



**AUDIT**

**OF**

**UN WOMEN OFFICE**

**IN**

**OCCUPIED PALESTINIAN TERRITORIES**

**Report No. 1226**

**Issue Date: 25 February 2014**

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## Report on the audit of UN Women Office in Occupied Palestinian Territories Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the United Nations Entity for Gender Equality and the Empowerment of Women Office in the occupied Palestinian territories (the Office) from 7 to 14 October 2013 and from 4 to 15 November 2013.<sup>1</sup> The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) governance and strategic management (organizational structure and delegations of authority; leadership, ethics and values; risk management, planning, monitoring and evaluation);
- (b) programme activities (programme and project management, partnerships and resource mobilization); and
- (c) operations (human resources; finance; procurement; information and communication technology; general administration; safety and security; operational support provided by UNDP; asset management; and leave management.

The audit covered the activities of the Office from 1 July 2012 to 31 August 2013. The Office recorded programme and management expenditures totalling \$6.6 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*.

### Overall 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.”

### Good practices: (refer to page 1 for details)

- (a) **Risk management:** The Office had a monthly reporting and planning form detailing key challenges and action plans to alleviate perceived risks. The form was used to facilitate proactive escalation of high risk issues to senior management.
- (b) **Programme management:** The Office had improved on the existing programme and project management procedures by ensuring that an audit trail existed for programmatic decisions and actions taken. This included detailed information on upcoming projects which connected funding sources and partnerships with the periodic updates to the project status, a monitoring plan showing all projects and planned staff activities and a comprehensive project document filing system.
- (c) **Information and Communication Technology:** The Office had tested its Business Continuity Plan together with other United Nations partner agencies and the results were used to improve the Plan.

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<sup>1</sup> The first audit mission ended after only one week due to unforeseen circumstances and resumed three weeks later with the agreement of UN Women management.

**Key recommendation:** Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, which means "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." The recommendation includes actions to address the absence of a Service Level Agreement with the UNDP Programme of Assistance to the Palestinian People for the provision of operational support services.

**Management comments and action plan**

The Special Representative accepted the one recommendation in the area of Operational support provided by UNDP and is in the process of implementing it. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



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## I. About the Office

The Office, located in Jerusalem and serving the occupied Palestinian territories of the West Bank and the Gaza Strip, was under the leadership of a Special Representative and had 10 staff members, two international United Nations Volunteers, 11 Service Contract holders, and was supported at different times during the audit period by 13 Special Service Agreement holders. The Office was delivering development results for Palestinian women by supporting projects in gender mainstreaming, economic empowerment, political participation and access to justice. The operations for managing projects serving the needs of the estimated 1.3 million Palestinian women<sup>2</sup> were complex, involving timely logistics, permits, and the support of Office personnel located in Jerusalem, Ramallah and Gaza City. Despite their high level of literacy<sup>3</sup>, the limitations of restricted travel and commercial activities were a strong impediment to enabling Palestinian women to realize their full potential due to the lack of employment opportunities<sup>4</sup>. Nonetheless, from 1 July 2012 to 31 August 2013, the Office recorded programme and management expenditures of \$6.6 million which went towards supporting the empowerment of the women of Palestine and promoting gender equality.

## II. Good practices

OAI identified some good practices, as follows:

- (a) **Risk management:** Although an approved corporate risk management process has yet to be implemented, the Office had a monthly reporting and planning form that detailed key achievements and challenges for the reporting period and included information on risks and action plans to alleviate those risks. A procedure also existed to proactively escalate any known or perceived high risk issues to senior management at UN Women Headquarters, which allowed for an improved response from the Office and helped to mitigate the potential impact.
- (b) **Programme management:** The Office had improved on the existing programme and project management procedures by ensuring that there was an audit trail for decisions and actions taken. In particular, detailed listings had been prepared of all upcoming projects including the up-to-date status of actions taken to mobilize funds and potential partnerships. Also, the Office had a comprehensive monitoring plan for all projects that was linked to the availability of staff and transportation and considered the challenges of operating within the occupied Palestinian territories. Lastly, the Office had a complete project documents filing methodology that enabled systematic filing and retrieval of documents.
- (c) **Information and Communication Technology:** The Office tested its Business Continuity Plan with other United Nations partner agencies during the audit fieldwork. This test allowed the Office to better appreciate its operational capabilities and limitations and highlighted areas of the plan that needed improvement.

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<sup>2</sup> CIA The World Factbook. Accessed online on 3 Jan 2014. <https://www.cia.gov/library/publications/the-world-factbook/geos/we.html>. Population estimates are from July 2013.

<sup>3</sup> The literacy rate among women in Palestine is 92 percent. (Source: CIA The World Factbook "People and Society").

