

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

PAKISTAN

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

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in Pakistan (the Office) from 29 April to 16 May 2014. 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 reporting);
- (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, UNDP support to office, asset management, leave management).

The audit covered the activities of the Office from 1 January to 31 December 2013. The Office recorded programme and management expenditures totalling \$4.2 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 **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 weaknesses in risk management, resource mobilization, procurement, and finance.

Key recommendations: Total = 10, high priority = 4

For high (critical) priority recommendations, 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. All high (critical) priority recommendations are presented below:

Ineffective assessment and management of risks (Issue 2)

The Office had developed a risk register between August and December 2013 that was intended to identify and describe a series of challenges and assign overall risk ratings to each. Aside from not identifying critical risks, there was no evidence that the Office was using and regularly updating the risk register in order to serve as a decision-making tool. Also, risk mitigation actions were not embedded in the Office’s processes to facilitate and enhance decision-making.

Recommendation: Communicate with the Division of Management and Administration to realign and further develop the Office’s risk governance mechanisms with corporate guidelines.

Delays in securing non-core funding (Issue 5)	<p>The Office had developed a resource mobilization strategy and action plan in June 2013, but the plan had not been updated and the target dates for securing new funds had not been met. Some of the delays in securing non-core funds were attributed by the Office to the absence of a permanent Country Representative to manage the relationship with donors. Urgent actions were being taken to appoint a new Country Representative.</p> <p><u>Recommendation:</u> Update the resource mobilization action plan to reflect the existing funding needs of the Office and new timelines for achieving the resource targets. Once updated, increase its efforts to mobilize funds in accordance with the updated resources mobilization plan.</p>
Delays in disbursements and liquidation of advances made to implementing partners (Issue 7)	<p>There were notable delays in disbursing and liquidating advances to implementing partners, mainly due to the Office not monitoring contract milestones and its inefficient process of reviewing and processing Funding Authorization and Certification of Expenditures (FACE) forms. OAI noted that only one staff member was assigned the task of reviewing these forms and this caused backlogs in the review process. Also, no structured trainings were afforded to implementing partners to raise their awareness and prepare them to meet UN Women's requirements for validating FACE forms prior to subsequent disbursements.</p> <p><u>Recommendation:</u> Improve the disbursements and liquidation of advances processes by strengthening the monitoring procedures and raising the awareness of implementing partners on corporate requirements.</p>
Weak vendor due diligence processes (Issue 8)	<p>There was no evidence that vendor due diligence was performed by the Office before the vendor was created in Atlas and approved by the Regional Office. The Office did not confirm business registration with government authorities, verify the vendors against the United Nations Security Council 1267 Committee's list of terrorists and determine the financial and technical capacity of the vendor to perform the activities stated in the terms of reference. Instead, the Office only validated banking details.</p> <p><u>Recommendation:</u> Perform, document, and maintain records of due diligence on all vendors in accordance with the UN Women 'Programme and Operations Manual'.</p>

Management comments and action plan

The Officer in Charge accepted all 10 recommendations and is in the process of implementing them. 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.



Helge S. Osttveiten
Director
Office of Audit and Investigations

I. About the Office

The Office, located in Islamabad, Pakistan (the Country), began operations as the United Nations Development Fund for Women (UNIFEM) in 2007. The Office had sub-offices in Peshawar and Quetta as well as project offices in Karachi, Hyderabad and Lahore. The Office was managing projects in two pillars, namely, Women & Political Participation and Women's Economic Empowerment. Following a realignment based on a functional analysis, the Office was planning to develop projects under the thematic areas of Eliminating Violence Against Women and Women and Peace and Security. Located in a One UN Programme country, the Office had, until 31 December 2013, supported the UN Resident Coordinator's Office with a gender advisor to provide strategic advice on gender equality and social justice. For 2013, the Office recorded programme and management expenditures totalling \$4.2 million.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) General administration. Adequate controls were established and functioning effectively.
- (b) UNDP support to Office. The provision of operational support was considered satisfactory by the Office and the risk of UNDP support negatively impacting the work of the Office was low.
- (c) Leave management. Adequate controls were established and were functioning effectively.

