



**AUDIT**

**OF**

**UN WOMEN COUNTRY OFFICE**

**IN**

**COLOMBIA**

**Report No. 1222**

**Issue Date: 1 November 2013**

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## Report on the audit of UN Women Office in Colombia Executive Summary

From 3 to 21 June 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) Country Office in Colombia (the Office). The audit covered the activities of the Office during the period from 1 January 2012 to 30 April 2013. During the period reviewed, the Office recorded programme and management expenditures totalling \$3.6 million. This was the first audit of the Office.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

### Audit rating

OAI assessed the Office as **satisfactory**, which means “Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.”

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
<b>1. Governance and strategic management</b>				
1.1 Organizational structure and delegations of authority	Satisfactory			
1.2 Leadership, ethics and values	Satisfactory			
1.3 Risk management, planning, monitoring and reporting	Partially Satisfactory			
<b>2. Programme activities</b>				
2.1 Programme and project management	Satisfactory			
2.2 Partnerships and resource mobilization	Partially Satisfactory			
<b>3. Operations</b>				
3.1 Human resources	Satisfactory			
3.2 Finance	Satisfactory			
3.3 Procurement	Satisfactory			
3.4 Information and communication technology	Satisfactory			
3.5 General administration	Satisfactory			
3.6 Safety and security	Satisfactory			
3.7 UNDP support to Office	Satisfactory			
3.8 Asset management	Satisfactory			
3.9 Leave management	Partially Satisfactory			

### Key issues and recommendations

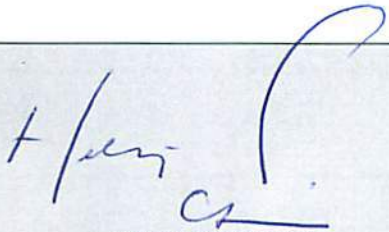
The audit raised 5 issues and resulted in 5 recommendations, of which 1 (20 percent) was ranked high (critical) priority, meaning "Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women and may affect the organization at the global level."

The one high priority recommendation, which is beyond the control of the Office, and requires action by the Programme Division, is as follows:

Risk management, planning, monitoring and reporting (Issue 1)	<p><u>Corporate Issue: Absence of UN Women specific host country agreement.</u> The Office was in the process of negotiating a host country agreement, as requested by the Government. OAI found evidence of fluid communication between the Office and the Ministry of Foreign Relations, and between the Office and other staff of UN Women. However, until the host country agreement is signed, the Country Representative is unable to engage in contractual relationships with external parties which could limit the activities of the Office. The risk and concern is increased, as negotiating the host country agreement may be a protracted process. OAI recommends that the Programme Support Division formalize a procedure for periodically reporting the status of negotiations to the UN Women Executive Office until an agreement is reached with the Government. Such a procedure should include reporting on the negative impact/costs incurred by the Office due to the delays encountered and the risk response to date.</p>
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### Management comments and action plan

The Country Representative and the Director, Programme Division, accepted all five recommendations and are in the process of implementing them. Management comments, including actions taken or being taken are incorporated in the report.



Helge S. Osttveiten  
Director  
Office of Audit and Investigations

## I. Introduction

From 3 to 21 June 2013, OAI conducted an audit of the UN Women Colombia. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

### Audit scope and objectives

OAI audits assess the adequacy and effectiveness of the governance, risk management and control processes in order to provide reasonable assurance to the Executive Director regarding the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with legislative mandates, regulations and rules, policies and procedures. They also aim to assist the management of the Office and other relevant business units in continuously improving governance, risk management and control processes.

Specifically, this audit reviewed the following areas of the Office: governance and strategic management; programme and project activities; and operations. The audit covered relevant activities during the period from 1 January 2012 to 30 April 2013. During the period reviewed, the Office recorded programme and management expenditures totalling \$3.6 million. This was the first audit of the Office.

