

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UN WOMEN OFFICE

IN

MALI

Report No. 1306

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(REDACTED)

Table of Contents

Executive Summary	i
I. About the Office	1
II. Audit results	1
A. Governance and strategic management	2
1. Risk management, monitoring and reporting	2
B. Programme activities	4
1. Programme and project management	4
2. Partnerships and resource mobilization	8
C. Operations	10
1. Finance	10
2. Procurement	12
3. Information and communication technology	14
4. Operational support provided by UNDP	15
5. Safety and security	16
Definitions of audit terms - ratings and priorities	18

Report on the audit of UN Women Office in Mali Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Office in Mali (the Office) from 5 to 18 August 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 2013 to 30 April 2014. The Office recorded programme and management expenditures totalling \$4.4 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 **unsatisfactory**, which means, "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." This rating was mainly due to weaknesses in risk management, monitoring and reporting; project management; partnerships and resource mobilization; and safety and security.

Key recommendations: Total = **13**, high priority = **6**

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:

Corporate Issue: Inadequate oversight and support (Issue 1)	Contrary to the plans for creating a Country Office in Mali, there was insufficient evidence to indicate that the Regional Office for Western and Central Africa based in Dakar, Senegal, had adequately supported and monitored the activities of the Office. The functional analysis and corresponding staffing alignment were not performed, the Country Representative/Head of Office role was outsourced without clearly defined terms of reference (ToR), and UN Women Headquarters did not comply with the Programme and Operations Manual regarding the provision of additional staffing in response to the conflict/post-conflict context.
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Recommendation (to UN Women Regional Office for Western and Central Africa, Senegal): Strengthen support and oversight of the Office by: (a) completing outstanding functional analyses and staffing alignments; and (b) implementing

processes for identification, monitoring and escalation of significant risks that may prevent the Office from achieving its goals and provide for documented identification of relevant solutions, together with implementation timeframes and assignment of responsibility.

Poor project
formulation and
documentation
(Issue 2)

Contrary to the Programme and Operations Manual, multiple projects were being carried out under one “umbrella” project with 15 implementing partners being managed by three individuals, thereby minimizing the ability to determine ownership and accountability for project activities and costs. In addition, Project Cooperation Agreements had been amended to include activities relating to more than one project. Furthermore, the Office had yet to initiate the gender sensitizing project for \$2 million despite receiving \$1 million from a donor.

Recommendation: Improve project formulation and documentation by: (a) disaggregating the “umbrella” project (84608) into individual projects in a logical manner, supported by individual project documents; (b) preparing annual work plans for each project; (c) preparing individual Project Cooperation Agreements for project activities to be provided by each implementing partner and ensuring each Project Cooperation Agreement is supported by clearly defined work plans with outputs/outcomes, budgets and delivery time frames; and (d) reassessing the activities previously planned for the gender sensitizing project and the cost sharing agreement and renegotiate the project activities, timelines and budgets with the donor.

Inadequate project
monitoring and
oversight
(Issue 3)

The Monitoring, Evaluation and Research Plan 2014-2017 did not define any project visits and monitoring activities to be performed for 2014, and no evidence was provided to indicate that project monitoring and site visits had been undertaken during the period reviewed, which was due in part to a lack of adequate training.

Recommendation: Strengthen project monitoring and oversight activities by: (a) updating the Monitoring, Evaluation and Research Plan 2014-2017 to clearly define monitoring and oversight activities to be performed for all projects and implementing the activities defined; and (b) providing the relevant training to project personnel on the requirements of the Programme and Operations Manual.

Inadequate
management of funds
advanced to
implementing partners
(Issue 4)

OAI did not find evidence of frequent follow-up actions with implementing partners in regard to more than \$1.1 million in unliquidated partner advances, which had been outstanding since 2013. OAI also noted deficiencies in the completion and use of Funding Authorization and Certification of Expenditure (FACE) forms. Further, the external audits of two nationally implemented projects in 2013 found that implementing partner expenditures were not adequately supported and that there had not been adequate oversight or guidance provided by the Office.

