INTERNAL AUDIT REPORT UN WOMEN REGIONAL OFFICE FOR EAST AND SOUTHERN AFRICA

UN WOMEN

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INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)
Internal Audit Service (IAS)
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EXECUTIVE SUMMARY

Audit objective and scope

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted an internal audit of the UN Women Regional Office for East and Southern Africa (ESARO) from February to April 2020, with a field visit to the office from 25 February to 13 March 2020.

The audit objectives were to assess whether ESARO:

- Actively and adequately fulfilled its responsibilities to support (technically and operationally), monitor and oversee the field offices in the region. This was based on a review of a sample of field offices such as the Somalia Programme Presence Office (PPO) and Kenya Country Office (CO).

- Addressed its external and internal stakeholders' expectations in terms of advocacy, coordination and normative activities.

- Defined its strategic priorities (for the office and for the region), based on which it mobilizes resources and monitors and reports on implementation of these priorities.

- Developed, managed and implemented its field programmes and projects effectively with planned priorities completed in a timely manner; manages its Programme Partners (PPs) and monitored and supported field offices in their programme management.

- Set up an appropriate governance structure to implement its strategic priorities; and established an adequate risk management process and corresponding system of effective internal controls over its operations, including key functions such as: procurement, HR, finance and budget, ICT, travel, assets, and safety and security.

The audit assessed the state of governance, risk management and internal controls based on a sample of ESARO activities from 1 January 2018 to 28 February 2020. Atlas-recorded expenditure for ESARO totalled US$ 6.28 million in 2018 and US$ 6.58 million in 2019.

IAS followed the *International Standards for the Professional Practice of Internal Auditing* in conducting this audit.

Audit opinion and overall audit rating

IAS identified the following good practices employed by ESARO, which could be considered for replication in other UN Women field offices: development of a regional support service guide; well attended training on prevention of sexual exploitation and abuse for UN-wide personnel in Nairobi; and maintenance of a roster for prequalified and vetted consultants.

IAS assessed the overall state of governance, risk management and internal controls in ESARO as **Some Improvement Needed** meaning that "the assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity." However, IAS assessed the following areas as major improvements needed:

- clarifying ESARO's role and enhancing its capacity to support field offices;
- devising and implementing its strategic priorities in the region;
- risk management and control environment; and
- procurement management.

IAS identified areas where improvements are needed in:

- **Strategic priorities, programme planning and implementation**: clarifying ESARO's role and responsibilities in supporting and overseeing the region; supporting its coordination mandate within the region; monitoring the cost-effectiveness of the Africa Strategy; improving annual work planning; revising the resource mobilization strategy; learning from lessons identified in mid-term reviews and evaluations; monitoring the success of its project pipeline; ensuring value for money of its programmatic interventions; enhancing its oversight of project data validation, monitoring and reporting; and strengthening PP management.

- **Governance, risk management and internal controls**: performing a functional review of its capacity and structure to fulfil its role as a regional office (RO); strengthening risk management and the control environment; and improving the Internal Control Framework.

- **Operations**: strengthening procurement and travel management; and ensuring value for money in the recruitment of consultants.

Overall, IAS made 15 recommendations to address the areas for improvement, six of which were ranked as High priority and nine as Medium priority.

The six High (Critical) priority recommendations mean that *"prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women."* These related to addressing the following issues:

- Conduct an assessment of the needs and challenges of field offices in the region; and identify their risk profiles and monitor them.

- Consider a more direct chain of command and advanced planning to address multiple requests for technical assistance in the region.

- Regularly monitor the cost-effectiveness and ongoing impact of the Africa Strategy and take a decision on next steps.

- Perform a functional review of the office's capacity, structure, funding and skillset to ensure that key roles are properly covered.

- Devise a control environment improvement programme that addresses office culture, accepted practices and norms, fraud risk prevention and detection.

- Review and amend the current policy on phone usage to include a reasonable spending limit, strengthen the Procurement Unit and ensure e-Procurement is implemented.

The nine Medium (Important) priority recommendations mean that *"action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women".* These recommendations are focused on strengthening strategic planning, programme/project and risk management, and operations.

Management comments and action plan

The ESARO management team generally accepted the above recommendations. The team is already in the process of implementing the recommendations and provided the action plan in this report.

IAS requested comments from ESARO management on the detailed audit findings. The comments and additional information provided have been taken into account in this report, as appropriate.

Low priority issues are not included in this report but were discussed directly with management, and actions have been initiated to address them.

Lisa Sutton, Director
Independent Evaluation and Audit Services

ACRONYMS AND ABBREVIATIONS

AWP	Annual Work Plan
CO	Country Office
COVID-19	Coronavirus Disease 2019
DMA	Division of Management and Administration
DoA	Delegation of Authority
DRF	Development Results Framework
ERM	UN Women's corporate platform for Enterprise Risk Management
ESARO	East and Southern Africa Regional Office
FTA	Fixed-term Appointment
HR	Human Resources
IAS	Internal Audit Service
ICF	Internal Control Framework
ICT	Information and Communication Technology
IEAS	Independent Evaluation and Audit Services
KPI	Key Performance Indicator
M&E	Monitoring & Evaluation
OEEF	Organizational Efficiency and Effectiveness Framework
PCA	Project Cooperation Agreement
PO	Purchase Order
PP	Programme Partner
PPO	Programme Presence Office
PSH	Peace, Security and Humanitarian
RMS	Results Management System
RO	Regional Office
ROAS	**Regional Office of the Arab States**
SC	Service Contract
SN	Strategic Note
SSA	Special Service Agreement
ToR	Terms of Reference
TR	Travel Requests
UNIFEM	United Nations Development Fund for Women
UNV	United Nations Volunteer
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US$	United States Dollar
WCARO	West and Central Africa Regional Office
WEE	Women's Economic Empowerment

I. BACKGROUND

About the regional office

UN Women has worked in East and Southern Africa since 2012, and before that as UNIFEM. The East and Southern Africa Regional Office (ESARO) provides the region with technical guidance, operational support and oversight.

ESARO's Strategic Note (SN) (2018–2021) was based on the UN Women Strategic Plan (2018–2021) and the UN Women Africa Strategy (2018–2021). ESARO focused on kick-starting both regional specific and cross-regional initiatives under the Africa Strategy, including undertaking studies to inform and provide a baseline for the related programmatic interventions. Partnerships had been established and strengthened with intergovernmental bodies, civil society, inter-religious bodies, networks and traditional leaders.

During the period under review, ESARO employed 25 personnel with fixed-term appointments (FTAs), 2 permanent appointments (PAs) and 2 temporary appointments (TAs); ESARO engaged 5 individuals on service contracts (SCs); 19 consultants on Special Service Agreements (SSAs); 4 interns; and 11 volunteers (UNVs). According to the organization chart, as of January 2020, ESARO had five FTA posts under recruitment.

ESARO's budget and expenditure are summarized in Table 1 below:

Table 1: ESARO budget and expenditure, US$

	2018	**2019**
DRF budget target	898,107	3,831,536
DRF actual budget	523,202	976,077
DRF expenditure	499,886	600,081
Delivery rate	96%	61%
OEEF budget target	6,811,081	7,901,098
OEEF actual budget	7,283,070	6,846,943
OEEF expenditure	5,780,074	5,982,077
Delivery rate	79%	87%

Source: Executive Dashboard and Results Management System (RMS) data

As of 31 December 2019, the field programme 2018–2019 comprised seven non-core funded projects with a total budget of US$ 818,000, funded mainly by private, multilateral and bilateral donors.