## II. About the Office

The Office, located in Bogota, Colombia (the Country) had been a Programme Presence since 2005, focusing on women, peace and security. In January 2013, as part of UN Women's Regional Architecture and at the request of the Government, UN Women changed its representation to that of a Country Office. A Country Representative was appointed in February 2013 and was delegated authority on 14 May 2013. The Office had 4 staff and was supported by 5 service contract holders and 3 individual contractors. The Country, which is classified as middle income and home to 48 million people, was still coming to terms with the dimensions of its ongoing internal conflict between the Government and armed groups from both the right and left wing. According to government statistics, the conflicts have resulted in 27,000 kidnappings between 1980 and 2010 and have, since 1958, claimed the lives of more than 200,000 people. Since 1996, 1 out of every 11 Colombian citizens has been internally displaced.<sup>1</sup> Historically, women in the Country have been disproportionately affected by the burden of this conflict, victimized by armed groups representing extreme ideologies, and in many instances, sexually abused. In response, the Government has enacted legislation and programs, placing a special emphasis on women; however, in general, the efforts have been slow to reach those in need. The Office was actively monitoring the ongoing peace dialogue between the Government and the Revolutionary Armed Forces of Colombia - People's Army (FARC-EP), and development partners in the Country were enthusiastic not only of seeing a plausible end to the decades-old conflict, but also of the opportunity to shift their focus on supporting women as peacebuilders.

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<sup>1</sup> ¡Basta Ya! Memorias de Guerra y Dignidad. Centro Nacional de Memoria Histórica. Report published July 24, 2013. Available online at <http://www.centrodememoriahistorica.gov.co/descargas/informes2013/bastaYa/basta-ya-memorias-guerra-dignidad-new-9-agosto.pdf>. Accessed on 19 August 2013.

### III. Detailed assessment

#### 1. Governance and strategic management

Satisfactory

##### 1.1 Organizational structure and delegations of authority

Satisfactory

During the period from January until 30 December 2012, the Office was initially under the leadership of a National Programme Coordinator, and later by an Officer-in-Charge from 10 January until 11 February 2013, when the Country Representative took up her duties. The Country Representative was granted a delegation of authority on 9 May 2013.

OAI reviewed the Strategic Note/Annual Work Plan 2012-2013, and discussed with management the plans to increase the number of personnel to be commensurate with the eventual expansion of the programme portfolio. At the time of the audit, the sole Programme Officer had only recently been appointed to the post, although the position had been encumbered under a service contract modality since 2010 by the same person. The Office was also recruiting a Driver that would devote a percentage of his or her time to assist with archiving duties in the Office.

OAI also reviewed the internal control framework for the Office, which included the delegation of authority to a service contractor for project management functions, which was permitted in UN Women offices, given the limited number of staff holding fixed-term appointments. No issues are being raised.

##### 1.2 Leadership, ethics and values

Satisfactory

OAI reviewed compliance with the requirement for completion of the mandatory ethics training and the policy regarding reporting of outside activities. All staff had taken the mandatory ethics training and no reportable issues were identified.

##### 1.3 Risk management, planning, monitoring and reporting

Partially Satisfactory

#### Issue 1 Corporate Issue: Absence of UN Women specific host country agreement

Agreements between agencies, funds and programmes of the United Nations and host governments of programme countries set the terms and conditions under which the development assistance will be provided. Following the roll-out of UN Women, UNDP continued to provide coverage as it had done for the United Nations Development Fund for Women, or UNIFEM, under its Standard Basic Assistance Agreement, to all UN Women offices globally. However, at the request of some governments, and in particular the Country, UN Women was asked to sign a host country agreement, recognizing the independent nature of UN Women as a new entity of the United Nations Common System.

The Office was in the process of negotiating a host country agreement with the Government. The development of the agreement was being supported by Headquarters and the UN Women Regional Office in Panama City, Panama. The responsibility for negotiating the agreement, however, remained with the Office. OAI found evidence of regular fluid communication between the Office and the Ministry of Foreign Relations, and between the Office and UN Women staff at Headquarters, the Regional Office and elsewhere. Specifically, draft versions of the agreement had been reviewed and commented on by different parties within UN Women, addressing all

proposed amendments to the text of the agreement by the government counterpart. OAI also met with staff at the Ministry of Foreign Relations to obtain their perspective on the status of the negotiations, and learned that some points of the agreement were, at the time of the audit, considered to be non-negotiable. These included, inter alia, provisions in the tax code for exempting the Office from sales and direct taxes, and expected contributions from the Ministry of Finance for the supply of public utilities and security for the Office.