OAI made 10 recommendations ranked high (critical) and medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.

High priority recommendations, arranged according to significance:

- (a) Update the resource mobilization action plan to reflect the existing funding needs of the Office (Recommendation 4).
- (b) Communicate with the Division of Management and Administration to realign and further develop the risk governance mechanisms with corporate guidelines (Recommendation 1).
- (c) Improve the disbursements and liquidation of advances processes (Recommendation 6).
- (d) Perform, document and maintain records of due diligence on all vendors (Recommendation 7).

Medium priority recommendations, arranged according to significance:

- (a) Comply with the UN Women 'Programme and Operations Manual' on the engagement of responsible parties (Recommendation 2).
- (b) Amend the reporting process and the field visit reports (Recommendation 3).
- (c) Comply with the UN Women 'Programme and Operations Manual' by developing terms of reference for consultants to be engaged under special service agreements (Recommendation 5).
- (d) Finalize the 'Business Continuity Plan', and soon thereafter, test it to determine the level of organizational preparedness (Recommendation 10).
- (e) Protect the information assets in the server room (Recommendation 8).
- (f) Update the Atlas Asset Management module with the location details of all assets (Recommendation 9).

The detailed assessment is presented below, per audit area:

A. Governance and strategic management

1. Organizational structure

Issue 1 Delay in appointing a Country Representative

UN Women's regional architecture, as authorized by Executive Board resolution 2012/6, requires UN Women to position itself among other UN agencies to deliver development results that respond in a substantive manner to the needs of women. Critical to that effort is the strategic management of relationships with government counterparts, donors, other UN agencies, and key stakeholders in a country, which can be facilitated, to a great extent, by having permanent leadership in place.

Since October 2012, the Office had been without a Country Representative and was being managed by an Officer-in-Charge. Prior to that, the Office had been managed by two temporary appointees who were hired for six-month assignments. UN Women had held two rounds of recruitment for this post, one of which did not yield a suitable candidate; in the other process, the candidate did not receive government clearance to take up duties in the Country. At the time of the audit, a third round of recruitment was being conducted.

OAI is concerned about leadership posts remaining vacant for extended periods of time, as strategic relationships within the Country need to be rebuilt with each new appointment. In addition, there is a risk that the prolonged vacancy of the Country Representative post has delayed the securing of non-core resources (refer to Issue 5). Furthermore, this may have a negative impact on the reputation of UN Women, as it may give the impression that it is not fulfilling its pledge of having a fully operational Country Office.

Comment

As the Office and the Human Resources Section in UN Women Headquarters have prioritized actions to appoint a Country Representative, no recommendation is being made in this report.

2. Risk management

Issue 2 Ineffective assessment and management of risks

The UN Women 'Internal Controls Framework' requires that managers assess risks and the potential impact to their offices. Also, managers are encouraged to identify and implement risk avoidance and/or mitigation measures. Significant risks are to be reported by the Office and escalated to senior management to ensure that they are adequately addressed. As a key tool, a risk register provides an office with the ability to document an inventory of risks that may impact an organization and record how those risks are to be treated.

The Office had developed a risk register between August and December 2013 that included risk descriptions, comments on the risks, risk categories, probability and impact of the risks and the overall risk ratings of high, medium, and low. However, OAI noted the following:

- The risk register had originally identified a series of challenges that the Office was faced with; however, it had not been amended to identify the risks in accordance with Enterprise Risk Management guidance issued by the Division of Management and Administration.
- There was no evidence that the Office was using the risk register as a decision-making tool to manage risks in its operational and programmatic activities. In particular, there was no process to periodically update the risk register with: (i) existing risks related to the continued absence of a Country Representative (refer to Issue 1); (ii) programmatic risks observed in the projects during field visits (refer to Issue 4); and (iii) the reputational risks attached to its resource mobilization strategy (refer to Issue 5). In addition, risk owners/focal points had not been identified to track and amend the risks based on actions identified. These actions had not been embedded in the Office’s processes for tracking to facilitate and enhance decision-making.
- Office personnel were not aware of how the risk register should be utilized as a management decision-making tool once it was developed.