ESARO's SN covered the period 2018–2021. The 2019 Annual Work Plan (AWP) focused on women in governance; women's economic empowerment; elimination of violence against women; women, peace and security; and global norms, policies and standards, and contained nine Outcomes under the Development Results Framework (DRF). The AWP also included 23 Outputs under the Organizational Efficiency and Effectiveness Framework (OEEF).

Atlas-recorded expenditure for ESARO totalled US$ 6.28 million in 2018 and US$ 6.58 million in 2019.

II. AUDIT RESULTS

A. Strategic priorities, programme planning and implementation

ESARO's projects focused on women in governance; women's economic empowerment; elimination of violence against women; women, peace and security; and global norms, policies and standards. ESARO had only few non-core projects – seven with distinguished donor agreements and ProDocs, representing US$ 818,000 of the total US$ 7.82 million budget for 2019.

Stakeholders interviewed by IAS appreciated UN Women's standing and role in the region; its coordinating activities supporting women and girls; and ESARO's support to other UN Women offices operating in the region.

However, improvements were needed to clarify ESARO's role and to enhance its support to the field offices in the region; monitor the cost-effectiveness and impact of the Africa Strategy; and to enhance its monitoring and oversight of data quality as outlined below.

KEY ISSUES AND CONCLUSIONS

Issue 1: Clarifying ESARO's role and enhancing its capacity to support field offices

ESARO's roles and responsibilities in the region needed to be clarified and adequately communicated for the office to be effective in supporting and overseeing its field offices. A survey conducted by IAS among the region's field offices, indicated the support provided by ESARO was perceived as satisfactory in some areas such as operations, but needed improvement in others as detailed below.

ESARO developed a "Regional Support Services" guide to inform field offices of the services it provided, but it was not adequately disseminated. ESARO's SN acknowledged "a need to move beyond RO business support services towards a more effective RO oversight and quality assurance function. The RO will focus on providing back office support to COs and adding value to their work through knowledge generation, tailored programming support and continuous capacity building."

In general, there was a lack of corporate clarity on the role of ROs.[1] However, the degree of monitoring and oversight of field offices in the region was inadequate, e.g. issues occurred in the Kenya CO and Somalia PPO, where ESARO did not demonstrate a proactive oversight and risk management approach. Inadequate corporate and regional attention was given to long-standing vacancies, leadership gaps and succession planning in key management positions, e.g. the ESARO Deputy Regional Director post was vacant for several months. The Kenya CO Representative, Deputy Representative and Operations Manager posts were also vacant. The Somalia PPO also experienced leadership gaps.

ESARO was responsible for 13 field offices with local contexts and needs varying from ongoing conflicts, refugee crises, disaster emergencies to middle-income countries. This huge variance of needs was difficult to identify, prioritize and manage with ESARO's very limited technical and programmatic capacity. ESARO made attempts to identify needs in the region; however, these efforts had not yet been integrated into a comprehensive situational analysis of capacity and risks, accompanied by a roadmap on how to manage the challenges, including defining the role and accountability of ROs and COs (who does what, when and how?).

In the survey, field offices indicated that ESARO could improve the provision of technical and oversight support. ESARO was sometimes perceived as a "pass-through" entity between COs and headquarters. It was felt that ESARO could improve its coordination role as well as strengthen skills across the region. A survey respondent stated that individual ESARO staff provided useful support and guidance on daily work; however, ESARO could take more initiative to promote cross-learning on a regular basis and reduce existing silos among the countries in the region.

ESARO did not organize its structure or workflow effectively to ensure that it addressed its field offices' need for technical support. To meet this need, ESARO would require a revised skillset and technical resources. Instead, ESARO's structure appeared to have been organized to implement regional programmes which were quite small compared to its overall budget. Moreover, decisions related to the provision of technical advice by ESARO advisers had been over-centralized within the Regional Director function. This created a bottleneck and delays, and could lead to a perception of a lack of transparency in prioritizing the provision of ESARO's limited technical expertise to

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[1] IAS already raised the issue and made a corporate recommendation in report IEAS/IAS/2019/010 "UN Women Regional Office in Asia and Pacific".

countries in the region. It may also mean that the right level of technical advice is not provided where it is really needed. The policy advisers were not felt to be readily available and there was a sense that knowledge management could be improved to fill these gaps.

Recommendation 1 (High):

The Regional Director to:

- Periodically conduct an assessment of field office needs and challenges and develop a plan to address common areas of interest and requirements in policy advice, coordination, programming, operations, etc.

- Establish a process to risk-profile field offices (or update the existing Tier system) in terms of risks, challenges and the capacity required for these risks to be effectively addressed.

- Establish a process to monitor risk profiles focusing on those offices with the greatest needs or highest risks.

Recommendation 2 (High):

The Regional Director to review and revise the current workflow for field requests for regional technical support, by conducting an advanced needs assessment and planning by the regional policy advisers to address multiple requests for technical assistance in the region.

In particular, regional policy advisers to contact all field offices during the annual planning exercise, record their needs and develop a plan for technical support based on identified needs, agreed with field offices, and approved by the Regional Director.

This workplan should be visible to field offices; provide room to include emerging needs for technical assistance; and should serve as a basis for performance management of the policy advisers.

Issue 2: Need for stocktaking of coordination interventions across the region

In general, ESARO supported gender mainstreaming in the region through a wide range of coordination activities, including its involvement in numerous gender mainstreaming and other related forums.

Feedback from stakeholders about UN Women's coordination activities in the region was positive. Donors and partners that engaged with ESARO directly (rather than

UN Women COs in the region) recognized UN Women's work on coordination of gender mainstreaming. However, stakeholders expressed their concern about the overuse of regional conferences, training and workshops as the main capacity development activities, with some doubts expressed on the lasting impact, concrete results and value for money of these activities.

IAS survey responses indicated that while some field offices possessed expertise, ESARO could enhance its coordination role to ensure that these skills are put to good use across the region. Suggestions included facilitating cross-learning on the programmatic approach within the region and beyond and for ESARO to be more proactive in developing CO capacity at programme and operational level.

Based on the survey results, it did not appear that ESARO had proactively engaged with COs to support its coordination efforts. In addition, there was limited guidance from headquarters on the role ROs should play in coordination. Moreover, ESARO did not identify field office coordination needs or conduct a stocktaking exercise to develop a coordination strategy and platform to support its field offices.

Recommendation 3 (Medium):

The Regional Director to:

- Perform a region-wide review and stocktake of coordination work performed at the country level vis-à-vis available expertise to identify field office needs and challenges in relation to coordination efforts and successful practices that support gender mainstreaming.

- Devise a regional support strategy and regional knowledge-sharing platform on coordination for field offices.

Issue 3: Need to monitor the cost-effectiveness of the Africa Strategy

The development of the Africa Strategy was a resource and time consuming, multi-year exercise which, at the time of audit, had not yet produced concrete results and impacts.

In May 2018, alongside two other ROs – West and Central Africa (WCARO) and the Arab States (ROAS) – ESARO led an ambitious endeavour to develop UN Women's Africa Strategy, involving cooperation among all African regions on key issues affecting women and girls. Each RO was to handle a key area: ESARO was to be responsible for Ending Child Marriage, WCARO for Women's Movements and ROAS for Ending Trafficking.