In their response to the draft audit report, management reiterated that negotiations on the host country agreement had been taking place since February 2012 with various levels of Government, including the Vice President and President of Colombia. Most recently, in October 2013, UN Women met with the High Presidential Counselor for Gender Equality of Colombia and raised the matter as well.

Until the host country agreement is signed, the Country Representative cannot, on behalf of the entity, engage in any type of contractual relationships with external parties which could limit the activities of the Office. The lack of an agreement was also mentioned by one donor as an area of concern with regard to funding of development assistance for UN Women, since it poses a level of uncertainty for the Office's future in the Country.

Further, while OAI noted that the Office was taking all necessary steps to address this significant strategic risk, the absence of a host country agreement increases the programmatic, financial and operational risks that may prevent the Office from achieving its mandate in the Country.

<b>Priority</b>	High (Critical)
<b>Recommendation 1:</b>	
The Programme Support Division should formalize a procedure for periodically reporting the status of negotiations on the host country agreement to the UN Women Executive Office until an agreement is reached with the Government. Such a procedure should include reporting on the negative impacts and the costs incurred by the Office as a result of the delays encountered as well as the Office's risk response to date.	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
The Programme Support Division is establishing a procedure for periodic reporting on the status of host country agreements with the Executive Office of UN Women, and UN Women will continue to undertake efforts with the Government to advance this dialogue further.	
Given the need to more closely monitor progress, and to keep abreast of any impacts and implications on UN Women's operations, the Programme Support Division will provide monthly reports on the status of the host country agreements, including any implications of delays to the Executive Office.	
Additional information from management has been incorporated into the audit observation.	

## 2. Programme activities

Satisfactory

### 2.1 Programme and project management

Satisfactory

The Strategic Note/Annual Work Plan for 2012-2013 dated 10 January 2012, indicated the Office's intention to implement projects linked to three goals of the Global Strategic Plan, namely, Goal 1 - women's increased leadership and participation in decisions that affect their lives; Goal 3 - preventing violence against women and girls and expanding access to victim/survivor services; and Goal 4 - women's leadership in peace, security and humanitarian response. The planned expenditures to achieve the development results framework for 2012 were \$4.9 million, with an additional \$0.4 million of expenditures for the management of the results framework. The Office performed a mid-term review of the Strategic Note/Annual Work Plan as part of its 2013 programme planning exercise, which indicated that the Office planned for total development and management expenditures of \$2.1 million in 2013.

As of 30 April 2013, 7 of the 11 development projects had been operationally completed in 2012, leaving 4 active projects, 2 of which had been extended to 2013.

OAI selected two ongoing development projects (00072306 - Peace building, and 00073012 - Truth, Justice and Reparation) and two closed projects (58702- Safe Cities, and 60683 - Women Peace and Security) for detailed review, as shown in the below table.

Project ID	Project name	2012			2013		
		Budget \$ '000	Expenditures \$ '000	Delivery %	Budget \$ '000	Expenditures to 30 April 2013 \$ '000	Delivery to 30 April 2013 %
58702	Safe cities	93	95	102	0	0	0
60683	Women Peace and Security	143	142	99	0	0	0
72306	Peace Building	823	515	63	214	87	41
73012	Truth, Justice and Reparation	1,323	1,285	97	1,542	335	22
<b>Total</b>		<b>2,382</b>	<b>2,037</b>	<b>85</b>	<b>1,756</b>	<b>422</b>	<b>24</b>

OAI also reviewed the development goals in the Strategic Note/Annual Work Plan 2012-2013 and compared the related budgets uploaded in Atlas with the actual expenditures recorded against each goal. OAI noted variances between the approved budgets and the actual budgets recorded in Atlas. Such variances could impact the Office's ability to achieve the specific goal. The Office indicated that such an alignment of the Strategic Note/Annual Work Plan 2012-2013 with projects had not been done previously, but that with the arrival of the Country Representative, the work plans for each project had been adapted and implementation plans had been developed to ensure consistency with the Strategic Note/Annual Work Plan 2012-2013. At the time of the audit, OAI raised concerns about the programme sustainability related to the Office's ability to build its portfolio, given the political and strategic challenges noted in Issue 1. As this matter has been detailed in the Governance and Strategic Management section of this report, no issues are being raised in this area.

