



AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

HAITI

Report No. 1224

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Table of Contents

Executive Summary	i
I. Introduction	1
II. About the Office	1
III. Detailed assessment	2
1. Governance and strategic management	2
1.1 Organizational structure and delegations of authority	2
1.2 Leadership, ethics and values	3
1.3 Risk management, planning, monitoring and reporting	3
2. Programme activities	5
2.1 Programme and project management	5
2.2 Partnerships and resource mobilization	8
3. Operations	9
3.1 Human Resources	9
3.2 Finance	9
3.3 Procurement	10
3.4 Information and communication technology	11
3.5 General administration	11
3.6 Safety and security	11
3.7 Operational Support Provided by UNDP	11
3.8 Asset management	12
3.9 Leave management	12
ANNEX Definitions of audit terms - ratings and priorities	15

Report on the audit of UN Women Country Office in Haiti Executive Summary

From 19 August to 6 September 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 Haiti (the Office). The audit covered the activities of the Office during the period from 1 January 2012 to 30 June 2013. During the period reviewed, the Office recorded programme and management expenditures totalling \$2.8 million. This was the first time OAI conducted an 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 **partially satisfactory**, which means “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.” This rating was mainly due to delays in securing non-core funding, long-outstanding advances to Implementing Partners which had not been liquidated and deficiencies in the management of the records in the Office. Ratings per audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				
1.1 Organizational structure and delegations of authority	Partially Satisfactory			
1.2 Leadership, ethics and values	Satisfactory			
1.3 Risk management, planning, monitoring and reporting	Unsatisfactory			
2. Programme activities				
2.1 Programme and project management	Partially Satisfactory			
2.2 Partnerships and resource mobilization	Unsatisfactory			
3. Operations				
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 Operational Support Provided by UNDP	Partially Satisfactory			
3.8 Asset management	Satisfactory			
3.9 Leave management	Partially Satisfactory			

Key issues and recommendations

The audit raised 8 issues and resulted in 8 recommendations, of which 4 (50 percent) were 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 overall ranking of the recommendations took into account the context the Office was operating within and the factors that were beyond the control of the Office.

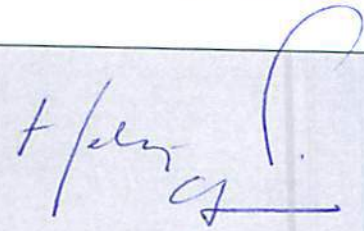
The high priority recommendations are as follows:

Organizational structure and delegations of authority (Issue 1)	<u>Inadequate operational and programmatic capacities.</u> The Office did not have an adequate organizational structure or a sufficient number of staff to be able to fully deliver on its mandate in the Country. In particular, the Office only had three programme staff expected to work on five thematic areas in the Strategic Plan/Annual Work Plan 2012-2013. Also, the Operations Manager post was vacant since September 2012 and recruitment process was cumbersome and not yet completed at the time of the audit fieldwork. OAI recommends that the Office redefine and improve its operational and programmatic capacities, which should include: (a) reviewing and determining the resources and organizational structure required to deliver on the five thematic areas as outlined in the Strategic Note/Annual Work Plan 2014-2016; and (b) expediting the recruitment of the Operations Manager.
Risk management, planning, monitoring and reporting (Issue 2)	<u>Poor management of records and documents to support decisions taken.</u> OAI noted that staff were not using the existing electronic filing system, and the Office lacked a structured approach to managing all of their records and documents that supported decisions taken. As a result, OAI was unable to obtain assurance on some programmatic activities that were reported as having been undertaken by the Office and its Implementing Partners. OAI recommends that the Office improve the management of all official records and documents by: (a) developing and communicating a records management policy, which should include providing guidance on the use of the existing electronic filing system; and (b) maintaining proper and complete documentation for all decisions taken, including those related to projects and Implementing Partners.
Programme and project management (Issue 4)	<u>Long-outstanding advances to Implementing Partners.</u> As at 4 September 2013, the Office had outstanding cash advances of approximately \$0.3 million, or 11 percent of the total expenditures of \$2.8 million. Two advances totalling \$59,000 had been outstanding for over 20 months. OAI recommends that the Office comply with the Programme and Operations Manual relating to cash advances and immediately undertake the necessary follow-up actions on all long-outstanding advances. This should include obtaining a detailed status update of each outstanding cash advance and measures taken by the Implementing Partners to expedite the liquidation process. Where such actions are not successful, the Office should request refunds from the concerned partners.
Partnerships and resource mobilization (Issue 5)	<u>Absence of a comprehensive resource mobilization strategy and action plan.</u> The Office did not have a fully developed resource mobilization strategy and action plan, which contributed to the lack of new sources of non-core funding in 2013. OAI recommends that the Office develop its resource mobilization strategy and action plan after the

approval of the 2014-16 Strategic Note/Annual Work Plan, to reach out to new donors and follow up with any potentially interested parties. This should include requesting that individuals with fundraising experience assist the Office with meeting its fundraising targets.