However, the Africa Strategy and ESARO's SN were not fully aligned and coherent. While the Africa Strategy focused on three specific areas, ESARO's SN expanded to other traditional thematic areas of UN Women's mandate. Moreover, it appeared that the Africa Strategy was primarily led by ESARO. The extent to which the African regions coordinated on implementation of the strategy, or their contribution to the cost, was not clearly visible or documented.

ESARO did not monitor the cost of Africa Strategy development against its allocated budget to ensure that the strategy was cost-effective and was progressing in producing the intended impact. Estimated budgets in ESARO's AWPs included US$ 193,900 for development of the strategy in 2017–2018, and US$ 423,171 in 2019 for implementation of programmatic activities on addressing child marriage. IAS could only identify some key cost elements: e.g. as leader of the initiative, ESARO had to cover the costs of the baseline studies used to devise the strategy (in 2018 estimated cost of around US$ 245,000) and a significant amount was spent on traditional leaders conferences – around US$ 313,000 for travel and coordination. IAS could not determine the actual staff time (and cost) spent on development of the Africa Strategy, but based on the ambitiousness of the project IAS believes that it required a high level of resources.

Despite allocations and actual spending, it was not clear from monitoring reports what had been achieved so far under the Africa Strategy. It appeared that implementation of the Africa Strategy incurred significant delay. As at the end of Q4 2019, 17 activities were listed as having no status, three were blank, 12 were on track and five were achieved.

Another noted deficiency was the lack of mid-term reviews for the SN or the Africa Strategy, which could have been important tools for monitoring the progress made with allocated resources and to take any corrective actions as necessary.

ESARO subsequently informed IAS that it had initiated or planned the following actions: a) resources were reallocated to the COVID-19 response; b) aspects of the Africa Strategy were to be pursued through the Spotlight Initiative; and c) discussions were to be held with WCARO and ROAS to determine the future of the Africa Strategy.

Recommendation 4 (High):

The Regional Director to:

- Conduct mid-term reviews of the SN and Africa Strategy.

- Draw lessons learned from the development and implementation of the Africa Strategy and ensure they are included in UN Women knowledge management systems.

Issue 4: Improvements needed to annual work planning

The AWP for 2019 included 26 DRF and 50 OEEF indicators. The RMS annual report for 2019 showed the following progress:

Status in Q4 2019	DRF	OEFF
Significant Progress	0	3
Some Progress	5	5
No Change	2	0
Blank	19	42
Total	**26**	**50**

Source: Results Management System (RMS)

The low number of indicators with progress made may indicate that the SN was formulated with unrealistic and potentially excessive indicators which proved difficult to achieve within the allotted time. The large number of blank entries indicates that monitoring of AWP status had not been consistently and uniformly performed. There also appeared to be a number of legacy and "orphaned" indicators, with no ownership and accountability assigned within the office.

In addition, IAS noticed that there were too many activities to be monitored in ESARO's quarterly reports, i.e. 163 OEEF activities and 125 DRF activities. Most of these activities were off track, listed as "no status" or were blank, 73 per cent for OEEF and 53 per cent for DRF.

IAS advises that for future SNs, ESARO should limit the number of indicators so they are more manageable and result oriented.

In addition, the organization should consider aligning the AWP process with the corporate biennial budgeting process, which would save a considerable amount of time dedicated to the annual planning exercise. ESARO was responsible for developing its own AWP, as well as supporting and facilitating the development of CO AWPs. Usually guidance on how to develop an AWP was sent by headquarters in late August, which left ESARO with a tight schedule to complete its own plan and deliver ongoing programmes, while also supporting COs to complete their AWPs.

The issue will be reviewed in the IAS meta-synthesis of field office audits in 2020.

Issue 5: Improve the resource mobilization strategy and development of project pipelines

ESARO had a Resource Mobilization Strategy document covering 2018–2021. ESARO was mandated to provide support to field offices in the region on their resource mobilization activities, including providing technical input and guidance on the completion of project proposals. Due to this role, resource mobilization at the regional level was limited and ESARO struggled to mobilize resources for its own programmes. Existing regional programmes were small and most were due to end in 2020. This was partly by corporate design – in that ESARO should not be competing for resources with other UN Women COs.

The table below depicts the Resource Mobilization Strategy for 2018–2021 and the 2018–2020 RMS data as at 4 June 2020, where the targets compared to the available resources appear unrealistic and need to be revisited during the mid-term review (amounts are in US$ millions):

	Target	Available resources	Resource gaps
SN 2018–21	31.09	19.73	11.36
2018 (DRF & OEEF)	7.70	7.54	0.17
2019 (DRF & OEEF)	11.66	8.07	3.66
2020 (DRF & OEEF)	7.69	1.50	6.19

Source: Executive Dashboard and Results Monitoring Dashboard as at June 2020

The resource gaps could also be due to the limited number of resource mobilization personnel, ESARO had just one Partnership Adviser (an international UNV). Moreover, feedback from the IAS survey indicated that resource mobilization for the region needed further alignment with country needs as some regional activities were independent of CO needs and were not systematically geared to improve CO effectiveness and resource mobilization capacities.

IAS also observed that project pipelines in LEADS (an opportunity management system for projects in the pipeline), were outdated and statuses were not monitored. As at May 2020, ESARO had 19 pipelines in the system totalling more than US$ 21.7 million. However, only five were successful (total probable value of US$ 557,600), five did not materialize (total value of US$ 8,710,587), six had been cancelled (total value of US$ 6,688,105) and three were considered active (total value of US$ 5,816,895). However, one of the active pipelines was created in October 2016, indicating it may no longer be viable. The success, or failure, of these pipelines should be analysed

and used as lessons learned in the development of future pipelines.

ESARO's small project pipeline was partly a reflection of its current stated priority of focusing on supporting COs rather than on its own programmatic work. ESARO only had US$ 818,000 worth of projects with specific objectives supported by a ProDoc.

Recommendation 5 (Medium):

The Regional Director to:

- Review and revise ESARO's Resource Mobilization Strategy with due consideration to the nature and vision for the office and in accordance with the Resource Mobilization and Partnership Strategy PPG.

- Design a funding pipeline programme that is consistent with ESARO's goals and, once available, the RO typology under development by headquarters.

- Analyse the lost and cancelled funding pipelines for lessons learned to be applied in the development of new pipeline projects.

Issue 6: Value for money of interventions

Existing projects tended not to have significant budgets, with greater focus being on forging strategic alliances in the region and providing training where necessary. In some cases, it appeared that limited efforts were made to select more innovative or more effective programming modalities. Some external stakeholders expressed concern about ESARO's perceived inclination to organize resource consuming conferences and training with limited long-lasting and impactful results. Some of these conferences were held in expensive or distant locations (e.g. Mombasa, Diani Beach, Nanyuki, Naivasha, Entebbe). There was a lack of evidence of monitoring and periodic value-for-money assessments to determine whether the interventions performed were cost-efficient, on track and/or continued to be relevant.

The ESARO Regional Evaluation of Capacity Development Initiatives (2017) highlighted the lack of an effective implementation strategy for workshops and training. However, it appeared that ESARO did not effectively consider the recommendations of this evaluation, missing an opportunity to learn lessons and to improve the value for money of its interventions.