OAI noted that the Office was refining the annual work plans and preparing concept notes for presentation to its partners, some of which although in draft form, had been shared with the audit team. Further, the Office was monitoring its projects and managing its partnerships in accordance with the Strategic Note/Annual Work Plan 2012-2013. Visits to two Implementing Partners, which included one government partner, confirmed positive



collaboration to date. Further, Implementing Partners anticipated more projects in the future. OAI noted one medium ranked issue that required attention as detailed below.

**Issue 2**      Improvement needed in controls and documentation for the liquidation of advances to partners

The UN Women Programme and Operations Manual chapter titled 'The Cash Advances and other Cash Transfers to Partners', requires that supporting expenditure documentation such as invoices and receipts be received from Implementing Partners with the submission of Funding and Certification of Expenditures (FACE) forms in support of the liquidation of advances. In addition, upon receipt of the expenditure documents, and prior to returning the documents to the Implementing Partner, the UN Women Project Manager should stamp each individual receipt and invoice in order to ensure that they are marked as having been processed, in order to avoid duplication of processing.

OAI reviewed supporting documents for 12 requests and liquidations of advances from 7 Implementing Partners and noted that:

- For the liquidated advances, none of the copies of invoices retained on file had been stamped indicating that they had been processed. The lack of a stamp on the original invoices/documents increases the risk that the documents may be used to claim reimbursement from another project or UN agency.
- FACE forms were not accurately completed, as the column that should contain the amount to be liquidated by the support documentation being submitted with the FACE form, instead reflected the total amount liquidated to date. Therefore, it was not possible to reconcile the total voucher amounts and classifications with the supporting documents.
- FACE forms and supporting documents provided by the Implementing Partners did not include account classifications, making it difficult to verify the accounting classifications. The Office had provided the Microsoft Excel spreadsheets used to arrive at the cumulative amounts charged against each Atlas account and the amounts reconciled to the individual expenses account. Despite this workaround, OAI discussed with the Office the inefficiency of this process and indicated that it would be best for the Implementing Partner to list the account numbers or account classifications against the payments to aid subsequent verification of allocations.

Submission of documentation to support the liquidation of advances which is not complete and/or does not include the necessary information, results in inefficient processing of and accounting for the liquidated expenditures by the Office. It may also result in the inaccurate reporting of expenditures made by Implementing Partners, or the acceptance of unallowable expenditures. Further, non-compliance with the control requirement to cancel original documents once they are processed increases the risk of impropriety and fraud.

<b>Priority</b>	Medium (Important)
<b>Recommendation 2:</b>	
<p>The Office should improve its control over the liquidation of cash advances by complying with the 'Cash Advances and other Cash Transfers to Partners' chapter in the Programme and Operations Manual, including:</p> <ul style="list-style-type: none"> <li>(a) ensuring that programme personnel stamp all supporting documents;</li> <li>(b) updating the FACE forms template used by Implementing Partners to include account classifications; and</li> <li>(c) requiring that Implementing Partners correctly complete FACE forms.</li> </ul>	
<p><b>Management comments and action plan:</b>    <input checked="" type="checkbox"/> Agreed    <input type="checkbox"/> Disagreed</p> <p>Management initiated the following actions to implement the recommendation:</p> <p>An official stamp was procured and is being used by programme personnel to stamp all the supporting documents submitted by the Implementing Partners. Also, management has updated the FACE forms used by the Implementing Partners to include account classifications. They had also begun training Implementing Partners to ensure that they are able to fill out the FACE forms correctly.</p>	

## 2.2 Partnerships and resource mobilization

Partially Satisfactory

### Issue 3      Delays in securing non-core funding

Developing strategic partnerships and mobilizing resources are instrumental to the sustainability of a Country Office. According to the corporate Resource Mobilization Strategy for UN Women 2012-2014, UN Women offices in the field are required to establish effective partnerships and to implement a resource mobilization strategy in conjunction with the office's corresponding action plan. This plan should be updated periodically to reflect progress made and contextual changes that can limit the attainment of financial targets.