Management comments and action plan

The Country Representative accepted all eight recommendations and the Office is in the process of implementing them.

A handwritten signature in blue ink is enclosed in a rectangular box. The signature is cursive and appears to read 'Helge S. Ostveiten'.

Helge S. Ostveiten
Director
Office of Audit and Investigations



I. Introduction

From 19 August to 6 September 2013, OAI conducted an audit of UN Women Haiti. 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.

The audit reviewed governance and strategic management, programme activities, and operations of the Office. The audit covered relevant activities during the period from 1 January 2012 to 30 June 2013. During the period reviewed, the Office recorded programme and management expenditures totalling \$2.8 million. This was the first audit that OAI conducted of the Office.

II. About the Office

The Office, located in Port-au-Prince, Haiti (the Country), consists of one international staff member, three local staff members and five service contract holders. The Office transformed from a Programme Presence (formerly reporting to the Multi-Country Office in Barbados¹) to a Country Office in January 2013, following a reorganization of UN Women's presence in the field. Pending the Delegation of Authority to the Country Representative, at the time of the audit, the Office operated under the authority of the Regional Office in Panama. The Office was mainly engaged in community-led work in camps for internally displaced persons; direct provision of services through safe houses; economic empowerment programmes for women survivors of violence; and improving national planning and budget processes.

Ranked as the poorest country in the Western hemisphere, 80 percent of Haiti's 9.8 million people live below the poverty line. With a GDP per capita of \$1,300 and the highest prevalence rate of HIV in the Caribbean (about 2 percent),² the Country faces multiple and, long-standing challenges, such as curbing poverty, weak physical infrastructure and fragile health-care coverage. Political unrest has led to a series of changes in leadership, resulting in the establishment of the United Nations Stabilization Mission in Haiti in 2004, with a mandate to restore and secure a stable environment, as well as to promote and protect human rights, amongst others. Some parts of the Country have yet to recover from the destruction caused by the earthquake of January 2010, which resulted in over 300,000 casualties and left 1.5 million Haitians homeless. Over the years, and accentuated with periods of civil unrest and natural disasters which have displaced thousands into camps, women in the Country have been particularly vulnerable to sexual violence and have made limited progress in achieving economic empowerment.

¹ At the time, the UN Women Sub-regional Office in Barbados.

² The CIA Factbook, accessed October 10, 2013, <http://cia.gov/library/publications/the-world-factbook/geos/ha.html>

III. Detailed assessment

1. Governance and strategic management

Partially Satisfactory

1.1 Organizational structure and delegations of authority

Partially Satisfactory

In January 2012, the Office functioned as a Programme Presence, managed by a National Programme Coordinator. Then in December 2012, with the restructuring of UN Women's regional architecture, the Office transitioned to a Country Office and a Country Representative was appointed in early January 2013. During its time as a Programme Presence, the Office was directly managed by the Multi-Country Office in Barbados, which was responsible for operations in Haiti.

OAI reviewed the Strategic Note/Annual Work Plan 2012-2013, the organization chart, the internal control framework and job descriptions. At the time of the audit, the Office had not received its delegation of authority but already reported directly to the UN Women Regional Office in Panama based on the new regional architecture. As the Office had already taken steps to meet the criteria for receiving delegation of authority, no issue or recommendation is being raised in the report. However, a high priority issue on operational and programmatic capacity was noted as detailed below.

Issue 1 Inadequate operational and programmatic capacities

The transition from a Programme Presence to a Country Office entails the assumption of greater responsibilities and authority over programme implementation and operations. Best practices in organizational change highlight the importance of having an adequate organizational structure that is drawn on an updated organization chart and sufficient staffing.

The Strategic Note and Annual Work Plan 2012-2013 indicated that the Office planned to deliver programmes in five thematic areas (political participation; economic empowerment; ending violence against women; women's leadership in peace, security and humanitarian response; national planning and budget processes). However, the current staffing consisting of three programme staff and an unstable funding situation prevented the Office from fully pursuing these five themes.