Data collected were mostly output or activity based. However, ESARO would benefit from improved outcomes-

based information (results and impact versus cost incurred), which is not only more relevant to understand if ESARO is achieving impact for gender equality and women's empowerment but is required for donor reporting. For example, monitoring reports from one partner focused on individual activities performed during the period without indicating what had been achieved in terms of results compared to costs incurred. Most of ESARO's regional work was consultative in nature, providing technical support and building forums and networks which made it difficult to set concrete and tangible results to be achieved. Due to this, accountability for results or outcomes was not highly emphasized and reinforced.

Moreover, the IAS survey of field offices indicated that ESARO needed to improve the extent to which regional programmatic activities were coordinated and aligned with CO activities.

Recommendation 6 (Medium):

The Regional Director to:

- During project design, explicitly consider the value for money of training and consultation-based interventions (with due regard to the planned location and format of the interventions) and ensure training activities are linked to longer-term capacity building, actionable and measurable results frameworks.

- Systematize the collection and validation of data used to support progress on results achieved and their cost-effectiveness through the development of a more advanced and specific monitoring plan. The plan should include the specific types and sources of data that need to be collected for each results indicator.

Issue 7: Programme and project monitoring and country oversight

Active projects reviewed by IAS were on track with workplans and there were no budget overruns. One project was winding down at the time of audit, but had been started in 2013 and was consistently delayed, with slow delivery of planned actions. In addition, not much progress had been made on the Africa Strategy as previously stated.

Nonetheless, project financial delivery monitoring was well-performed as ESARO spent a lot of time reconciling financial delivery of projects (particularly delivery by partners). The overall delivery rate for 2019 was 84 per cent, up from 80 per cent in 2018. This included 10 Atlas projects

with an aggregate budget of US$ 1.53 million, having a delivery rate of 50 per cent or less. This did not necessarily match with programmatic delivery as evidenced in the SN/AWP monitoring and reporting tools or in the opinion of some stakeholders interviewed. ESARO would benefit from allocating more resources to the validation and reporting of programmatic results.

Validation of results apparently achieved by PPs was not always properly documented. There was a need to revise and improve the validation process with respect to quarterly and annual reporting. Depending on the nature of the intervention, most projects had fragmented and often unreliable means of validating data from PPs.

In addition, the Monitoring, Evaluation and Research Plan (MERP) appeared to be too general and was not well structured or specific. For example, it did not specify the unique monitoring activities to be performed under each project (including who, what, when, where and why).

ESARO lacked dedicated programmatic monitoring resources. The officer responsible for monitoring was also responsible for reporting and had been directed to spend more time working on reporting. There was need to devote more time to country portfolio monitoring and oversight at the regional level.

Recommendation 7 (Medium):

The Regional Director to:

- Allocate more resources to the validation and reporting of programmatic results.

- Document and systematize ESARO's monitoring and data validation process to ensure that sufficient time, resources and attention are devoted to monitoring programmes and projects and supporting the offices in the region, in particular ESARO's sole PPO.

Issue 8: Strengthening programme partner (PP) management

ESARO's monitoring of programmatic delivery by its partners was not well evidenced. IAS's review of monitoring reports noted that many programmatic indicators associated with outcomes and outputs were not adequately reported on and many were left blank. As discussed above, quarterly monitoring reports contained gaps and did not indicate that results were being achieved.

Emphasis was placed on establishing partnerships and then on financial reconciliation, e.g. justification/FACE forms, with less focus on actual programmatic delivery throughout

the life of the project/partnership. For example, one partner had exemplary financial records as evidenced by sample-based FACE form testing; however, ESARO acknowledged that programmatic delivery had taken a very long time. ESARO was only finalizing the project at the time of audit after initiating it in 2013. This was partly due to a lapse in focus on partnership and result-based management throughout the project life cycle. Similarly, another PP had strong financial records, but lacked evidence to support the achievement of impacts and outcomes.

ESARO closely monitored the financial performance of its partners: it verified 100 per cent of PP FACE form supporting documentation. While this is a thorough approach, ESARO should consider whether it is necessary for all PPs. The 100 per cent testing method required a

great deal of time and resources and may detract from ESARO's ability to perform effective programmatic monitoring.

Recommendation 8 (Medium):

The Regional Director to conduct a review and train programme and monitoring personnel on PP monitoring and internal control mechanisms, ensuring that adequate programmatic monitoring takes place against the agreed plans, results versus cost comparison, and that the level of financial monitoring is appropriate based on assessed PP risk profiles. ESARO should consider using the result-based management concept, where feasible, in future Project Cooperation Agreements (PCAs).

B. Governance, risk management and internal controls

ESARO's overall budget was US$ 7.81 million in 2018 and US$ 7.82 million in 2019. In 2020, the budget decreased to US$ 7.24 million.

ESARO's organization chart for 2020 showed the resources deemed necessary to complete its current workplan, which included 43 positions, of which 5 FTA positions were vacant as of January 2020. ESARO was in the process of recruiting to fill these positions.

IAS reviewed ESARO's office structure and capacity, risk management, internal control framework, control environment, office culture and data management processes. While IAS found the overall structure, resources and authority to be in need of strengthening, the control environment and its risk management processes required significant improvement.

KEY ISSUES AND CONCLUSIONS

Issue 9: Strengthening the office structure, capacity and skillset

At the time of the audit, ESARO's organization chart showed 7 vacancies of 43 total positions, or 16 per cent. In a relatively small RO with responsibility for many countries, the vacancies were felt more by those teams affected, particularly the policy advice teams and those with dual roles. The personnel allocations between policy teams did not appear to match the importance represented by the budgets for each Strategic Pillar within the whole region. The Women's Economic Empowerment (WEE) budget for the region decreased from US$ 10.5 million in 2019 to US$ 7.0 million in 2020 and included four posts. The Peace, Security and Humanitarian (PSH) budget decreased from US$ 10.9 million in 2019 to US$ 5.1 million in 2020 and included five posts. Meanwhile, the End Violence Against Women (EVAW) budget increased from US$ 11.7 million in 2019 to US$ 15.4 million in 2020 but only included two posts. The Monitoring and Reporting function only employed one person and ESARO did not have a Procurement Officer, or an emergency and crisis management specialist in the region.

Moreover, ESARO relied heavily on UNVs. At the time of the audit, there were six UNVs in the office, four in the Policy Unit and two in Operations. While drawing on UNVs can provide cost-effective professional contributions towards the achievement of UN Women's priorities, by nature UNVs cannot be expected to remain long term as other opportunities may provide them with greater financial stability.

Due to the absence of a functional statement of ESARO's role in overseeing and technically supporting the region, as well as the lack of a field office needs assessment in the region, it was difficult to fully conclude if ESARO had sufficient resources to complete its work. At the time of

audit, management was aware of the need for a functional analysis and were planning to conduct it.

Recommendation 9 (High):
The Regional Director to perform a functional review of ESARO's capacity, structure, funding and skillset to ensure that key roles are properly covered.

Issue 10: Need for effective risk management

In general, ESARO would benefit from more systematically applying risk management. Not all management decisions were risk-informed, i.e. the basis for some strategic decisions in terms of risks and opportunities were not documented with accompanying mechanisms to manage and monitor risk. For example, when the Regional Director decided to centralize communication with field offices through her office it created a bottleneck and diminished the role of the policy advisers.

