions. At the same time, there has been an increase in direct interaction with capitals. Lastly, there have also been some challenges in internal coordination of donor relations and partner management, which, coupled with limited capacity due to COVID-19 priorities, has made taking advantage of conjunctural opportunities more challenging.
- c. The 2021 pipeline for regular resources is currently estimated to be \$10 million lower than the total regular resources received in 2020. This is mainly due to the announcement by some donors to significantly reduce regular resources across the board, in addition to anticipated foreign exchange losses. On a positive note, the 2020 trend of earlier disbursement of regular resources continues in 2021, with early receipts from a number of donors. For other resources, UN-Women also anticipates decreases, although it is too early to say its extent at this point of the year.
- d. In response to the decisions adopted by the Executive Boards of UNDP, UNFPA, UNICEF and UN-Women, at the second regular session 2020, requesting agencies to brief on how they will mitigate the effects of potential decreases in global official development assistance, including its impact on implementation of Strategic Plans, the four Agencies have developed a Joint Paper, highlighting how agencies are adjusting to the impact of COVID-19 on funding and plans to cope with potential further decrease in 2021.

33. In relation to funding arrangements, UN-Women has amended the Recognition Agreement with National Committees. This includes a section on Third Party and Pass-Through Contributions, comprising articles that clarify role and

responsibilities of the National Committees vis-à-vis the donor, as well as other any reporting or other conditions.

D. Financial statements and financial systems

34. UN-Women expresses its gratitude to the Committee for its commendation on the ninth unqualified audit opinion from the UN Board of Auditors and acknowledges the extensive work of the Organization, throughout the financial year, that culminated in this strong financial management result.

With regards to the Committee's observation on the management of the Trust Fund, UN-Women has begun work on overarching grant-making procedures. UN-Women will also develop clearer strategies with regards to advocacy campaigns especially in the context of the new Strategic Plan. UN-Women will provide updates on the progress of this work.

E. Information and Communication Technology

35. UN-Women takes note of the Committee's observations on Information and Communication and Technology (ICT) matters and would like to assure the Committee that the Organization continues to be committed to ensuring Information Security through its comprehensive information security programme that oversees and continuously improves information security across the Organization. At the same time, UN-Women is also cognizant of the need for continuous investment in and improvement of information security, albeit, given limited available resources, with careful prioritization. The Organization has hence adopted a risk-based approach in driving its efforts in this area.

36. UN-Women would like to specify that it has recognized the replacement of the ERP system as an organization-wide priority requiring engagement far beyond information and communication technology that involves management by a cross-cutting project team consisting of Directors or Chiefs from 7 business areas in addition to ICT under the leadership of a Deputy Executive Director. Furthermore, in line with the Committee's recommendation, a Change Management and Project Advisor and change management supporting personnel are currently being recruited.

37. The scope of the ERP project is projected to include a comprehensive solution to effectively link resource data to results. Detailed analysis and requirements gathering currently under way will determine the final solution roadmap for the Results Management System (RMS), including identifying elements that will function through the Oracle-based systems, the RMS or a separate but integrated third party system.

38. UN-Women would like to specify that the shared nature of the ERP project with other UN Agencies places some limitations on UN-Women's ability to make independent scope decisions at this stage. To mitigate risks, dependency risks are being actively managed. Once the capabilities of the new shared ERP components

are established, UN-Women business owners will be able to decide which legacy systems to adopt or decommission.

39. Regarding funding of the ERP system change, the project team has developed a multi-year plan, signed off by the Steering Committee, that indicates the resources required for project implementation. UN-Women will keep the Committee informed of developments on this critical area.

F. Conclusion

40. UN-Women continues to appreciate the advice and support received from the Committee in 2020 and previous years. In particular, UN-Women is grateful to Committee members for adapting their methods of work in 2020 due to the COVID-19 pandemic, which only allowed for virtual meetings. In line with the organizational commitment to reduce travel and administrative costs, UN-Women believes that this represents a good practice which could be continued, even when circumstances allow international travel to resume.