In addition, OAI noted that the post of Operations Manager had been vacant since its creation in September 2012. The recruitment process was cumbersome and repeated several times. It was first advertised by UN Women Headquarters as an international temporary appointment, and then re-advertised as a national officer position through UNDP Haiti. The latest shortlisting of candidates for the position was being carried out by UNDP Haiti. With no Operations Manager, the relevant responsibilities were allocated and assigned to staff and some contract holders. The presence of an Operations Manager is imperative for the Office to properly carry out the delegated authority, and to function as a Country Office.

Weak operational capacity has impacted the delivery of planned programmes and has increased the risk of the Strategic Note/Annual Work Plan 2012-2013 not being delivered, which may negatively affect the reputation of UN Women.

Priority	High (Critical)
Recommendation 1:	
<p>The Office should redefine and improve its operational and programmatic capacity to deliver on its mandate in the Country, which should include:</p> <ul style="list-style-type: none"> (a) reviewing and determining the resources and organizational structure required to deliver on the thematic areas of its next Strategic Note/Annual Work Plan 2014-2016; and (b) expediting the recruitment of the Operations Manager. 	
<p>Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed</p> <p>The Office initiated the following actions to implement the recommendations:</p> <ul style="list-style-type: none"> (a) The 2014-2016 Strategic Notes and 2014 Annual Work Plan for the Office, which included the proposed staffing structure, were reviewed by the Peer Review Group at HQ. The recommendations of the Peer Review Group included the need to focus on fewer priority areas prior to approval of the Strategic Note and Annual Work Plan. With the Office focused on fewer priority areas, the current focal points will be able to support the Office in delivering the priority areas of the new Strategic Note and Annual Work Plan. The Office aims to have an approved organization chart by the end of January 2014. (b) The new Operations Manager's entry on duty date is January 2014. 	

1.2 Leadership, ethics and values

Satisfactory

OAI reviewed the completion of the mandatory "Ethics" training, and noted that staff were in the process of completing the course. No reportable issues were identified.

1.3 Risk management, planning, monitoring and reporting

Unsatisfactory

Issue 2 Poor management of records and documents to support decisions taken

According to the Programme and Operations Manual, the Head of Office should provide guidance to users on how to efficiently manage and navigate paper-based and electronic records. It also emphasizes the importance of ensuring the integrity of documents being retained. Efficient management of records and documents facilitates access to relevant information needed for decision-making.

The Office implemented an electronic filing system on a shared drive that had content folders for operations and programme portfolios. Staff indicated that they were not using the system due to time constraints, and due to the fact that they were not accustomed to using shared files. Instead, each staff member was filing documents on their own individual computers. As a consequence, it was difficult for staff to find and share files maintained by others, especially with the high turnover of personnel.

OAI observed records inside the desk of a former service contractor were not properly inventoried following his departure on 30 June 2013. Office personnel informed the audit team that the lack of time and no habit of saving documents on the shared drive explained the lack of use of the common filing system. Further, the staff

admitted that the lack of project-related documentation was partly due to a poor filing system and that documentation was difficult to retrieve upon request.

Project-related documents were not all available to OAI. Of the four projects selected for review, which included a total of 18 Implementing Partners, only the signed Project Cooperation Agreement was complete. All other documents on the selection process of Implementing Partners, capacity assessment, Local Project Assessment Committee minutes, reports from Implementing Partners, monitoring and evaluation reports, field missions reports, and FACE forms were not presented to OAI. It was therefore not possible for OAI to ascertain if the Office had properly managed its projects and relationships with partners, or if the Office mitigated the risks involved in operating in a disaster prone, politically and economically unstable environment.

Failure to properly maintain records and documents hinders knowledge sharing and retention and increases the risks of not having well-informed decisions and inefficient processes. It may also compromise the Office's fiduciary responsibility with donors, due to the absence of critical information on the accounting for expended funds and the achievement of programme objectives.

Priority	High (Critical)
Recommendation 2:	
The Office should improve its management and retention of official records by: (a) developing and communicating a records management policy, which should include providing guidance on the use of the existing electronic filing system; and (b) maintaining proper and complete documentation for all decisions taken, including those related to projects and Implementing Partners.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
The Office will take the following actions to implement the recommendations:	
<ul style="list-style-type: none"> ▪ The Office, with support from Headquarters and the Regional Office, will develop a document management policy by the end of January 2014 and will train its staff on the policy to ensure that they are aware of their individual responsibilities in the use and management of the system. ▪ Two staff members will be nominated as focal points for managing the document management system by the end of January 2014. One will be the Operations Manager for records related to operations and the other a National Programme Officer for programme records. ▪ A task force will be established to work on recovering all the missing permanent documentation and ensure that the recovered documents are filed appropriately and manually, and also scanned and uploaded on the shared drive and the UN Women intranet site. ▪ A monthly meeting led by the Country Representative with focal points will take place to review the status of the filing system and monitor and evaluate its implementation. 	