Risk management was not fully embedded throughout the office. Projects and operational functions did not have dynamic risk assessments and therefore risks were not fed into the office-wide risk assessment to be periodically reviewed, monitored and updated.

The Enterprise Risk Management (ERM) policy requires that each unit or office perform a risk assessment at least once a year. The results should be uploaded to the Risk Management module in OneApp. At the time of audit, the Risk Management module for ESARO only included five risks (fraud risks for ethics, HR, procurement, programme and assets). No other operational or business risks were included in the register; however, it was later noted that other risks had been archived in an older risk register system and not migrated into the new register.

The SN 2018–2021 included a risk assessment with seven

assessed risks relating to: resource mobilization, HR management, safety and security, programme implementation, coordination, procurement management and project delivery. In addition, the impact level for each risk was set to three out of five. However, it was clear that certain risks had a higher impact (e.g. safety and security; resource mobilization; project delivery; coordination) even if their likelihood was medium or lower.

ESARO was not effective in addressing escalated risks, such as in the Kenya and Somalia offices where strategic risks materialized into issues. IAS survey respondents rated the effectiveness and proactiveness of ESARO's oversight and monitoring with respect to risk management and the results showed that 47 per cent of respondents thought that ESARO met expectations, while the rest said the office partially met or did not meet expectations. This indicates a need for ESARO to improve its support to COs in the area of risk management.

Recommendation 10 (Medium):

The Regional Director to address gaps in risk management by:

- Documenting regional programme/project related decisions based on risk and opportunities analysis.

- Strengthening the risk management oversight process to ensure that ESARO effectively manages high risks escalated by field offices in a timely manner. This includes setting up a process/workflow which identifies emerging risks and opportunities based on monitoring, meetings and documentation.

Issue 11: Strengthening the control environment

ESARO needed to improve its control environment and reinforce ethical values, fraud awareness and prevention. Shortly after the initial internal audit announcement was sent to ESARO in March 2019, the office hired two "Consultant[s] to support UN Women ESARO with Internal Audit preparations". Each contract for the posts – Internal Audit Support Services – was US$ 12,445 for 1.5 months (US$ 24,890 in total). No final report on their work was provided to IAS. In IAS's opinion, these assignments did not add any value and may actually hamper the Internal Audit team's ability to work effectively and identify issues with certain controls. It may prevent an accurate representation of the state of internal controls and is not the best solution for the long-term enhancement of governance, risk management and internal controls. Such consultancies are

more effective post-audit to assist offices in implementing and monitoring audit recommendations in a sustainable manner.

There were indications that the office was not complying with the UN Women Travel Policy in respect to class, frequency and duration of travel and without consideration of the need for management to be present in the office to carry out its daily oversight and supervisory responsibilities.

There was evidence that subordinate personnel approved Purchase Orders (POs) relating to senior personnel.

The fraud risks and mitigating actions included in the risk register were not complete and some of the mitigation measures were too general to be effective. For example, the risk register did not specifically cover travel fraud risk. However, it did provide a mitigation for travel fraud that "enhanced management oversight on approval and liquidation of travel expenses" were needed but it was not specific about how this was to be done, by whom and when. In addition, the HR fraud risk called for "checks on educational qualifications as well as reference checks", but it did not specify how these checks would be made or by whom and when.

Recommendation 11 (High):

The Regional Director to devise a control environment improvement programme that addresses office culture, accepted practices and norms, fraud risk prevention and detection, and develop concrete mitigating actions that are measurable and assigned to specific personnel. Awareness training should be regularly conducted to remind personnel about the importance of internal controls and reporting of wrongdoing.

Issue 12: Improving the Internal Control Framework

The Internal Control Framework (ICF) was last updated and signed by the Deputy Regional Director and Officer in Charge on 27 January 2020.

The Asset Focal Point was the requisitioner for ICT purchases and also conducted the procurement process and acted as a technical adviser on the evaluation panel.

Some transactions relating to the previous Regional Director were approved by a subordinate. Transactions (e.g. Daily Subsistence Allowance) should be approved by someone who is not subordinate and directly reporting to the subject, otherwise there may be inadequate authority which could cause tension and/or a conflict of interest,

actual or perceived.

The Operations Manager reported to the Deputy Regional Director, who was responsible for programme and policy. This could be seen as reducing the independence of the Operations Manager to ensure compliance and could potentially create tension and put pressure on the Operations Manager and Operations team which had an oversight and monitoring role with respect to programme.

Recommendation 12 (Medium):

The Regional Director to enhance ESARO's Internal Control Framework by:

- Establishing a mechanism to ensure that subordinate officers do not approve transactions relating to more senior personnel.

- Segregating conflicting duties in procurement processes and providing training so that future lapses do not occur.

- Transferring the Operations Manager's reporting line to the Regional Director.

C. Operations

Atlas-recorded expenditure for ESARO totalled US$ 6.28 million in 2018 and US$ 6.58 million in 2019. At the time of the audit, according to the organization chart, the Operations team in Nairobi had 13 posts and included an Operations Manager, Finance Specialist, two Finance Associates, an IT Associate, three drivers and two vacancies including a Procurement Analyst. Moreover, there was an HR Unit with an HR Business Partner reporting directly to the Regional Director, an HR Associate and an HR Assistant who provided HR advice to the region. The Operations and HR teams were mainly funded by OEFF.

According to the Procurement dashboard, for 2019, ESARO generated 159 POs for goods and services amounting to US$ 2.4 million (90 per cent related to service procurement), compared to 221 POs in 2018 amounting to US$ 2.7 million (92 per cent related to service procurement). There were 1,052 travel-related POs in 2019 amounting to US$ 1.09 million and 1,407 travel-related POs in 2018 amounting to US$ 1.85 million.[2] During the audit period, ESARO engaged 19 different consultants (SSAs), 11 UN Volunteers and 5 service contractors (SCs). Security and ICT arrangements were provided as part of a joint arrangement at the United Nations Office in Nairobi (UNON).

The audit assessed that, overall, ESARO's operational processes and corresponding controls needed improvement, including in the selection of PPs, procurement and consultant management, and travel.

KEY ISSUES AND CONCLUSIONS

Issue 13: Strengthening procurement

High staff turnover in the procurement function impacted the extent to which the proper process was followed. The Buyer function was performed by one personnel under an SSA contract. This limited and unstable capacity in the procurement function impacted the effectiveness of the procurement strategy. In addition, lack of oversight and monitoring of the procurement function led to the following deficiencies:

- Procurement evaluation committee composition was not diverse enough to ensure sufficient objectivity, i.e. more than one member came from the same programme pillar, including a team leader and a subordinate.

- Proposals that appeared too similar, or appeared to be copied from a previous proposal from a different vendor, were not noticed by those involved in the procurement potentially due to the lack of a centralized repository of proposals.

- The process on the direct contracting was not always properly carried out, or justified.

- The vendor database was not updated regularly based on the annual expression of interest. Moreover, the procurement announcement was not publicly advertised. However, with the newly rolled out eProcurement system, which brought improvement, vendors were required to register to participate in any request for quotation based on pre-established Key Performance Indicators (KPIs) for the deliverables.

- ESARO implemented a phone and internet usage policy granting unlimited spending for the Regional Director, Deputy Director and Operations Manager, which included payment of their home internet and, with approval, key personnel were also allowed to exceed the set spending limit.