Recommendation: Improve management of funds advanced to implementing partners by: (a) developing and implementing mandatory standardized training for staff and implementing partners on the completion of FACE forms, and the reporting on expenditures and required supporting documents; (b) formalizing

the process for reviewing and validating information provided on FACE forms to ensure accuracy of liquidations; and (c) developing a plan for follow-up and liquidation of all long-outstanding advances and documenting the activities conducted.

Funding targets not achieved and Resource Mobilization Plan not updated (Issue 5)

Although the Office had developed a Resource Mobilization Plan for 2013 and 2014 that indicated a need to mobilize \$1.2 million and \$6.5 million, respectively, in non-core funding, there was no evidence that the targets had been mobilized. In addition, the plan had not been updated. Moreover, the Office was unable to provide information on funding requirements between its Annual Work Plan comprised of the Development Results Framework and the Organizational Effectiveness and Efficiency Framework, and the Resource Mobilization Plan.

Recommendation: Strengthen financial resource planning and management by: (a) updating the Resource Mobilization Plan to reflect the current funding needs of the Office and new timelines for achieving the resource targets and initiating actions to implement the plan; (b) documenting resource mobilization efforts and achievements; and (c) collaborating with the Regional Office and Programme Division to ensure that information relating to resources mobilized is consistently tracked, monitored and disseminated.

[REDACTED]

[REDACTED]

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“Corporate issue” means action is required from a headquarters’ bureau.

Management comments and action plan

The Country Representative and the Director of the Regional Office for Western and Central Africa accepted all of the recommendations and are in the process of implementing them. Comments and/or additional information provided have 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 Bamako, Mali (the Country), began operations as a Programme Presence under the United Nations Development Fund for Women (UNIFEM) in 2008. At the time of the audit review, the Office had not met all of the requirements to be a fully functional Country Office. The head office was located in Bamako and there was a project office in the Mopti region, which had three service contract personnel. The Office planned to establish sub-offices in the Gao and Mopti regions. The Office is under the supervision of the Regional Office, Western and Central Africa, based in Dakar, Senegal.

The Office in Mali was focusing on the following five thematic areas: women's participation in governance and development of transformational leadership; women's economic empowerment and development of women entrepreneurs; peace and security for women including humanitarian response; ending gender based violence; and coordination for inclusion of gender mainstreaming in plans and programmes at the local and national levels.

Safety and security in the Country proved to be a challenge due to armed conflict and a coup that took place in March of 2012. An active UN Peacekeeping Mission and several international forces are present in the Country. No United Nations Development Assistance Framework was developed for 2013-2014. Instead, there was a joint transitional framework known as the *Cadre Conjoint des Nations Unies d'Appui à la Transition au Mali*, dated March 2013. A United Nations Development Assistance Framework was being developed for implementation from 2015.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) General administration. OAI noted the improved procedures for information management pertaining to travel. No material weaknesses were found in the internal controls.
- (b) Human resources. Adequate controls over recruitments and separations were established and functioning effectively although there was evidence of a lack of capacity within the Office. However, OAI has not raised a separate issue as this deficiency should be addressed once the functional analysis is completed as recommended under Issue 1.

OAI made 13 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) Corporate: Strengthen support and oversight of the Office (Recommendation 1).
- (b) Improve project formulation and documentation (Recommendation 2).
- (c) Strengthen project monitoring and oversight activities (Recommendation 3).
- (d) Strengthen financial resource planning and management (Recommendation 5).
- (e) Improve management of funds advanced to implementing partners (Recommendation 4).

Medium priority recommendations, arranged according to significance:

- (a) Comply with prohibition regarding pre-financing of projects (Recommendation 7).

- (b) Train staff to ensure that expenses are recorded in correct Atlas (the enterprise resource planning system used by UNDP) accounts (Recommendation 8).
- (c) Improve the back-up and security of information (Recommendation 11).
- (d) Strengthen donor communications (Recommendation 6).
- (e) Strengthen oversight provided by Local Acquisition Management Review Committee (Recommendation 9).
- (f) Perform, document and maintain records of vendor due diligence (Recommendation 10).
- (g) Develop a tracking tool that consolidates information on services requested (Recommendation 12).