2. Programme activities

Partially Satisfactory

As stated in Section 1.1 (Issue 1), the Office was not able to deliver on all five thematic areas set out in the Strategic Note/Annual Work Plan 2012-2013. The Office planned for programmatic delivery in five thematic areas (political participation; economic empowerment; ending violence against women; women's leadership in peace, security and humanitarian response; national planning and budget processes). However, due to staffing and funding constraints, at the time of the audit, the Office limited its focus on two themes: ending violence against women and national planning and budget processes.

OAI noted that it is important to take the operating context into consideration when assessing the programme, project design and delivery during the review period. After the January 2010 earthquake, the needs of the Country and the focus of donor support and international assistance was on humanitarian relief, not long-term development support, which was the main focus of UN Women's efforts. Moreover, donors prioritized funding of emergency projects directed at assisting displaced communities and removing debris in order to care for the population that was in need of basic elements for survival. In addition, government institutions were severely affected by the earthquake, so the infrastructure in the Country (both physical and the governance architecture) limited the Office from launching any major strategic projects. The Office had 7 projects, 4 of which were closed, leaving only 3 ongoing projects. No new projects were initiated.

Apart from the issues raised in the report, no other issues were noted on programme and project management. Taking into account the above-described operating context and some of the factors affecting the programme and projects, which were beyond the control of the Office, the overall rating for this section was maintained as "partially satisfactory." The Office was able to establish the general structures for the programme and demonstrated achievements that were considered adequate, despite the challenges faced and the context in which it operated, and despite the focus shift of donor assistance from development to humanitarian.

2.1 Programme and project management

Partially Satisfactory

Issue 3 Engaging Implementing Partners that lack capacity

The Programme and Operations Manual indicates that, when selecting NGO partners to work with in a country, the office must consider a wide range of potential candidates, since the partner will manage UN Women financial resources and will ultimately be responsible for meeting desired development-related outcomes. In choosing its partners, the office must identify strengths and weaknesses to ensure that the expectations are commensurate with the responsibilities entrusted to them. In cases where the Implementing Partner does not meet all the selection criteria, the Programme and Operations Manual states that there must be a clear justification for the partner selection and how the office will manage the additional risks. The office must, in those cases, also document the steps that it will take to compensate for such deficiencies.

OAI found several instances when the Office engaged partners that could have been considered weak and may not have had suitable capacity to implement the UN Women mandate and manage financial resources. Examples are as follows:

- In the minutes of meetings of two Local Project Assessment Committees, OAI noted that there were concerns raised about profiles of partners (presented by the Office) not meeting specific project objectives. Nonetheless, the Office signed Project Cooperation Agreements with them.

- As detailed in Issue 4, Implementing Partners were unable to deliver on the amounts advanced, resulting in long-outstanding advances. As at 30 June 2013, the Office had approximately \$0.3 million in outstanding advances, some of which spanned 21 months.
- Implementing Partners were not able to provide appropriate supporting documents for funds spent. OAI visited the office of an Implementing Partner that had been flagged by members of the Local Project Assessment Committee as having little capacity to undertake the envisioned scope of work. OAI requested supporting documents for activities reported as having been undertaken, and noted the following:
 - the Implementing Partner’s Coordinator could not provide evidence that the reported training for 205 people was actually conducted on 23 November 2012;
 - for other training events, the majority of sign-in sheets shared with OAI were filled in by the same person, instead of individual training participants. The same Coordinator of the Implementing Partner was unable to show any training material used.

Engaging partners that lack the required capacity to implement UN Women’s mandate and manage resources, increases the risk that funds may not be used for delivering planned results. These risks could also lead to the loss of funds and may negatively impact the reputation of UN Women.