The Office had a Resource Mobilization Plan for 2013-2014 which aimed to raise \$4 million in non-core funding during the biennium.<sup>2</sup> The Office was also exploring the possibility of establishing partnerships with the private sector and various foundations. At the time of the audit, the Office had secured funding from two donors whose contributions were expected to be depleted by the end of 2013, and the Office was in the process of discussing the possibility of a no-cost extension with one of them. However, no new sources of funding had been secured by the Office as of June 2013. Substantive work to present technical proposals for projects to donors was in progress, and the Office intended to engage the services of a consultant to assist with additional research on new and potential donors. The Office indicated that subsequent to the audit mission, negotiations were at the advanced stage with four donors to support the Country Programme with expected commitments ranging from one to four years.

Based on discussions held with two donors and several government counterparts, the push to include gender matters on a national level in the Country had been largely donor-driven. However, these efforts could have been advanced through the conduct of regularly held meetings of the *Mesa de Genero de la Cooperacion*

<sup>2</sup> For the biennium, the shortfall in funding for 2013 was \$0.5 million; for 2014, the amount to be mobilized is \$3.5 million.

*Internacional en Colombia*, or Donors' Gender Roundtable in Colombia. The Office provided the technical secretariat function for the Roundtable, which served as a unique forum for discussion for gender-related issues. Once active, the Roundtable plenary session had not been convened in 2013. At the time of the audit, management informed OAI that the first meeting of the Roundtable for the year would identify a new Chair.

The absence of additional non-core funding poses a risk for the Office's plans to grow its programme portfolio to better reflect the Country Office role for which it has been chartered. Without such funding, there is an increased likelihood that programme and operations may not be sustainable.

<b>Priority</b>	Medium (Important)
<b>Recommendation 3:</b>	
<p>The Office should take immediate steps to strengthen its partnerships and resource mobilization efforts, including:</p> <ul style="list-style-type: none"> <li>(a) increasing its efforts to mobilize funds in accordance with its Resource Mobilization Strategy;</li> <li>(b) expediting its outreach to potential donors and targeted follow-up with those who express interest in funding UN Women activities; and</li> <li>(c) reactivating the secretariat function of the Donors' Gender Roundtable.</li> </ul>	
<p><b>Management comments and action plan:</b>    <input checked="" type="checkbox"/> Agreed    <input type="checkbox"/> Disagreed</p> <p>Management initiated actions to implement the recommendation, as follows:</p> <p>The Office had obtained commitments of funding in excess of 75 percent of its resource mobilization target for the 2013-2014 biennium. Management also highlighted that the Office has reached out to four key donors in the Country seeking a commitment for multi-year non-core funding, and indicated that negotiations are at an advanced stage. Management added that the Office is in the process of developing programme documents following a funding commitment of a minimum \$3 million for 2014, and a threshold commitment of annual non-core contributions of \$2 million until 2017.</p> <p>Regarding its secretariat role, the Roundtable was convened on 22 July 2013 and one donor was appointed as its new Chair. In addition, the Office commissioned an analysis of its coordination role, including opportunities under the new chair, and identified coordination activities which can be supported with the leadership of UN Women.</p>	

**3. Operations** **Satisfactory**

**3.1 Human resources** **Satisfactory**

At the time of the audit, the Office was under the leadership of a Country Representative and three additional staff holding fixed-term appointments (National Programme Officer, Finance Associate, and Procurement Assistant). The Office was also being supported by five personnel holding service contracts and three individual

contractors.<sup>3</sup> The Office had reduced the number of service contractors in February 2013, as it shifted its focus to becoming a Country Office to better align the existing resources with plans for further growth. Staffing plans for the Office included expanding its programme staff to include another National Programme Officer and a Driver.

OAI reviewed the files of the three staff holding fixed-term appointments and of one who had held a temporary appointment but left the Office during the audited period. OAI noted that, in general, personnel at the Office did not have adequate English language skills. In two cases, the English language assessment conducted for recruitment purposes indicated that the level of command of the English language was lower than the post requirement. The Office had taken steps to provide training to improve English language skills, and based on the cost estimates, would implement a learning plan.