The reason for the ineffective management of risks was the lack of understanding that managing risks is an ongoing process that must accompany all activities.

The inability to adequately record, manage, assess and escalate risks may prevent the Office from proactively addressing risks in an efficient and effective way.

Priority	High (Critical)
Recommendation 1:	
<p>Communicate with the Division of Management and Administration to realign and further develop the risk governance mechanisms with corporate guidelines, which should include:</p> <ul style="list-style-type: none"> (a) embedding into the Office’s activities and processes risk mitigation practices for identifying, assessing, reporting and escalating risks to senior management; (b) updating the risk register to reflect the existing operating risk exposures; and (c) training on risk management and on effective implementation of risk management as a decision-making tool. 	
Management action plan:	
<p>The Office indicated that the UN Women Enterprise Risk Management policy tool, currently in progress, will provide the necessary guidance on risk inventory and risk management. The Office will liaise with the Division of Management and Administration and the Regional Office for guidance on this process.</p>	
Estimated completion date: December 2014	

B. Programme activities

1. Programme and project management

Issue 3 Incorrect use of institutional contracts to engage responsible parties

The UN Women 'Programme and Operations Manual' establishes the selection process, criteria, and standard agreements that are to be used in engaging implementing partners, responsible parties and suppliers. It distinguishes between 'programming' that is focused on partnership, capacity development and the delivery of programmatic results and 'procurement' transactions which permit the Office to obtain goods and services from approved suppliers on the basis of best value-for-money. Therefore, the 'Programme and Operations Manual' requires that project cooperation agreements be signed with responsible parties that are non-governmental organizations and focused on programmatic results, and procurement contracts to be signed with responsible parties that are firms. The 'Programme and Operations Manual' requires non-governmental organizations to undergo a capacity assessment by UN Women and to sign a project cooperation agreement when serving as implementing partners. On the other hand, when firms are contracted for project-specific deliverables using institutional contracts or professional services contracts, the firms are not subject to capacity assessments since these are procurement processes. Such contracts include standard clauses related to audit, improper performance, security, and performance security.

OAI reviewed two projects with total project expenditures of \$1.24 million and noted that four responsible parties, which were non-governmental organizations, had been engaged to undertake programmatic work using procurement contracts. As project cooperation agreements were not signed, there was no legal basis to implement programmatic monitoring and to build the capacity of the implementing partners. OAI noted that in an attempt to increase oversight and gain some assurance over the use of the funds, the Office required the responsible parties to submit final financial and project completion reports before the last disbursement was given. This was unusual, especially since the contractual engagement was focused on specific deliverables, and these additional requirements contributed to the delays in contract payments for services rendered to UN Women by the non-governmental organization.

Additionally, the Office used non-standard professional services contracts that were not aligned to either the 'Model Institutional Services Contract' or the 'Professional Services Contract' as issued by the Legal Support Section. The contracts that were used omitted or partially excluded critical clauses on audit, improper performance, security, and performance security.

The Office explained that it used the procurement contract modality due to the urgency in the implementation of the project. However, OAI noted that there would have been no urgency if proper planning had taken place.

A managerial decision based on an urgent project need increases the risk that the Office may contract a responsible party without having a clear understanding of its capabilities. By using the wrong contracting modality and non-standard agreement for engaging a responsible party, the Office may then lack the authority to monitor and manage the use of UN Women funds, which can negatively impact the achievement of the intended developmental objectives.