Priority	Medium (Important)
Recommendation 3:	
The Office should comply with the Programme and Operations manual by engaging partners that have the capacity to deliver expected results set out in the project work plans, and develop and implement a mechanism for monitoring the work of partners and build their capacity in areas needing improvement.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
The Office will take the following actions to implement the recommendations:	
<ul style="list-style-type: none"> ▪ Management will share guidelines with staff and service contract holders on conducting mandatory capacity assessments of Implementing Partners before these are engage for a project. Management will also review the recommendations of the Local Project Assessment Committee to avoid engaging partners without required capacities. Previous capacity assessments which may have been undertaken by other UN partners will also be used. ▪ Recruit, by March 2014, a Monitoring and Evaluation Officer who will be responsible for developing a results-based accountability framework for the Office and for the continuous monitoring of partners, with a particular emphasis on those partners who have capacity gaps. ▪ The Monitoring and Evaluation Officer will, by June 2014, finalize a needs assessment of existing partners to identify their weakness and strengths and develop a plan to build their capacities given that capacity building of national partners is also part of UN Women’s work. 	

Issue 4 Long-outstanding advances to Implementing Partners

The Programme and Operations Manual requires that cash advanced to Implementing Partners be liquidated within six months from the date of disbursement. When an Implementing Partner provides the necessary documentation for expenses incurred, the Office is able to liquidate the cash advance and have assurance that resources were used based on the agreed upon work plan. Without such liquidation, funds advanced to Implementing Partners cannot be reported as expenses and the development objectives may not be achieved within the planned timeframes.

From the review of cash advances to Implementing Partners, OAI noted that 11 advances were not liquidated within the agreed upon time period of six months. The balance of outstanding cash advances older than six months on (as of 4 September 2013) was \$318,518, or 11 percent of the total expenditures of \$2.8 million. Management informed the audit team that the reasons ranged from project managers not being able to properly monitor the Implementing Partners, to partners lacking the capacity to carry out activities as planned. These outstanding advances included the following:

- Two legacy advances totalling \$59,000 made to an NGO for more than 21 months; and
- \$160,965 in advances to three Implementing Partners, which represented about half of the Office’s un-liquidated advances account.

Long-outstanding advances increase the risk that the Implementing Partners may not deliver on the agreed upon activities, and increase the financial risk that funds may be utilized for unintended purposes.

Priority	High (Critical)
Recommendation 4:	
<p>The Office should comply with the Programme and Operations Manual relating to cash advances and immediately undertake the necessary follow-up action on all long-outstanding advances. This should include obtaining a detailed status update of each outstanding cash advance and measures taken by the Implementing Partners to expedite the liquidation process. Where such actions are not successful in reducing the advances, the Office should request refunds from the concerned partners.</p>	
<p>Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed</p>	
<p>The Office will take the following actions to implement the recommendations:</p> <ul style="list-style-type: none"> ▪ A taskforce comprising relevant programme and operations staff at Headquarters will be immediately established to work with those partners that have long-outstanding advances to assess the steps that the Implementing Partner has taken to liquidate advances. The taskforce will obtain detailed status updates of each outstanding advance from the reports which are currently provided by Headquarters. ▪ The Office will seek additional support and guidance from the Regional Office in order to resolve any complex cases by the end of December 2013, and to eliminate all long-outstanding advances by the end of March 2014. 	

2.2 Partnerships and resource mobilization

Unsatisfactory

OAI met with two donors that were based in the Country. The reports to both donors were delayed due to information not being provided by Implementing Partners and delays in clearing reports at Headquarters. OAI discussed the importance of timely donor reporting with management, underscoring that it is an accountability mechanism to ensure that those who contribute resources to UN Women can understand how their funds were managed and what development results were achieved. Management acknowledged the importance of donor reporting to its reputation and a system of systematic monitoring and follow-up of donor requirements had been implemented in Headquarters and outstanding reports are being completed. As a result, OAI noted only one reportable issue.

Issue 5 Absence of a comprehensive resource mobilization strategy and action plan

Securing non-core funds for programme development is critical to the stability of UN Women Offices. At the corporate level, UN Women released a strategy for resource mobilization that emphasized the need to deepen and broaden the donor base, in order to secure the required resources to support countries in advancing gender equality and women’s empowerment.

The Office did not have a fully developed resource mobilization strategy and action plan, which contributed to the lack of new sources for non-core funding for 2013, as only \$20,000 was mobilized. While management had reached out to bilateral donors in the hopes of rallying financial support for project concepts, this was not linked to a resource mobilization strategy or definitive programmatic intervention, and therefore no firm commitments were made by donors.