In its review of benefits and entitlements, OAI found a staff member who was eligible for, and was receiving a rental subsidy. However, the amount of the subsidy was calculated incorrectly by the Staff Administrative Services, Benefits and Entitlements Section in Copenhagen. Since immediate corrective action was taken to adjust the subsidy amount and to recover the funds that were paid in excess of the amount due, no issue is being raised.

### 3.2 Finance

Satisfactory

The Office's one Finance Associate was responsible for management of the finance function.

The Office had processed 962 vouchers during the audited period with a total value of approximately \$3.7 million. OAI randomly selected a sample of 47 vouchers totalling approximately \$0.93 million, for review. OAI found that generally, payments were made only after determination of the satisfactory receipt of goods and services and that due care was exercised to ensure that only valid invoices were paid. Initially, OAI noted 21 vouchers totalling \$0.4 million where insufficient information was included in the payment file. However, subsequent to completion of the audit fieldwork, the Office retrieved the additional documents from project files which had also been used to support the payments and shared them with the audit team. Upon review of the additional documentation, one medium priority issue related to the adequacy of supporting documents for the liquidation of advances to Implementing Partners remained, and this has been detailed in Issue 2. Therefore, this area has been rated as "satisfactory."

### 3.3 Procurement

Satisfactory

The Office had one buyer who was responsible for raising all purchase orders and for management of the procurement function. During the audit period, the Office had raised 279 purchase orders totalling \$2.6 million. The majority of the purchase orders raised in the period were for the procurement of consultancy services. For the necessary reviews, clearances and approvals of all procurement activities, the Office was supported by the UN Women Sub-Regional Office in Ecuador, UN Women Headquarters and UNDP Colombia.

OAI selected a sample of 34 purchase orders totalling \$1.2 million and reviewed the procurement process for efficiency and effectiveness as well as for compliance with the Programme and Operations Manual. No significant deviations from the procurement guidelines were noted, with the exception of noted delays between

<sup>3</sup> Although UN Women uses the Special Service Agreement contract modality, when UNDP contracts on behalf of UN Women, as was the case in the Office in Colombia, UNDP issues individual contracts.

the date the sampled purchase orders had been created and the date when they were approved, ranging from 3 to 241 days. Since the review indicated that for 2013, the length of these delays had been reduced to a range of 4 to 14 days, with one exception of 57 days, no issue is being raised.

OAI also noted that the Office had not prepared a consolidated procurement plan for 2013 and that project implementation plans only for Projects 86305 and 85326 had been available at the time of the audit. Subsequent to the audit, and in line with OAI's suggestions, the Office prepared project implementation plans for all projects and the project requirements were consolidated into one procurement plan for July to December 2013. As the Office had proactively taken action on this issue, no recommendations are being made in this report.

### 3.4 Information and communication technology

**Satisfactory**

OAI reviewed the set-up of the information and communication technology function in the Office. To provide support, the Office had retained the services of a contractor who was available on-site, twice a week, and via telephone or email to provide end-user support on demand. The Office had a server and performed daily back-ups of the data.

#### **Issue 4**      Lack of a disaster recovery plan

In the event of a disaster or emergency, it is critical that the Office is able to quickly resume its operations and continue to deliver services. Best practices for business continuity disaster preparedness plan require that the plan be periodically tested, reviewed and updated. One of the essential elements of a disaster recovery plan is the plan for the recovery of the information technology infrastructure and data. This plan must be established for each office in order to assess the probability of occurrence and the anticipated impact of potential emergencies in order to devise appropriate countermeasures to ensure that critical business functions linked to information and communication technology can continue with minimal limitations and/or disruptions. In cases where this plan is implemented by another agency, the best practice is for the Office to appoint a focal point for disaster recovery, who is then responsible for knowing how such plans relate to the Office, how the plan will be put into effect and what to do if a disaster were to occur.

OAI noted that the Office had been exploring the possibility of implementing disaster recovery procedures, but at the time of the audit, no decision had been made. Further, these elements were not included in the Service Level Agreement with UNDP. For disaster recovery, one of the options being explored was a cloud computing solution for data storage, but the cost considerations were a limiting factor.

Without a disaster recovery or business continuity plan, the Office is at risk of losing critical information and resources, and at risk of not being able to resume operational activities in the event that a disaster or emergency occurs.