Priority	Medium (Important)
Recommendation 2:	
Comply with the UN Women 'Programme and Operations Manual' on the engagement of responsible parties by ensuring:	
<ul style="list-style-type: none"> (a) programmatic activities are planned with sufficient time to permit the proper engagement of responsible parties; and (b) standard procurement contracts are issued to responsible parties that are firms and standard project cooperation agreements are issued to non-governmental organizations. 	
Management action plan:	
The Office indicated that it would exercise due diligence in matching the correct contractual modalities to the intended form of programme implementation. The Office will also organize sessions on programme processes with support from the Regional Office.	
Estimated completion date: August 2014	

Issue 4 Inadequate monitoring reports of implementing partners

UN Women's 'Programme and Operations Manual' highlights that monitoring is a tool used to provide systemic, consistent and reliable information about actual progress made by partners of UN Women against planned results. Best practices for monitoring include identifying risks that could preclude the attainment of desired results and ensuring that management at the office is attuned to such challenges, so that actions can be taken to mitigate the potential negative impact on project outcomes.

OAI reviewed 13 field visit reports of office staff and personnel visits to projects and offices of implementing partners and generally found that the reports lacked substantive information relating to the project. In particular, though recommended by the 'Programme and Operations Manual', the field visit reports did not include an independent assessment of project status and recommendations and follow-up action points. As a result, it was not possible to determine the progress of the project, the challenges being encountered, and risks to attaining the project outcomes, which could have been incorporated into the Office's risk register (refer to Issue 2).

No reason was provided by the Office as to why some of the field visit reports lacked critical content.

Inadequate reporting on monitoring activities increases the risk of significant challenges not being identified and managed efficiently, which could result in project outcomes not being achieved in an efficient manner.

Priority	Medium (Important)
Recommendation 3:	
Amend the reporting process and the field visit reports by:	
<ul style="list-style-type: none"> (a) standardizing the field visit reports to include critical information relating to main project findings, specific evidence, lessons and good practices for organizational learning, recommendations on proposed adjustments to programme results, activities and budgets, and follow-up action points; and (b) implementing a process to incorporate in the field visit reports risks that could hamper the implementing partner's progress toward intended project outcomes. 	
Management action plan:	
The Office indicated that a comprehensive tracking/monitoring matrix had been developed and was already being implemented after the audit.	
Estimated completion date: July 2014	
OAI Response:	
OAI acknowledges the action taken by management, which will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

2. Partnerships and resource mobilization

Issue 5 Delays in securing non-core funding

The corporate 'Resource Mobilization Strategy' for 2012-2014 requires UN Women offices in the field 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 may limit the attainment of financial targets.

The Office had developed a resource mobilization action plan in June 2013 covering 2013-2014, which envisioned closing a \$2.8 million resource gap for 2013, while the respective shortfall for 2014 had not been determined. OAI noted that the targets for securing funds had not been met for 2013, and the action plan had not been updated to reflect the tentative new dates or to indicate the funding gap for 2014. Additionally, the Office had conducted a functional analysis of its staffing and resources in late 2013 and had determined a new structure to implement in 2014, which was already taking shape at the time of the audit; however, this was contingent upon its ability to secure new non-core resources.

Some of the delay in securing non-core funds was attributed by the Office to the absence of a permanent Country Representative to manage the relationship with donors (refer to Issue 1). Also, during meetings held with three donors, concerns related to the stability in leadership of the Office was highlighted as a factor impacting on the decision to either increase or continue their funding of activities.

There are increased financial and reputational risks that the delays in securing non-core funding could negatively impact the ability of the Office to sustain its operations and deliver on its development outcomes.

Priority	High (Critical)
Recommendation 4:	
Update the resource mobilization action plan to reflect the existing funding needs of the Office and new timelines for achieving the resource targets. Once updated, increase its efforts to mobilize funds in accordance with the updated resources mobilization plan.	
Management action plan:	
The Office indicated that the resource mobilization plan was followed vigorously, but due to circumstances both on the part of UN Women and that of the donors, the commitments could not be materialized. The resource mobilization plan has been updated.	
Estimated completion date: July 2014	
OAI Response:	
OAI acknowledges the action taken by management, which will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

C. Operations

1. Human resources

Issue 6 Incorrect development of terms of reference for special service agreements

The UN Women 'Programme and Operations Manual' chapter on special service agreements stipulates that holders of special service agreements are to provide expert or advisory services to carry out a specific task or work for a limited time. As a result, holders of special service agreements are engaged and paid based on deliverables that meet the requirements of the terms of reference, which include, inter alia, a description of the services or activities to be performed, the scope of work, and the corresponding budget.