Management explained that, historically, the Office had never been engaged in active fundraising. As a result, the lack of experience in the Office in mobilizing resources negatively impacted the preparatory work required for the formulation and implementation of a comprehensive resource mobilization strategy. Also, given the large number of organizations in the Country competing for a decreasing amount of aid from donors, performing this function and adequately securing funds was, according to management, a challenge. Moreover, with the reduction in programme personnel, there were concept notes for the thematic areas that could not be prepared that would have contributed to strengthening resource mobilization efforts.

To support resource mobilization, the Office was planning to hire a consultant to conduct additional research on new donors, including conducting preliminary research on the private sector and other foundations, which may be included in an action plan.

In the absence of additional resources, the programme and operations functions of the Office are at risk of becoming non-sustainable. In addition, there is a risk that the Office may not be able to expand the programme portfolio to the scope and level commensurate with its new Country Office mandate.

Priority	High (Critical)
Recommendation 5:	
The Office should develop its resource mobilization strategy and action plan after the approval of the 2014-2016 Strategic Note/Annual Work Plan, to reach out to new donors and follow up with any potentially interested parties. This should include requesting that individuals with fundraising experience assist the Office with meeting its fundraising targets.	

Management comments and action plan: Agreed Disagreed

The Office agrees with the recommendation and will take the following actions:

- After the approval of 2014-2016 Strategic Note/Annual Work Plan, the Office will develop a resource mobilization strategy and corresponding action plan by March 2014.
- The Office will work closely with the Regional Office and Headquarters for guidance in the development of the resource mobilization strategy and for technical support in the implementation of the resource mobilization action plan.

3. Operations

Satisfactory

3.1 Human Resources

Satisfactory

The Human Resources function was being performed by the Administrative Assistant, who was responsible for leave monitoring, management of staff and service contract files, and communication with the Regional Centre in Panama. Recruitment of local staff with fixed-term appointments was being managed by the Office, and recruitment of international staff by UN Women Headquarters. OAI reviewed the personnel records of 2 international staff, 3 national staff, and 8 service contract holders. In addition, OAI checked the recruitment process for 1 international staff member and 6 service contract holders, and the separation process for 1 international staff member and 3 service contract holders. During the audit, there were no separations or recruitments of national staff members.

OAI noted that the Office lacked a strategic approach to learning and training. Following the upgraded status from a Programme Presence to a Country Office, the responsibilities and thus the learning needs for staff members had changed. However, the existing learning plan had not been updated to ensure the skills of staff matched the changing needs of the Office. Further, no staff member had been designated as a Learning Manager to facilitate the learning process. During the audit, OAI noted that there was a need to improve the level of English language skills among Office personnel. Although proficiency in English is required in the terms of references for several positions in the Office, the actual level of English language skills did not match the required level. Also, all mandatory trainings had not been completed. OAI discussed its observations with management and steps were being taken to address all the issues noted. In addition, the Office was in the process of amending the Learning Plan.

No reportable issues were raised.

3.2 Finance

Satisfactory

The Office relied on the support of UNDP for all payments. From 1 January 2012 to 30 June 2013, the Office raised 1,705 accounts payable vouchers totalling \$ 5.6 million. OAI selected a sample of 41 vouchers for review, which were connected to the purchase orders and projects that were to be reviewed under the procurement and projects sections. However, only 31 vouchers in the sample were provided to OAI, since some vouchers were managed by the UN Women Office in Barbados. No issues were noted in the vouchers that were reviewed and the audit team determined that it was not necessary to expand the scope of the sample. Also, OAI reviewed the

time period between the approvals of the purchase order, voucher and invoice to determine if there were significant delays in this process and if so, identify the bottlenecks. No major delays were recorded, and no issues were raised.

3.3 Procurement

Satisfactory

OAI selected 29 purchase orders totalling \$0.89 million, the majority of which were for the procurement of consultancy services, rent, and encumbering project funds. OAI noted one reportable issue as indicated below.

Issue 6 Lack of procurement planning

The Programme and Operations Manual states that offices must formulate and use procurement plans on a yearly basis, share them with the Headquarters Procurement Section for consolidation at the corporate level, and thereafter maintain and update them to ensure they remain relevant to the needs of the office. The objective of procurement planning is to coordinate and integrate actions to fulfill a need for goods or services in a timely manner and at a reasonable cost. Planning for procurement helps the units supporting the contracting with the following: (a) better definitions of the goods or services required; (b) enhanced competitive process which helps improve sourcing and ensures the selection of the right suppliers to obtain best value-for-money; and (c) provides adequate time to reduce delays and prevent carrying out last-minute procurement activities.