The detailed assessment is presented below, per audit area:

A. Governance and strategic management

1. Risk management, monitoring and reporting

Issue 1 Corporate Issue: Inadequate oversight and support

The 'UNW/2012/10 Regional architecture: administrative, budgetary and financial implications and implementation plan' (the Plan), states that the goal of the regional architecture is to achieve strengthened capacity to deliver results for women and girls at the national level through the Country Offices. Moreover, the Programme and Operations Manual states that in conflict/post-conflict settings, the Regional Office will identify solutions for the human resource and financial needs, provide IT and communications support and liaise with other regional organizations as necessary, and that Headquarters will support the Country and Regional Offices through the rapid deployment of additional staff.

The Regional Office for Western and Central Africa, Senegal had not provided sufficient support to the Office or adequate oversight over its operations during the period of the audit review. In addition, reputational risks associated with the creation of the Office in the Country were poorly managed by the Regional Office and Headquarters. This resulted in the Office not achieving delegated authority as a Country Office, poor delivery on its Annual Work Plan (Issue 4), and ineffective relationships with external partners (Issues 6 and 7).

- While Headquarters and the Regional Office were diligent in initiating the recruitment process to fill the Country Representative post, no additional staff had been deployed to support the Office. Further, there was no evidence of increased monitoring and oversight of operations by the Regional Office or Headquarters in accordance with the Programme and Operations Manual, nor was there evidence of a process to identify and escalate significant risks to ensure pro-active mitigation.
- Despite the requirements of the Plan, a functional analysis was not performed by the fourth quarter of 2012 to determine the staffing requirements and guide the recruitment process to establish a fully operational Office by the second quarter of 2013. At the time of audit field work, the Programme Specialist (NOC) (who was the Officer-in-Charge of the Office), and the Finance Associate (G7), were the most senior of 13 personnel (4 staff and 9 consultants) responsible for achieving the UN Women mandate in the Country.
- Representation of UN Women on the United Nations Country Team by a senior staff member was critical, as a new, post-conflict United Nations Development Assistance Framework for the Country was being developed. However, there had been no such representation since April 2014, when the six-month contract

of the Officer-in-Charge at the time had expired. Even though an informal arrangement had been made to have the Office represented by a senior staff member of another United Nations agency, no ToR had been established to specify responsibilities or the authority to act on behalf of UN Women and to avoid potential conflict of interest.

The lack of adequate support and oversight negatively affected the efficient and effective operations of the Office, including its ability to deliver UN Women’s mandate in the Country.

Priority	High (Critical)
Recommendation 1:	
Strengthen support and oversight of the Office by:	
<ul style="list-style-type: none"> (a) completing outstanding functional analyses and staffing alignments; and (b) implementing processes for identification, monitoring and escalation of significant risks that may prevent the Office from achieving its goals and provide for documented identification of relevant solutions, together with implementation timeframes and assignment of responsibility. 	
Responsible unit: UN Women Western and Central Africa Regional Office in collaboration with the Programme Division at Headquarters.	
Management action plan:	
<ul style="list-style-type: none"> (a) The Representative has now taken up his post and has developed a business plan to advise the Regional Office and Headquarters of the support needs of the Office in critical areas of the plan, which include finalization of the functional analysis and related staffing, capacity building, dedicated support and reserve capacity support for the office. (b) The Management of the Regional Office, Senegal acknowledged the importance and benefits of adopting a risk management framework and highlighted that UN Women has already begun the process of developing an Enterprise Risk Management framework, which will include processes for identification, monitoring and escalation of key risks reflected in the risk management policy. The policy is in the process of being approved by the Senior Management Team. Further, management indicated that UN Women had developed and rolled out the standard risk register and guidelines to all offices, and offices were requested to complete the risk registers by the end of 2014. The offices have been required to integrate the identification of risks as part of the preparation of their strategic note and their annual work planning exercise. The Office will ensure that the risk register is finalized and submitted by the deadline of December 2014 and will also ensure that the risk registers will be integrated with subsequent annual planning processes. 	
Estimated completion date: December 2014 for (b) and March 2015 for (a)	