OAI reviewed a sample of five special service agreements and found that the terms of reference did not indicate the specific results to be obtained, and that work performed by the consultants was not generally linked to specific deliverables. Also, payments were made on a monthly basis and not linked to a schedule of specific products and/or deliverables or work plan. In some cases, a monthly fee was indicated in the contract.

The Office could not offer any explanation as to why special service agreements were being managed in this way. Contracts intended for short-term assignments used for tasks that are either recurring in nature or do not result in tangible deliverables, may result in contractors being over or undercompensated. Additionally, this practice does not encourage a focus on managing for results.

Priority	Medium (Important)
Recommendation 5:	
Comply with the UN Women 'Programme and Operations Manual' by developing terms of reference for consultants to be engaged under special service agreements that clearly specify deliverables, and ensure that payment for services is based on satisfactory performance of stipulated outputs, as confirmed by the contract manager.	
Management action plan:	
The Office indicated that this recommendation has been noted and has already been enforced.	
Estimated completion date: June 2014	
OAI Response:	
OAI acknowledges the action taken by management, which will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

2. Finance

Issue 7 Delays in disbursements and liquidation of advances made to implementing partners

The UN Women 'Programme and Operations Manual' requires offices to advance funds to partners in accordance with agreed work plans and corresponding budgets, and record expenditure upon acceptance of financial reports and requisite supporting documents.

The review of disbursements to implementing partners indicated that there were notable delays in finalizing and liquidating advances, which further hindered the release of subsequent disbursements, as follows:

- In one of the projects with total disbursements of approximately \$650,000, only 1 out of 20 disbursements to four implementing partners, amounting to approximately \$27,600, was released on time. Delays with the remaining disbursements ranged from 19 to 55 days between the milestones stated in the agreements and the actual date of the disbursements.
- The Office was not monitoring the milestones to ensure corrective action was taken to avoid delays at the various stages of the projects. This further affected the completion date of these projects.
- Some delays were due to inefficiencies in reviewing and processing the FACE forms, which were first sampled by the Office, and then staff at the Office would request additional supporting documents from implementing partners, which added more time for the respective clearance.
- The Office had not provided structured trainings to implementing partners to ensure a focus on UN Women's requirements for requesting advances, to achieving 80 percent expenditure prior to making subsequent advances, or to reporting on expenditures and supporting documents. As a result,

implementing partners experienced difficulties in completing the FACE forms accurately, leading to frequent clarifications being sought by the Office at the time of liquidation.

- The Office was not reporting on project status during monitoring visits, and the financial impact on delivery was not recorded until the implementing partners submitted FACE forms for further advances. OAI noted that the Office had outstanding advances on 31 December 2013 totalling \$272,000, which represented 6 percent of the total expenditures of the Office for the 2013.

Based on discussions with the Finance Unit, only one programme/finance support person was tasked with reviewing and processing the liquidation of advances, which created bottlenecks in the finalization of all reviews and resulted in delays.

Delays in disbursing and liquidating advances to implementing partners may negatively affect the ability of the Office to report on project delivery on a timely basis and may have a negative impact on the reputation of UN Women.