The Office had no procurement plans in place for 2012 and 2013. Having their planning processes approved by the UN Women Multi-Country Office in Barbados until February 2013, and more recently, by the Regional Office in Panama, could have facilitated the Office's procurement activities. A further review of the type of procurement processes carried out revealed that a large number of them were for travel, contracts of consultants, and contract extensions. Only one case was submitted for the Local Acquisition Management Review Committee review in Barbados, and no reportable issues were noted in that submission.

The lack of procurement planning can lead to delays in obtaining goods and services in a timely manner, and could prevent the Office from attaining the best value-for-money.

Priority	Medium (Important)
Recommendation 6:	
The Office should prepare procurement plans which should be consolidated and periodically reviewed for validity on a periodic basis.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
The Office will take the following actions to implement the recommendations:	
<ul style="list-style-type: none"> ▪ Ensure that all projects develop procurement plans which will be consolidated into the Office's Annual Procurement Plan, using the basis of the approved Strategic Note/Annual Work Plan for 2014-2016. The Annual Procurement Plan will be finalized by the end of February 2014. ▪ The Operations Manager will be responsible for managing and closely monitoring the implementation of the Consolidated Procurement Plan of the Office, with support from the Regional Office and Headquarters. The Operations Manager will provide quarterly updates to management on implementation of the consolidated Annual Procurement Plan. 	

3.4 Information and communication technology

Satisfactory

The information and communication technology function at the Office was being supported by a consultant contracted by UNDP to work on-site. The Office had its own server, and the data back-up tapes were sent to UNDP on a weekly basis. OAI discussed with management how the level of support on-site could be further clarified with UNDP (see Issue 7). No reportable issues were raised.

3.5 General administration

Satisfactory

During the audit period, the Office paid for 27 international trips amounting to approximately \$77,000. OAI reviewed a sample of 15 international trips consisting totalling \$57,000 and 23 domestic travel (11 vouchers for programme staff and 12 vouchers for drivers). Some minor issues were identified for the international travels, which included F.10's not being filed for 5 cases, boarding passes being submitted for only 3 cases, and no documents for 2 of them. Also, several travel vouchers were not completed. With regard to domestic travels for programme staff, two travel vouchers did not include Back to Office reports, and due to poor record management, there was no evidence that the travel actually took place. As the lack of a structured record keeping system was highlighted in Issue 2, no issue is being raised in this section of the report.

OAI reviewed a sample of monthly vehicle logs for each of the four vehicles in the Office. In all cases, the space provided for the passenger to print and sign his or her name, was actually being completed by the driver, who did not understand the purpose of the requirement. OAI also reviewed the use of fuel coupons and found that in the sample selected, not all had the date of refueling. More importantly, the Office was not provided with any receipts for the use of such coupons after they were used for refueling, so it was not possible to ascertain how much fuel had been dispensed. The Office had been using a fuel log to record the date and amount of fuel being procured, but had stopped using it due to competing priorities. OAI explained to management the need to track the use of fuel coupons more diligently and the Office agreed to reinstate the use of the fuel log. As a result, no reportable issue is being raised.

3.6 Safety and security

Satisfactory

The Office in Port-au-Prince was operating under hardship category "D", which is the second highest level of difficult conditions of life and work (on a scale of A to E) as classified by the International Civil Service Commission. The Office had conducted a security self-assessment of its premises and operations to determine their level of conformity with UN Women's global security requirements, the Minimum Operational Residential Security Standards, and the Minimum Operating Security Standards as mandated by the United Nations Department of Safety and Security. UN Women's global security assessment requires the Office to determine the presence or absence of nine dimensions, including the designation of a focal point for security, the existence of an office security plan, and the existence of an up-to-date business continuity plan. OAI verified the information contained in the security assurance report submitted to UN Women Headquarters in February 2012. No reportable issues were raised.

3.7 Operational Support Provided by UNDP

Partially Satisfactory

Issue 7 No Service Level Agreement with the UNDP Office in Haiti

UN Women's corporate Internal Control Framework permits offices to request the support services of UNDP for disbursements, procurement, recruitment and travel, among others, to maximize effectiveness and minimize

costs. Accordingly, a standard corporate Memorandum of Understanding (MOU) exists between UNDP and UN Women for support of the UN Women field offices. The corporate MOU allows these field offices to sign Service Level Agreements with UNDP, which contain specific details as to the services to be provided and where full cost reimbursements will apply.