B. Programme activities

1. Programme and project management

Issue 2 Poor project formulation and documentation

The UN Women Programme and Operations Manual indicates that the Strategic Note/Annual Work Plan should be comprised of component projects as defined by project documents that include budgets, outputs, outcomes and the key activities required to achieve them. The Programme and Operations Manual further indicates that each project should have one implementing partner and where the implementing partner is a non-governmental entity, a Project Cooperation Agreement is to be used as the contractual modality and it must be supported by a work plan and budget.

OAI reviewed a sample of four projects and noted the following deficiencies:

- Contrary to the Programme and Operations Manual, Award 70790 relating to two donors, with budgeted expenditures of \$4.5 million, was designed to implement multiple projects under multiple thematic areas. The Office had set up only one Atlas project (84608) as an “umbrella” project and three Project Managers were responsible for implementation of distinct activities/outcomes, with the assistance of 15 implementing partners. This resulted in unclear lines of responsibilities and accountabilities. Further, no documentation was available to indicate the methodology used by the Office for tracking and controlling partner responsibilities, activities, budgets, expenditures, and outcomes by project or thematic area, resulting in ineffective management of the programme.
- Individual work plans and budgets were not attached to the signed Project Cooperation Agreements to support the activities to be performed, the agreed implementation timeline, or the amounts related to each of the individual projects. In addition, Project Cooperation Agreements had been amended to include activities relating to more than one project. This resulted in difficulties in liquidating advances and establishing clear links between activities, corresponding expenditures and donor funding.
- Project files lacked key project formulation documentation, such as original signed Project Cooperation Agreements, Letters of Agreements, and supporting annexes to the Agreements. Moreover, this issue was compounded by the inclusion of unrelated documents in some files and no clear linkage could be found between the documentation and the project file in which it was included.

In addition to the above deficiencies, the Office signed a Cost Sharing Agreement with a donor in November 2013, for approximately \$2 million, to implement a gender sensitization project for military personnel from 1 January 2014 to 31 December 2015. The first disbursement of \$1 million was made by the donor in December 2013. However, at the time of the audit fieldwork and more than seven months after the agreed project start date, no Project Cooperation Agreement had been signed with a partner for the implementation of project activities, nor had any activities taken place at the time of the drafting this report. The Office stated that it had not initiated project activities because of a decision to wait for the final audit reports of implementing partners, so that action plans could be developed to address identified capacity gaps, before signing new Project Cooperation Agreements.

Poor project formulation and documentation may negatively impact the management of partner relationships as well as the timely and effective achievement of the intended outcomes. Also, there is an increased risk of inaccurate use and reporting of donor funds at the country and corporate levels.

Priority	High (Critical)
Recommendation 2:	
<p>Improve project formulation and documentation by:</p> <ul style="list-style-type: none"> (a) disaggregating the “umbrella” project (84608) into individual projects in a logical manner, supported by individual project documents; (b) preparing annual work plans for each project; (c) preparing individual Project Cooperation Agreements for project activities to be provided by each implementing partner and ensuring each Project Cooperation Agreement is supported by clearly defined work plans with outputs/outcomes, budgets and delivery time frames; and (d) reassessing the activities previously planned for the gender sensitizing project 88743 and the cost sharing agreement and renegotiating the project activities, timelines and budgets with the donor. 	
Management action plan:	
<p>Management will ensure appropriate set-up of programmes and projects within Atlas. The process of contracting the selected partners will be expedited and the Office will ensure that appropriate partner agreements are utilized and supported by work plans.</p> <p>The Office will disaggregate project 84608 in Atlas to reflect audit recommendations. Once all projects have been separated, the Office will organize a retreat on the Peace and Security part of the “umbrella” project, with a view to reorganizing the results chain, including re-arrangement of previous activities under the new projects and discussions with the donor.</p>	
Estimated completion date: June 2015	

Issue 3 Inadequate project monitoring and oversight

The Programme and Operations Manual requires offices to perform periodic reviews of actual project progress in relation to the planned activities and expected outputs. These reviews are to be carried out through field visits and review meetings with beneficiaries, partners, and other programme stakeholders, which should be approved in a Monitoring, Evaluation and Research Plan that is linked to the expected outputs and indicators in the Annual Work Plan/Strategic Note for the Office.