<b>Priority</b>	Medium(Important)
<b>Recommendation 4:</b>	
The Office should develop and implement a disaster recovery plan in order to ensure the integrity and security of critical data and information.	

**Management comments and action plan:**     Agreed     Disagreed

Management initiation action to implement the recommendation and indicated that the Office was in the process of developing its business continuity plan with support from UN Women Headquarters and has engaged UNDP Colombia to provide support with IT services. Also, the Operations Management Team will be holding a workshop in November 2013 which will further support the development of the business continuity plan.

### 3.5 General administration

**Satisfactory**

OAI reviewed the most recent lease agreement of the Office signed by the UN Women Office in Ecuador, in September 2012. The Office was sub-letting space to the UNOPS Office in Colombia, which allowed for a cost recovery of \$18,240 per year.

OAI reviewed a sample of records related to 11 instances of travel and noted that the United Nations Voucher for Reimbursement of Expenses, or F-10 forms, were appropriately completed and filed. The UN Country Team had agreed on reduced Daily Subsistence Allowance rates for national travel and reimbursement of the actual cost of terminal expenses, as a means to contain costs. It was noted from the sample reviewed, that in 2012, all domestic travel for service contractors had been reimbursed based on actual invoices/expenses. Also, no F-10s had been filed for these trips, which is contrary to the travel guidelines. It was noted that for the travel relating to 2013 included in the sample, this practice had been revised and all travellers had filed an F-10 to liquidate travel advances and expenses. OAI is not raising an issue.

### 3.6 Safety and security

**Satisfactory**

OAI met with management at the United Nations Department of Safety and Security to learn about specific threats to UN Women or to any gender-related projects being implemented by other United Nations agencies, to determine if the projects were targeted due to their gender focus. No threats or actual harm had been reported during the audit period.

OAI also reviewed and validated select items from the Office's Security Assessment Report submitted to UN Women Headquarters in support of the entity's global security information and funding, which helps the Global Security Advisor at UN Women prioritize funding support for security-related projects globally. No issues were noted. It is worth mentioning that the Office had participated in a city-wide evacuation drill sponsored by the city government. The Office was also in the process of developing a business continuity plan. Lastly, OAI discussed with management a project set up by the Office to manage security-related expenditures using an allocation from Headquarters. This project involved the procurement of several items, including a vehicle (a process to be managed by UNDP using its diplomatic vehicle allowance, for which UNDP did not anticipate any problems or delays) and a protective film for the Office windows as an added security measure. Since actions had been taken by the Office to advance the implementation of this project, no issue is being raised.

### 3.7 UNDP support to Office

**Satisfactory**

UNDP Colombia provided operational support to the Office. The services provided included: human resources (recruitment and processing of fixed-term appointments for national staff); finance (paycycle) and the filing of tax reimbursements with the Government; procurement; visa and protocol services; and security. The fees

assessed by UNDP for the provision of these services were based on the Universal Price List. The review did not indicate that any issues or problems had been raised by either the Office or UNDP regarding the services or payments. OAI met with those responsible for operational areas at UNDP Colombia who explained that the services had historically been provided under a corporate Memorandum of Understanding (signed in 2000 and another one in 2004). However, such agreements were not country-specific, which limited the information available to manage specific processes and timeframes. At the time of the audit, the Office and UNDP Colombia were in the advanced stages of negotiating a Service Level Agreement for the provision of the aforementioned services. Therefore, no issue is being raised.

### 3.8 Asset management

**Satisfactory**

OAI verified a sample of fixed assets valued at \$29,000 that had been certified by the former UN Women Sub-Regional Office in Quito, Ecuador but were assigned to the Office. Of the assets verified, one valued at \$2,000 was incorrectly identified in Atlas as being physically located in Ecuador when it was, in fact, located in the Office. Since the Office took this into account when preparing the mid-year asset certification to the Office in Ecuador in July 2013, no issue is being raised.