Priority	High (Critical)
Recommendation 6:	
<p>Improve the disbursements and liquidation of advances processes by:</p> <ul style="list-style-type: none"> (a) monitoring contract milestones and payment requirements to ensure compliance with contractual obligations; (b) developing and implementing mandatory standardized training for implementing partners that will include information on the completion of FACE forms, the 80 percent expenditure threshold requirement, and the reporting on expenditures and required supporting documents; (c) strengthening the monitoring processes to link the financial status shown on FACE forms with the planned project outputs; (d) reassessing the number of staff assigned to reviewing and validating information provided on FACE forms; and (e) ensuring that all funds held by implementing partners that are long-overdue are expensed with adequate supporting documents. 	
Management action plan:	
<p>The Office indicated that a standard comprehensive financial orientation was being provided to all of the implementing partners, including the completion of FACE forms. In addition, a comprehensive tracking/monitoring matrix was developed. Each programme unit has a minimum complement of three staff whose duties include a review of the information on the FACE forms. The main responsibility for timely and appropriate clearance of advances remains with the respective Project/Programme Officers.</p>	
Estimated completion date: July 2014	
OAI Response:	
<p>OAI acknowledges the action taken by management, which will be reviewed at a later stage as part of the standard desk follow-up process of OAI.</p>	

3. Procurement

Issue 8 Weak vendor due diligence processes

The UN Women 'Programme and Operations Manual' states that in order to safeguard UN Women against illicit use of publicly entrusted funds in terrorist financing, business units shall assess all entities with which business is conducted, to ensure that funds are used for their intended purposes. Also, to sustain financial control of such public funds and comply with United Nations regulations and procedures regarding anti-terrorist financing practices, organizational due diligence requires business units to review the entity's profile, including its background, financial reports, annual statements, confirm business registration with government authorities, and verify entity against the United Nations Security Council 1267 Committee's list of terrorists and terrorist financiers.

OAI was unable to verify whether the Office performed any due diligence prior to creating new vendors in Atlas (the enterprise resource planning system used by UN Women). The Office only maintained copies of bank statements and voided copies of checks or check book covers on file to verify banking details. The UN Women Regional Office reviewed the electronic copies of the bank documents and approved the vendor accounts in Atlas. The verification of the banking details were insufficient to ensure that only government registered entities with the required financial and technical capacity were contracted. Additionally, the Office did not maintain any other documents that could substantiate whether due diligence had been performed on existing or potential vendors.

This was the result, in part, of the Office not being aware of the need to retain information that would provide reasonable assurance that such due diligence had been performed.

Failure to conduct due diligence and maintain records of vendors may increase the risk of the Office contracting unregistered or UN-sanctioned vendors. It also increases the possibility of financial losses due to the inability of the vendor to meet the requirements of the contract.

Priority	High (Critical)
Recommendation 7:	
Perform, document and maintain records of due diligence on all vendors in accordance with the UN Women 'Programme and Operations Manual' that would permit the Office to verify legal existence, financial and technical capacity to perform the activities in the terms of reference and ensure that the vendor has not been sanctioned by the UN system. Such activities should be performed prior to creating and requesting approval of vendors in Atlas.	
Management action plan:	
Vendors are set up in the Atlas in compliance with the requirements of the vendor checklist. All vendors created in 2014 have already been checked against banned vendor lists. A process has also been set up to sign and stamp each vendor form by the buyer after verification. Supplementary due diligence will be ensured by conducting verification of vendor's bank accounts.	
Estimated completion date: July 2014	

OAI Response:

OAI acknowledges the action taken by management, which will be reviewed at a later stage as part of the standard desk follow-up process of OAI.

4. Information and communication technology

Issue 9 Insufficient controls over information and communication technology assets

The ‘Minimum Standards for Information Communication Technology Infrastructure and Telecommunications issued’ in February 2013 to all UN Women offices require that the server room be located in a flood-proof environment, that access be limited to staff authorized to have physical access to servers and other equipment, and that the fire suppression system be in place with preference given to electrically safe systems.

OAI observed that access to the server and other information and communication equipment was not restricted to authorized individuals, and that the room was not kept locked. Also, because the Office shared the premises with another United Nations organization and their staff used the UN Women lobby, it was possible for non-UN Women personnel to gain access to the room. In addition, some of the equipment had been placed on the floor, which made it susceptible to flooding given that the Office was located on the ground level and the room was located near the washrooms. OAI also noted that the server room lacked a fire suppression system that would prevent the destruction of UN Women information assets in the event of fire.