The above flaws in procurement controls could reduce the competitiveness of procurement processes which may cause the organization to spend undue amounts of money, reduce transparency and increase the opportunity for potential wrongdoing.

Recommendation 13 (High):

The Regional Director to:

- Strengthen the Procurement Unit by ensuring a stable workforce to carry out the function and that adequate training and oversight are provided.
- Ensure successful use of eProcurement, including better record filing and improved review of proposals for any potential red flags of corruption and/or collusion.
- Under the direction of the DMA/PPG Specialist, review and amend the current policy on phone

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[2] The travel statistics for ESARO may also include travel activity from PPO Somalia, as transactions are administrated with support from ESARO.

usage to include a reasonable spending limit, taking into account best practices and a mechanism to monitor and report excessive usage.

Issue 14: Value for money in the recruitment of consultants

Value for money could be improved in the hiring and/or compensation arrangements for consultants. The following issues were identified:

- Some consultants were home-based and yet their compensation arrangements were based on daily rates instead of lumpsum payments for the planned or expected work output or deliverables. The nature and timing of work were not adequately considered when establishing consultants' compensation packages.

- The daily rate was not primarily based on the required level of professional competence and degree of complexity of the work involved and instead was made commensurate with the consultant's professional qualifications. In addition, the prescribed SSA rates for local consultants were sometimes exceeded, resulting in significantly higher fees.

- Some performance evaluations did not reflect or match the deliverables in the consultant's Terms of Reference (ToR), which supposedly support the release of payments.

- An international consultant was hired for US$ 29,700 to develop a private-sector engagement strategy, while headquarters had already commissioned similar work which could have been used as a starting point and could have lessened the costs and time to complete the new strategy.

It is important to ensure that a proper needs assessment and terms of reference is performed prior to hiring consultants. It is also important to ensure that best value for money is being secured, especially when some outsourced activities can potentially be performed by current personnel, affording them a professional development opportunity. Money saved from more economical investment in consultants could be directly invested in programmatic work.

Recommendation 14 (Medium):

The Regional Director to:

- Conduct an end-to-end risk assessment of ESARO's consultant management and a proper needs assessment to ensure value for money in hiring of consultants.
- Ensure that SMART KPIs are established for every consultant engagement and that performance is evaluated against the KPIs.
- Ensure that deliverables are matched against ToR and that these are fully satisfied before payments are released to consultants.

Issue 15: Strengthening travel management

Travel management could be improved. The following issues were identified:

- In cases of travel by senior management, travel authorization forms were approved by a subordinate.

- Where duty travel was combined with personal leave, telecommuting arrangement, or different place of departure, the cost of personal deviation was not calculated separately, and the incremental cost not charged to the traveller.

- ESARO did not have mission reports for the selected samples reviewed by IAS. These reports determine that the principles of cost-consciousness and focus on results are the primary consideration for undertaking the travel.

- In several cases, travel arrangements were finalized less than 10 days prior to the date of departure. The back and forth messaging between the traveller and the travel processor often led to further delays as the latter tried to accommodate personal requests from the traveller such as preference on departure date(s), place, layover or airline. These delays increased the airfare significantly.

- For travel relating to mixed or combined events, the rule is that the main purpose of the travel is the determining factor. In case of doubt on how to interpret the issue, the matter should be referred to the Procurement Unit at headquarters.

Cost-consciousness, focus on results, prudence and due care had yet to be integrated in travel planning. Moreover, the travel processor and approver did not have adequate authority and training to properly enforce the Duty Travel Policy. It is important to ensure that travel management respects the principles mentioned above and is compliant with policies and procedures in order to obtain the best

value for money from limited resources and to preserve the reputation and good standing of UN Women.

In 2019, IAS conducted an audit of Travel Management at UN Women in which several flaws in the travel management process were raised at the corporate level.

Recommendation 15 (Medium):

The Regional Director to:

- Ensure that travel processors and approvers have adequate authority, accountability and training to discharge their duties.
- Ensure that cost-consciousness, focus on results, prudence and due care are integrated into travel planning.
- While the Atlas Travel & Expense module has not yet been rolled out to ESARO, establish a mechanism to facilitate monitoring and reporting of duty travel, especially non-standard requests and late submission of Travel Requests (TR).
- Remind the traveller of their responsibility for personal deviations and other deviations from travel policy to be planned in advance and authorized by headquarters.

III. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
1. Clarifying ESARO's role and enhancing its capacity to support field offices	1. The Regional Director to: ● Periodically conduct an assessment of field office needs and challenges and develop a plan to address common areas of interest and requirements in policy advice, coordination, programming, operations, etc. ● Establish a process to risk-profile field offices (or update the existing Tier system) in terms of risks, challenges and the capacity required for these risks to be effectively addressed. ● Establish a process to monitor risk profiles focusing on those offices with the greatest needs or highest risks.	Strategic priorities, programme planning and implementation	Regional Director, ESARO	High	The RO takes note and agrees with the recommendation, noting the need for a corporate clarification and standardization on the roles of regional offices vis-à-vis Country office needs. At ESARO, the Regional Support Services document was developed with the objective of further defining these roles and responsibilities. We will therefore build on this document noting good practice. The office is currently engaged is a functional review with the support of the HQ Change Management team. One purpose of this review is to ensure better alignment of the RO structure and processes to meet its responsibilities to better respond to Country Office needs. This review is expected to be completed by the end of June and will inform a restructuring of the organigramme and roles clarification for all staff. Additionally, we expect that the ongoing SN Mid-Term Review will further identify needs and challenges of country offices, which the RO will also use to enhance the Regional Support Services document and structure its day-to-day programmatic as well as functional support to Country Offices. The RO has also identified a need for client service system, to capture operations support requests and define measurable KPIs. During the Regional OM meeting with DMA in 2019, a request was made to IST to consider implementation of such a system and ServiceNow was given as an example of a system that can capture these needs. In April 2020, ESARO volunteered to be a first pilot office outside HQ for IST's Global Service Tracker (GST). As at beginning of May, this client service system is already operational in the ESA region and being used to capture	30 September 2020

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Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					requests both with the RO and from COs in the areas of Finance and Procurement. System Change requests have already been made by RO to enhance GST to capture additional types of requests (such as Regional PRC reviews) and definition of Turn Around Times/KPIs. Operations will submit a new request for consideration by IST of business cases to be developed by Programme teams for the respective areas of support to countries. Operations will also develop an annual country office self-assessment review plan to augment oversight services, based on identified risks and country support needs established via an annual survey on operations support needs.	
	2. The Regional Director to review and revise the current workflow for field requests for regional technical support, by conducting an advanced needs assessment and planning by the regional policy advisers to address multiple requests for technical assistance in the region. In particular, regional policy advisers to contact all field offices during the annual planning exercise, record their needs and develop a plan for technical support based on identified needs, agreed with field offices, and approved by the Regional Director. This workplan should be visible to field offices; provide room to include emerging needs for technical assistance; and should serve as a basis for performance	Strategic priorities, programme planning and implementation	Regional Director, ESARO	High	Related to recommendation 1, the RO's functional review is also aimed at identifying processes that contribute to planning and allocation of resources in response to country office requests (currently mainly demand-driven and with centralized approval). This will include the development of annual plans for provision of programme technical support for country offices and risk-based operations self-assessment missions.	30 September 2020