The Monitoring, Evaluation and Research Plan for 2014-2017 did not define any project visits and monitoring activities to be performed for 2014. In addition, the Office did not have another overall tool for scheduling and tracking monitoring and site visits, nor did the individual project files include a project specific schedule. There was a lack of processes and documentation to permit adequate oversight, control and accurate reporting of programme and project status. While the Office indicated that site visits had been performed, there was no evidence of project monitoring, and only one site visit report was provided for one project. Further, no evidence was provided to document that any risk identification, monitoring or mitigation activities were undertaken

during the period under review. The Office cited the turnover of staff and personnel and the need for training as the underlying cause for the issues noted.

In response to the draft report, the Office indicated that several project personnel had taken relevant training courses in 2014. The National Programme Officers attended two separate trainings organized by the Regional Office. The first training took place in March 2014 and covered DevInfo-Monitoring, an online monitoring tool that integrates projects' indicators to provide real-time updates. The second training took place in Senegal in July 2014 and was organized with the support of Headquarters, and covered UN Women's corporate Programme and Operations Manual.

Inadequate monitoring and oversight of programme and project activities increases the risk of delayed implementation and the inability to achieve programmatic results. Further, in the absence of monitoring and oversight, management may not be in a position to make properly informed decisions and cannot ensure the effective and efficient use of resources or delivery of intended outcomes.

Priority	High (Critical)
Recommendation 3:	
Strengthen project monitoring and oversight activities by:	
<ul style="list-style-type: none"> (a) updating the Monitoring, Evaluation and Research Plan 2014-2017, or developing another tool, to clearly define monitoring and oversight activities to be performed for all projects and implementing the activities defined; and (b) providing the relevant training to project personnel on the requirements of the Programme and Operations Manual. 	
Management action plan:	
<p>Management will strengthen monitoring and oversight activities of the Office and will prepare an assurance plan following the approval of the 2015 Annual Work Plan in December 2014. The Office has initiated the recruitment of a dedicated Monitoring and Evaluation Officer to further strengthen monitoring and assurance of ongoing projects.</p> <p>The Office will continue to attend regular trainings on the Programme and Operations Manual with support from the Regional Office and Headquarters.</p>	
Estimated completion date: December 2014	

Issue 4 Inadequate management of funds advanced to implementing partners

The Programme and Operations Manual stipulates that the cash advance modality requires close monitoring from the Office in order to verify the correct use of the advanced funds for the achievement of immediate results and expected outputs, and requires that the Funding Authorization and Certification of Expenditure (FACE) form be used by all partners to request funds and report expenditures. Further, it states that the Office must monitor the amounts to be advanced to the project, according to the planned activities in any period, and if the unliquidated advances at the end of the period are high, determine what the problem is and implement

necessary corrective actions.

While as of June 2014 the Office had more than \$1.1 million in unliquidated partner advances that had been outstanding since 2013, OAI did not find documentation to support regular and frequent follow-up with implementing partners or of the efforts made to liquidate the outstanding advances. Further, in the review of projects, OAI noted the following deficiencies relating to FACE forms:

- FACE forms had not been completed in accordance with the Financial Management Section of the Programme and Operations Manual and as a result the financial data columns for budget, previous requests and amounts liquidated were not completed or contained inaccurate amounts.
- No evidence that the advances/expenditures on FACE forms had been reviewed or checked against the planned project activities/outputs.
- Expenditure documentation to support liquidation of partner advances had not been marked as having been processed by the Office to prevent the document from being claimed on another FACE form.
- Support documentation was not itemized and reconciled with total amounts claimed and the corresponding budget line on the FACE forms.
- FACE forms had been submitted for implementing partners with one Project Cooperation Agreement (which related to more than one project); however, no details were included to indicate which expenditures related to which project.