Management had not taken into account the open floor plan of the building entrance, which provided access to the non-UN Women personnel working on the second floor, as a problem for the Information Communication Technology Unit, given the absence of controlled access to that office.

Insufficient control over information and communication technology assets increases the risk of damage or loss of the information stored therein, which could negatively impact the ability of the Office to operate.

Priority	Medium (important)
Recommendation 8:	
Protect the information assets in the server room in accordance with the ‘Minimum Standards for Information Communication Technology Infrastructure and Telecommunications’ by:	
<ul style="list-style-type: none"> (a) restricting the physical access to authorized personnel only, using the existing access control system; (b) installing fire suppressant equipment; and (c) ensuring all computer equipment is placed on raised floors/shelves to avoid instances of water damage. 	
Management action plan:	
The access to the server room has already been restricted and items therein have been rearranged. Fire extinguishers have also been placed in the room. Modification of the server room is also under consideration.	
Estimated completion date: September 2014	

OAI Response:

OAI acknowledges the action taken by management, which will be reviewed at a later stage as part of the standard desk follow-up process of OAI.

5. General administration

Issue 10 Incomplete recording of asset location details

According to the UN Women 'Programme and Operations Manual', the Asset Manager/Operations Manager is responsible for planning and managing the bi-annual physical asset verification process, which reconciles the physical existence of assets against the Atlas In-Service Asset Report. The physical asset verification should ensure all assets amounting to \$1,000 or more are correctly recorded in the Asset Management module and all relevant fields (e.g., serial number, tag number, and location) are entered for each asset.

OAI selected a sample of assets amounting to \$322,000 out of a total of \$667,000, which represented 48 percent of the total assets held by the Office. While it was possible to physically verify the assets with the assistance of the asset focal point, it would not have been possible using the system-generated Asset Management Detail Report because the location of the assets had not been entered into Atlas. This was due to an oversight of the Office in recording all of the required information of the assets.

Incomplete recording of the physical location of assets in Atlas may cause assets to be misplaced, lost or stolen without the knowledge of the Office, resulting in financial losses.

Priority	Medium (Important)
Recommendation 9:	Update the Atlas Asset Management module with the location details of all assets.
Management action plan:	The Office indicated that it had updated the location of all capital assets.
Estimated completion date:	July 2014
OAI Response:	OAI acknowledges the action taken by management, which will be reviewed at a later stage as part of the standard desk follow-up process of OAI.

6. Safety and security

Issue 11 Lack of Business Continuity Plan

UN Women policies require that its field offices must be able to continue critical processes during and after major events that can have catastrophic consequences, such as prolonged power outages, natural disasters, terrorist attacks, and public health hazards. Each office must develop, test and periodically review and update a business continuity plan to improve the resilience of the office despite the external factors that are beyond its control.

A draft 'Business Continuity Plan' was developed in November 2013 and submitted for review to UN Women Headquarters, but there had been no follow-up to inquire whether the 'Business Continuity Plan' had been approved. More recently, the Office was waiting for changes to be made to the corporate template for business continuity plans, but at the time of the audit, there was no further information provided to them on when that would occur. There was no reason given as to why no follow-up had been conducted by the Office since then.

Given that the Country was prone to floods, earthquakes, and threats of terrorism, not having an approved 'Business Continuity Plan' put the Office at risk of not being able to continue critical business operations during an emergency.

Priority	Medium (Important)
Recommendation 10:	
Finalize the 'Business Continuity Plan', and soon thereafter, test it to determine the level of organizational preparedness.	
Management action plan:	
UN Women Headquarters is conducting a global exercise to develop and test the 'Business Continuity Plan' for all field offices. The Office, being part of the exercise, under the guidance of UN Women Headquarters is finalizing the 'Business Continuity Plan', which is also uploaded on to the intranet.	
Estimated completion date: December 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 contribute to 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.