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Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	management of the policy advisers.					
2. Need for stocktaking of coordination interventions across the region	3. The Regional Director to: • Perform a region-wide review and stocktake of coordination work performed at the country level vis-à-vis available expertise to identify field office needs and challenges in relation to coordination efforts and successful practices that support gender mainstreaming. • Devise a regional support strategy and regional knowledge-sharing platform on coordination for field offices.	Strategic priorities, programme planning and implementation	Regional Director, ESARO	Medium	Through the ongoing functional review and SN MTR, the RO will assess its coordination approach with a view to ensuring consistent participation and leadership in regional processes and in its engagement with the Liaison Office. A coordination outline will be developed and shared with COs so that there is a common understanding of the role of the RO in advancing UN Women's coordination mandate as well as its support to COs.	30 September 2020
3. Need to monitor the cost effectiveness of the Africa Strategy	4. The Regional Director to: • Conduct mid-term reviews of the SN and Africa Strategy. • Draw lessons learned from the development and implementation of the Africa Strategy and ensure they are included in UN Women knowledge management systems.	Strategic priorities, programme planning and implementation	Regional Director, ESARO	High	The RO takes note of this recommendation. Resources allocated to the implementation of the Africa Strategy have been reallocated to the COVID-19 response and largely to the cost containment required by HQ. The aspects of the strategy related to ending child marriage will be pursued through the regional Spotlight Initiative. In the light of these factors, the approaches will be reviewed with adaptations made to the results framework as appropriate. Similar amendments will be made to the SN as a result of the MTR to improve the integration of relevant Africa Strategy elements, in the context of the available resources. ESARO will hold discussions with the other ROs to ascertain their perspectives on the future of the Africa Strategy.	30 November 2020
5. Improve the resource mobilization	5. The Regional Director to: • Review and revise ESARO's Resource	Strategic priorities, programme	Regional Director, ESARO	Medium	The recommendation to review and revise the resource mobilization strategy is welcomed especially given that the	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
strategy and development of project pipelines	Mobilization Strategy with due consideration to the nature and vision for the office and in accordance with the Resource Mobilization and Partnership Strategy PPG. • Design a funding pipeline programme that is consistent with ESARO's goals and, once available, the RO typology under development by headquarters. • Analyse the lost and cancelled funding pipelines for lessons learned to be applied in the development of new pipeline projects.	planning and implementation			ESARO strategic note is currently undergoing a mid-term review. This will enable RO revise its RM targets, better tailor its support to COs and mobilize resource for country offices and RO as well. At the moment, in the COVID response, the RO is providing significant support to mobilise resources for COs. The development of regional proposals is being pursued as well. To support that, the RO is currently undertaking a mapping of resource mobilisation possibilities at the regional level. ESARO will consider increasing human resource capacity in resource mobilization to efficiently support all country offices, address the specific RM needs based on available funding and taking advantage of the virtual decentralisation mechanism. Unfortunately, country offices do not have designated resource mobilization personnel and RO works with focal persons who have other functions and sometimes overburdened by RM related issues. The RO is in agreement and will revise to strengthen the RM strategy for the region. The information will be regularly updated in LEADS to ensure hard and soft pipelines to meet the RM target creating multi-country proposals in support to country offices. With the HQ change management process, the monitoring role will also be looked into to ensure there is enough capacity to carry out this function with the hope that funds can be allocated to further strengthen RO.	
6. Value for money of interventions	6. The Regional Director to: • During project design, explicitly consider the value for money of training and consultation-based	Strategic priorities, programme planning and implementation	Regional Director, ESARO	Medium	Project documents for projects that are still on-going will be reviewed to ensure that the results stipulated are meeting the results of the outputs. ESARO will incorporate outcome data collection in plans,	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	interventions (with due regard to the planned location and format of the interventions) and ensure training activities are linked to longer-term capacity building, actionable and measurable results frameworks. • Systematize the collection and validation of data used to support progress on results achieved and their cost-effectiveness through the development of a more advanced and specific monitoring plan. The plan should include the specific types and sources of data that need to be collected for each results indicator.				using special studies and where this may not be possible, using existing data collection processes. The regional evaluation capacity building report will be reviewed, and findings and recommendations disseminated for consideration.	
7. Programme and project monitoring and country oversight	7. The Regional Director to: • Allocate more resources to the validation and reporting of programmatic results. • Document and systematize ESARO's monitoring and data validation process to ensure that sufficient time, resources and attention are devoted to monitoring programmes and projects and supporting the offices in the region, in particular ESARO's sole PPO.	Strategic priorities, programme planning and implementation	Regional Director, ESARO	Medium	The RO had taken measures to deploy a dedicated full-time staff from RO to be placed in Somalia and support programmatically whilst also providing continued remote support through the RO Operations team. Efforts are ongoing in further strengthening the strategic engagement of PPO through recruitment of CPM (already finalized) and other continued oversight support to program and operations staff which have mostly been recruited only in 2019. Additionally, through the functional review, we expect an adjustment to the organigramme, including the establishment of a Programme Support Unit which will be the focal point for the RO's oversight role for key processes undertaken at CO level. The Strategic Planning and Coordination functionality will also be enhanced through the establishment of a Unit which consolidates related team functions.	31 October 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					Data verification will be planned going forward in consultation with the implementing teams. MERP will be reviewed and strengthened accordingly to be more specific. Given that RO support was usually demand-driven, a more pro-active approach will be undertaken and systems put in place for CO to lodge their needs, especially with regard to Somalia.	
8. Strengthening programme partner management	8. The Regional Director to conduct a review and train programme and monitoring personnel on PP monitoring and internal control mechanisms, ensuring that adequate programmatic monitoring takes place against the agreed plans, results versus cost comparison, and that the level of financial monitoring is appropriate based on assessed PP risk profiles. ESARO should consider using the result-based management concept, where feasible, in future Project Cooperation Agreements (PCAs).	Operations	Regional Director, ESARO	Medium	The RO takes note to the recommendation and will review programmatic monitoring of its programme partners, including provision of deliverables/technical reports to support the achievement of outputs, outcomes and impacts. With regard to the financial monitoring of partners, the RO will adopt guidance from HQ Finance (DMA) on risk-based sampling methodologies for partner financial transactions so as reduce the identified burden of a 100% testing method. Previous training was conducted in RBM. Follow-up support will be provided to ensure taught skills are applied and other capacity gaps identified for action accordingly. More proactive M&E support will be provided. Data verification of partner reports will also be prioritized.	30 November 2020
9. Strengthening the office structure, capacity and skillset	9. The Regional Director to perform a functional review of ESARO's capacity, structure, funding and skillset to ensure that key roles are properly covered.	Governance, risk management and internal controls	Regional Director, ESARO	High	The functional review is ongoing and is expected to be completed by the end of June. Through this, the RO will be – better aligned to meet the needs of country offices and enhance segregation of oversight functions and reduce potential conflict of interest. Functional teams, such as coordination and planning should be strengthened by ensuring the right number of staff working on this important area of UN women's mandate. Coordination and Strategic planning are inter-related and mutually reinforcing. As of 01 May 2020, the positions of the Procurement Analysts and that of the HR Associate have been filled. It is	31 August 2020