The audit of two nationally implemented projects performed by external audit firms in 2013 noted that \$97,000 (or 45 percent) and \$58,000 (or 23 percent) of total implementing partner expenditures, respectively, were not adequately supported. In addition, the reports cited inadequate oversight or guidance provided to the implementing partners by the Office.

The Office stressed that a significant portion of the outstanding partner advances related to implementation agreements with government ministries, with no other possible partners available.

Untimely follow-up of outstanding advances and inadequate due diligence regarding FACE forms and the liquidation of advances may negatively impact project delivery and the Office's ability to fulfill its mandate within the planned timeframes.

Priority	High (Critical)
Recommendation 4:	
Improve management of funds advanced to implementing partners by:	
<ul style="list-style-type: none"> (a) developing and implementing mandatory standardized training for staff and implementing partners on the completion of Funding Authorization and Certification of Expenditure forms, and the reporting on expenditures and required supporting documents; (b) formalizing the process for reviewing and validating information provided on Funding Authorization and Certification of Expenditure forms to ensure accuracy of liquidations; and (c) developing a plan for follow-up and liquidation of all long-outstanding advances and documenting the activities conducted. 	
Management action plan:	

Management will undertake the following actions to further strengthen the management of funds advanced to partners:

- (a) organize training on the use of the Funding Authorization and Certification of Expenditure form for both UN Women staff and partners;
- (b) organize training on the monitoring of cash advances; and
- (c) establish a management tool to monitor cash advances on a monthly basis.

Estimated completion date: June 2015

OAI response:

OAI notes management's comments to monitor cash advances and emphasizes the need for additional efforts to reduce the \$1.1 million in partner advances. This will be reviewed as part of OAI's follow-up work in 2015.

2. Partnerships and resource mobilization

Issue 5 Funding targets not achieved and Resource Mobilization Plan not updated

UN Women Resource Mobilization Strategy for 2012-2013 states that UN Women offices in the field are required to establish effective partnerships and to implement a resource mobilization strategy in conjunction with a corresponding action plan to secure critical resources. The Resource Mobilization Plan should be dynamic, updated periodically to reflect both progress made and changes in the context where the office operates that could limit the attainment of financial goals to fulfil programmatic priorities.

The Office had developed a Resource Mobilization Action Plan for 2013-2014 that envisioned closing a resource gap in non-core funding of \$1.2 million for 2013 and \$6.5 million for 2014. OAI was not able to determine if the targets set for 2013 and 2014 had been met since critical financial information for the Office was not available due mainly to the absence of adequate oversight of the Office as indicated in Issue 1. As for the \$6.5 million flagged for 2014, there was no evidence that any new donor agreements had been signed to reflect progress made towards that financial goal. Nevertheless, information managed by the Programme Division at Headquarters reflected non-core resource needs, both for the Office's Development Results Framework and the Organizational Effectiveness and Efficiency Framework in 2014 of \$530,300 only. The Office was unable to explain whether the variance between the \$6.5 million and the \$530,300 was the result of carried-over funds from 2013 being allocated to 2014. Information used by the Regional Office to track progress made to secure new resources did not reveal progress towards any specific target, although it stated that a contribution from one donor for \$750,000 had been made (relating to an agreement signed in 2013). Further, there was no evidence that resource mobilization activities had been undertaken by any other UN Women office on behalf of the Office.

Without dedicated efforts to plan, conduct and track efforts to mobilize resources, the Office may face financial and reputational risks that could have a negative impact on its ability to sustain its operations and deliver on its intended development outcomes.