### 3.9 Leave management

**Partially Satisfactory**

OAI reviewed the leave records for all personnel in the Office. According to the UNDP Service Contract Users Guide, which is used by UN Women, service contract holders can accrue annual leave, however, are not eligible for pay-out of unused annual leave upon the expiration of the contract. OAI found that four service contract holders who were no longer working with the Office had their contracts renewed from December 2012 to February 2013 to allow for them to take their accrued annual leave while in service, which is a de-facto pay-out of annual leave, and which was an additional cost to the Office of approximately \$6000. Service contract holders are not entitled to have their unused annual leave commuted to cash. OAI raised this with issue with management, along with the need to monitor the use of annual leave by service contract holders so as to avoid similar situations in the future.

#### **Issue 5**      Inaccurate annual leave recording in Atlas

Under the International Public Sector Accounting Standards, annual leave must be recorded at the beginning of the year as a liability. Leave Monitors must keep track of attendance, which is then used to record leave data in Atlas and serves as the primary source for reconciling leave record variances.

OAI tested leave records for two staff and noted variances between Atlas and the paper based files, as follows:

Staff	Leave as of 31 March 2013 in Atlas	Leave as per Leave Monitor records
1	7.5	2

Staff	Leave as of 31 December 2012 in Atlas	Leave as per Leave Monitor records
2 <sup>4</sup>	17.5	2

In the case of staff member 1, the error occurred because the Office had not obtained a certified annual leave record from the releasing unit, which serves as the basis from which leave is then accrued and recorded in the new (receiving) unit. In the case of staff member 2, who has since separated from UN Women, the leave that was recorded in Atlas by staff at the former UN Women Sub-Regional Office in Ecuador was incorrect, but had gone undetected and/or uncorrected for more than six months. However, the payout of annual leave was correct, as it had been based on the Leave Monitor's records. The variance of 15.5 days which appeared in Atlas had been discovered by the Office of Human Resources in Copenhagen in May 2013, and brought to the attention of the Office, which was taking steps to clarify the discrepancy.

Annual leave accrual discrepancies can pose a risk for UN Women since corporate resources must be encumbered for the reported liability even though it is not an actual (or accurate) financial obligation. In cases where staff receive a cash payment for unused annual leave, incorrect balances can lead to underpayment or overpayment of the entitlement.

<b>Priority</b>	Medium (Important)
<b>Recommendation 5:</b>	
<p>The Office should improve its management of leave by ensuring:</p> <ul style="list-style-type: none"> <li>(a) accurate recording of the paper-based leave records, and of the annual leave entered into Atlas;</li> <li>(b) that the paper-based leave records are reconciled to the data recorded in Atlas on a regular basis; and</li> <li>(c) the accuracy of the leave record and pay-out of the separated staff member.</li> </ul>	
<b>Management comments and action plan:</b> <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
<p>Management initiated actions to implement the recommendation and has since been certifying the manual leave records for staff and service contract holders and is performing monthly reconciliations. Further, the Office has begun to update and monitor leave balances in Atlas using E-services though it has faced some technical challenges. The Office will be requesting additional support and training from HQ to help address the challenges.</p>	

<sup>4</sup> Staff member has since left the organization.



## ANNEX Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

UNDP provides internal audit services to UN Women on the basis of a Service Level Agreement. Thus, the following definitions are also applicable to UN Women audits.

In providing the auditors' assessment, the Internal Audit Services of UNDP, UNFPA, UNICEF and WFP use the following harmonized audit rating definitions. UNDP/OAI assesses the Country Office or audited HQ unit as a whole as well as the specific audit areas within the Country Office/Headquarters unit.

- **Satisfactory** Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity. *(While all UN Women offices strive at continuously enhancing their controls, governance and risk management, it is expected that this top rating will only be achieved by a limited number of business units.)*
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity. *(A partially satisfactory rating describes an overall acceptable situation with a need for improvement in specific areas. It is expected that the majority of business units will fall into this rating category.)*
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised. *(Given the environment UN Women operates in, it is unavoidable that a small number of business units with serious challenges will fall into this category.)*

### B. PRIORITIES OF AUDIT RECOMMENDATIONS

The audit recommendations are categorized according to priority, as a further guide to UN Women management in addressing the issues. The following categories are used:

- **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 and may affect the organization at the global level.
- **Medium (Important)** Action is required to ensure that UN Women is not exposed to significant 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 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.