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Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					anticipated with HQ leadership that the RO will, as part of ongoing corporate Change Management, conduct further review of its typology and determine its ideal staff-composition mix.	
10. Need for effective risk management	10. The Regional Director to address gaps in risk management by: • Documenting regional programme/project related decisions based on risk and opportunities analysis. • Strengthening the risk management oversight process to ensure that ESARO effectively manages high risks escalated by field offices in a timely manner. This includes setting up a process/workflow which identifies emerging risks and opportunities based on monitoring, meetings and documentation.	Governance, risk management and internal controls	Regional Director, ESARO	Medium	The RO takes note of the recommendation and will continue its active engagement with HQ Risk Management team (ESARO piloted the launch of the fraud and corruption awareness trainings and also hosted the global training ToT in 2019) to expand beyond current risk identification to formalizing risk management approach as recommended. A draft revised Risk Management Policy and Procedure has been circulated by HQ and ESARO will be making contributions, taking into account these findings and recommendations.	31 March 2021
11. Strengthening the control environment	11. The Regional Director to devise a control environment improvement programme that addresses office culture, accepted practices and norms, fraud risk prevention and detection, and develop concrete mitigating actions that are measurable and assigned to specific personnel. Awareness training should be regularly conducted to remind personnel about the importance of internal controls and reporting of wrongdoing.	Governance, risk management and internal controls	Regional Director, ESARO	High	ESARO will engage HQ Risk Management with a view to enhancing its risk management and internal controls. Approval of Travel Authorizations and related ATLAS POs for staff are done on the basis of approved Mission and Leave Plans, for which the RO obtained guidance from HQ procurement in May 2018 regarding approving of POs for the most senior personnel in the office – i.e. once Mission and Leave Plan is approved by DED. ("The ATLAS PO for DSA & ticket can be locally approved by anyone who possesses appropriate ATLAS approval rights"). We believe that this principle enables efficient processing of related TAs and does not prejudice internal control as TAs	30 September 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					are only raised upon receipt of an approved MLP. The RO would appreciate additional guidance/clarity on the indicated misuse of travel policy in order to address any internal control loopholes, noting the very high volumes of travel-related transactions processed by the office. In some UN Agencies, a fixed number of absence days per month/quarter is established within Travel Policy (e.g. 21 days). RO staff are normally alerted of any new changes or cost-effective measures through Staff meetings.	
12. Improving the Internal Control Framework	12. The Regional Director to enhance ESARO's Internal Control Framework by: • Establishing a mechanism to ensure that subordinate officers do not approve transactions relating to more senior personnel. • Segregating conflicting duties in procurement processes and providing training so that future lapses do not occur. • Transferring the Operations Manager's reporting line to the Regional Director.	Governance, risk management and internal controls	Regional Director, ESARO	Medium	The RO takes note of this recommendation and will work with the HQ Change Management team during the planned functional review to address reporting lines. The RO will review its ICF and workflow processes to identify areas where incidences of such approvals may occur, as well as build awareness among staff with DoA on their roles and responsibilities (Recommendation 15 has addressed Travel Authorizations). In the meantime, the Asset Focal Point's role in procurement processes is being reviewed and will be restricted to technical evaluations on ICT.	30 September 2020
13. Strengthening procurement	13. The Regional Director to: • Strengthen the Procurement Unit by ensuring a stable workforce to carry out the function and that adequate training and oversight are provided. • Ensure successful use of eProcurement, including better record filing and improved review of	Operations	Regional Director, ESARO	High	The RO takes note of this recommendation and will seek to review its existing telephone policy, originally developed following consultations with both UN agencies within UNON and HQ. Given the varied markets and products in countries, we would like to suggest that these provisions be primarily guided by common practice of UN Agencies within UNON (e.g. UNDP) as they would already reflect acceptable local market thresholds. The RO recognizes that the Procurement function has	30 September 2020

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Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	proposals for any potential red flags of corruption and/or collusion. • Under the direction of the DMA/PPG Specialist, review and amend the current policy on phone usage to include a reasonable spending limit, taking into account best practices and a mechanism to monitor and report excessive usage.				experienced capacity gaps and the resulting need to strengthen this area. As such, RO had successfully engaged and received consent from HQ Procurement unit for the upgrade of the position (from Procurement Associate (G7) to current Procurement Analyst (NOB). Given the contract modality – Temporary Appointment, ability to retain staff in the role remains a risk, previous occupant having moved to another UN Agency due to the TA modality. Nevertheless, RO has already received commitment from DMA for a review of the position profile/contract modality (FT) to aid with retention as well as capacity to deliver regional support. Internally, the RO is continuously seeking to improve checks and balances as well as capacity-building for staff involved in Procurement (e.g. 2019 CIPS training for ESA Buyers and Operations Managers as well as a revitalized Regional PRC membership). The RO will also review, through the Common Procurement Working Group the existing LTA with the existing contractor (UNICEF-led LTA which expires in July 2020) with a view to establishing alternative options for taxi services, including inviting companies already cleared by UNDSS for competitive bidding. The RO currently conducts its procurement through e-Procurement and coordinated a regional roll-out for 11 ESA country offices in February 2020. RO believes in the usage of e-Procurement for enhanced accountability and transparency and will aim to ensure its success.	
14. Value for money in the recruitment of consultants	14. The Regional Director to: • Conduct an end-to-end risk assessment of the regional office ESARO's consultant management and a proper needs assessment to ensure value for money in hiring of	Operations	Regional Director, ESARO	Medium	The RO accepts this recommendation. a. The RO is of the view that the risk assessment would be best conducted with the promulgation of the new SSA policy which is still pending from HQ. b. The HR team has already developed individual workplan templates for Consultants which has been widely	31 December 2020

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	consultants. • Ensure that SMART KPIs are established for every consultant engagement and that performance is evaluated against the KPIs. • Ensure that deliverables are matched against ToR and that these are fully satisfied before payments are released to consultants.				distributed and also conducted training on ensuring that goals are SMART and aligned with TORs. The HRBP will work with her counterparts in other regions to develop SMART KPIs for consultancies that have been or are being used in other UN Women offices. c. The payment system for consultants already requires progress reports and final reports. Greater attention will be paid to ensure that these reports and deliverables are aligned with the TORs deliverables of the consultant.	
15. Strengthening travel management	15. The Regional Director to: • Ensure that travel processors and approvers have adequate authority, accountability and training to discharge their duties. • Ensure that cost-consciousness, focus on results, prudence and due care are integrated into travel planning. • While the Atlas Travel & Expense module has not yet been rolled out to ESARO, establish a mechanism to facilitate monitoring and reporting of duty travel, especially non-standard requests and late submission of Travel Requests (TR). • Remind the traveller of their responsibility for personal deviations and other deviations from travel policy to be planned in advance and authorized by headquarters.	Operations	Regional Director, ESARO	Medium	This recommendation is well-noted. See additional comments in the Recommendation 12 action plan above.	30 September 2020

Annex 1: DEFINITIONS OF AUDIT TERMS, RATINGS AND PRIORITIES

A. AUDIT RATINGS

Satisfactory	The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
Some Improvement Needed	The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
Major Improvement Needed	The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
Unsatisfactory	The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

High (Critical)	Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.
Medium (Important)	Action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women.
Low	Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Country Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.

UN WOMEN IS THE UN ORGANIZATION DEDICATED TO GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN. A GLOBAL CHAMPION FOR WOMEN AND GIRLS, UN WOMEN WAS ESTABLISHED TO ACCELERATE PROGRESS ON MEETING THEIR NEEDS WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.