<sup>4</sup> As of 2010, unemployment among those entering the labor market was as high as 38 percent, affecting more women than men. (Source: CIA The World Factbook "People and Society").

### III. Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance and strategic management. OAI assessed the existence, adequacy and reliability of the governance and strategic management function as satisfactory. There was a proactive system for reporting and managing its risks in all programme and operations area.
- (b) Programme management. The review of the programme and the project documents for three development projects as well as the management of advances made to implementing partners concluded that the Office had complied with the UN Women's policies and procedures.
- (c) Partnerships and resource mobilization. The results of the meeting with three donors and four implementing partners indicated that their relationship with the Office was satisfactory.
- (d) Human resources management. The review of 2 staff recruitments with fixed term appointments (100 percent), selection of 7 service contract holders (41 percent sample) and 5 special service agreements holders (38 percent sample) concluded that the relevant processes in place were adequate.
- (e) Finance. The review of the accounts payable processes and 30 payment vouchers totalling \$0.9 million (or 22 percent of the \$4.1 million total vouchers issued) disclosed that the controls were generally adequate.
- (f) Procurement. The review of the procurement process and 40 procurement transactions (37 percent sample) showed that the segregation of duties and existing controls were adequate.
- (g) Information and communication technology. The review of the provision of ICT services to the Office by another United Nations agency showed that the level of service and response to end-user support requests were reasonable and adequate.
- (h) General administration. The review of the vehicle logs and fuel expenses for Office vehicles as well as the vouchers for travel undertaken by staff indicated that the recording of activities was adequate.
- (i) Safety and security. The procedures for safeguarding the staff and physical property as well as business continuity procedures were found to be adequate.
- (j) Asset management. OAI physically inspected 28 (55 percent) of the 51 fixed assets and reviewed the procedures used by the asset focal point for tracking assets, and concluded that asset management was adequate.
- (k) Leave management. The Office had satisfactory procedures in place to monitor staff attendance and ensure the integrity of annual leave records and balances.

OAI proposes one recommendation that is ranked medium (important) priority.

Low priority recommendations were discussed directly and agreed upon with the Office and are no longer included in this report.

**Medium priority recommendation:**

Sign a Service Level Agreement with UNDP for the provision of operational support (Recommendation 1)

The detailed assessment is presented below:

**Operations**

**Operational Support provided by UNDP**

**Issue 1**      Absence of Service Level Agreement with UNDP

Under the Internal Control Framework offices may request other United Nations agencies to provide services including operational support to maximize effectiveness and minimize costs. A standard corporate Memorandum of Understanding exists between UNDP and UN Women for the provision of operational support services to UN Women field offices. The corporate Memorandum of Understanding permits offices to sign Service Level Agreements at the country level, which OAI considers to be a best practice having noted it in five of the seven UN Women field offices audited so far. Having such an agreement helps to specify the details of the level of service to be provided and clarify the expectations under the general principle to which full cost reimbursement will apply. Moreover, it also considers the UNDP office's capacity to deliver such services.

The UNDP Programme of Assistance to the Palestinian People provides the Office with limited operational support in: (a) human resources; (b) Atlas pay cycle; (c) protocol services with the host government for visas and United Nations laissez-passer processing; and (d) vehicle customs clearance. However, the Office did not have a signed Service Level Agreement with UNDP for the provision of any of these services although there was a fee associated with each service received. UNDP personnel explained that the services were being managed on the basis of the corporate Memorandum of Understanding.

Without a Service Level Agreement, the Office may not obtain value for money if obliged to pay for services regardless of the timeliness and level of satisfaction of the services received from UNDP Programme of Assistance to the Palestinian People.

<b>Priority</b>	Medium (Important)
<b>Recommendation 1:</b>	Sign a Service Level Agreement with UNDP Programme of Assistance to the Palestinian People covering the operational support services to be provided, the expected turn-around timeframes, the responsibilities of both parties, and the fees attached to the services.
<b>Management action plan:</b>	The Office discussed the possibility of signing a Service Level Agreement with UNDP Programme of Assistance to the Palestinian People. However, UNDP indicated that the corporate agreement was sufficient and that it has not signed such agreement with any United Nations agency receiving operational support

from them in the occupied Palestinian territories. The use of such agreements is also a matter of active dialogue between UN Women and UNDP at the Headquarters level, in the context of finalizing a new corporate agreement to define the circumstances under which local Service Level Agreements shall be required. If, in light of that agreement and the nature of the operational support services to be provided by UNDP, a local Service Level Agreement is required, UN Women headquarters shall work with the Office and UNDP to promptly conclude such an agreement.

**Estimated completion date:** April 2014



## Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

- **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.
- **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.
- **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.

### B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.
- **Medium (Important)** Action is required to ensure that UN Women is not exposed to risks that are considered moderate. 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.