UNDP Haiti provides the following support services to the Office: human resources processing; finance (paycycle); United Nations Laissez Passer issuance, visa and protocol services; ICT and security. At the time of the audit, the Office did not have a Service Level Agreement in place with UNDP Haiti, and only a limited number of these services were covered under the corporate MOU. Fees associated with UNDP’s provision of these services were based on the Universal Price List and no issues had been raised by the Office on the payments made to date. OAI met with representatives from UNDP Haiti who explained that the services provided were initially negotiated under the corporate MOU, which included the refurbishment of the Office’s new premises. However, without a Service Level Agreement, neither party was able to determine if a deliverable was on time, and may create expectations that both parties are not able to meet. For instance, during the audit mission, the on-site ICT Associate went on annual leave for one month, yet the corporate MOU and payment for ICT did not differentiate a price for on-site versus remote IT support.

In the absence of a Service Level Agreement, which can be used as a tool for measuring services provided and performance, the Office may not receive an adequate level of services from the UNDP Offices.

Priority	Medium (Important)
Recommendation 7:	
The Office should enter into a Service Level Agreement with UNDP Haiti for the provision of operational support services without delay.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
The Office will work with UNDP to finalize the Service Level Agreement for the provision of operation support services by the end of January 2014.	

3.8 Asset management

Satisfactory

OAI reviewed a sample of 20 assets valued at \$215,000, of which 2 were labeled as “not in service.” OAI noted that the designated focal point did not have a list of assets indicating asset tag, location, and the person who had been assigned the asset, which made the physical inspection more cumbersome. OAI explained to management the need to map the Office’s premises to more effectively locate assets and identify the custodian. OAI verified and found all the sampled assets in the Office. No reportable issues were raised.

3.9 Leave management

Partially Satisfactory

OAI reviewed the processes for leave management in the Office for the four staff members and five service contract holders employed at the time of the audit. The Office had one Leave Monitor, supported by an alternate, that supervised the attendance and leave in the Office.

Issue 8 Incorrect recording of annual leave balances in Atlas

Under IPSAS, annual leave must be recorded at the beginning of the year as a liability due to staff members should they separate from the organization. With the implementation of IPSAS, leave should be requested by the staff member and approved by the manager in the Atlas e-services module.

At the time of the audit, only three of the four staff members had user access to the Atlas e-services module, and the staff responsible for monitoring leave for the Office (supporting the area of human resources in the absence of an Operations Manager) did not have any human resources-related access. Management informed the audit team that access to the Atlas human resources module had been requested for the staff member and for the Leave Monitor, but the access had not yet been granted at the time of the audit.

OAI verified the leave balances in Atlas against the attendance records maintained by the Office. For three staff members, the balances in Atlas were incorrect and for the fourth staff member, no local attendance records were made available to OAI. The limited use of Atlas e-services and the incorrect recording of annual leave in Atlas was the cause of the discrepancy in the annual leave records maintained by the Office. The discrepancies noted as of 31 July 2013 were as follows:

	Annual leave: Atlas	Annual leave: local records in Office
Staff member A	27	Not available
Staff member B	30	13.5
Staff member C	29.5	19.5
Staff member D	28.5	19.5

Incorrect recording of annual leave increases the risk of incorrect balances resulting in over and/or underutilization of leaves as well as overpayments or underpayments of these entitlements in cases when staff separate from the Office.

Priority	Medium (Important)
Recommendation 8:	
The Office should develop, document and implement procedures to improve the management of leave. The procedures should include:	
<ul style="list-style-type: none"> (a) ensuring proper utilization of the Atlas e-services module; (b) adjusting the annual leave balances in Atlas to reflect the annual leave balances as recorded in the manual Office records; and (c) conducting quarterly reconciliations of manual leave records kept in the Office with the electronic leave records managed in Atlas. 	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
The Office will take the following actions to implement the recommendations:	
<ul style="list-style-type: none"> ▪ The Office will ensure that staff have access to Atlas e-services. This will be monitored closely by the Argus focal point to ensure that staff have access by the end of December 2013. 	

- Management will share guidelines and directives on leave processes with staff and service contract holders and will ensure that a mission and leave plan is prepared and approved before each quarter.
- By the end of January 2014, all staff will have completed leave requests in Atlas and the Office will ensure that all leave is fully reconciled and that monthly certifications are completed in a timely manner.
- The Office will obtain support of the Regional Office to organize and conduct relevant training sessions in order to increase knowledge and awareness on leave management in Atlas and in performing monthly certifications.

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/HQ 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.