Priority	High (Critical)
Recommendation 5:	
Strengthen financial resource planning and management by:	
<ul style="list-style-type: none"> (a) updating the Resource Mobilization Plan to reflect the current funding needs of the Office and new timelines for achieving the resource targets and initiating actions to implement the plan; (b) documenting resource mobilization efforts and achievements; and (c) collaborating with the Regional Office and Programme Division to ensure that information relating to resources mobilized is consistently tracked, monitored and disseminated. 	
Management action plan:	
As part of updating the Office's 2015 Annual Work Plan, the Office will update the Resource Mobilization Strategy/Plan for 2015-2018 and will recruit a Communications and Resource Mobilization Officer to ensure dedicated implementation and follow-up on resource mobilization actions. In addition, the Office will organize a training session for staff on resource mobilization, which will be conducted with a focus on fund-raising approaches and donor intelligence.	
Estimated completion date: March 2015	

Issue 6 Ineffective communication with donors

Partnerships established between UN Women and donors can be facilitated to a large extent with effective communication. Donors set expectations for the achievement of strategic priorities that are held in common with UN Women when signing agreements for funding development projects. Since the attainment of desired outcomes can take one or more years to occur, strategic, frequent, and informative communications with donors can help them manage their expectations and also contribute to their fiduciary and reporting responsibilities with their own governments.

There was consensus among the three main donors that:

- communication with the Office suffered from the absence of senior level management, was of poor quality or misleading, and was too infrequent;
- information on critical programmatic activities, even by way of brief updates was lacking; and
- communication was mostly initiated by donors who, after long periods of being unaware of key activities, requested with some level of urgency updates as to the status of agreements, and what concrete actions had been taken by UN Women and its implementing partners.

While donors recognized the absence of senior leadership at the Office for an extended period of time, the donors did not indicate that they felt the role had been fully assumed at the regional level, which left them generally unaware of project activities and use of their contributions by the Office. Management from the Regional Office indicated that missions had been undertaken to the Country to meet with donors, based on the individual feedback received by OAI from donors and the similarity of their opinions, however, these were either too infrequent or did not compensate for the absence of senior management in the Office.

Failure to maintain communications with donors to keep them adequately informed can pose reputational and financial risks for the sustainability of the Office.

Priority	Medium (Important)
Recommendation 6:	
Strengthen donor communications by implementing and documenting a process to improve periodic communications with donors to address their information needs.	
Management action plan:	
The Office will take the following key actions:	
<ul style="list-style-type: none"> (a) update the Resource Mobilization Plan, including the communication plan with current and potential donors; and (b) recruit a Monitoring and Evaluation Officer to produce regular briefs on all ongoing projects for communication to the donor. 	
In addition, the quality of communications will further be strengthened as the Representative is now on board and responsible for communication with donors.	
Estimated completion date: March 2015	

C. Operations

1. Finance

Issue 7 Pre-financing of development project activities

The UN Women Programme and Operations Manual requires that for non-core funded projects, cash must be received prior to expenditure and disbursements must be limited to either the amount of the approved budget, or the amount of cash received and recorded (depending on which is lower) in Atlas.

OAI reviewed a sample of 31 vouchers totalling \$1.3 million, and noted that 2 of the vouchers (totalling over \$449,000) had been used to “pre-finance” project activities funded through non-core funds. The vouchers were processed to commence project activities by implementing partners prior to receipt of donor funding for the corresponding project. For one voucher, the Office had advanced the funds using core funds, and funds from another project were used to process the second voucher. These occurred due to the unfamiliarity of staff with the procedures.

Pre-financing non-core development activities may result in the unapproved use of core resources or funding from other donors, which could negatively affect the accurate reporting of funding sources, result in disallowed expenditures, and negatively impact relations with donors.

Priority	Medium (Important)
Recommendation 7:	
Train all staff on the requirements to comply with the Programme and Operations Manual regarding the prohibition of pre-financing project activities.	
Management action plan:	
The Office will train staff as a follow-up to the Programme and Operations Manual training that took place in Senegal in July 2014 and will also send written guidance on the Manual's requirements in regard to pre-financing.	
The Office will also conduct Harmonized Approach to Cash Transfers (HACT) training for all partners and staff with the support of the Mali Operations Management Team's HACT working group.	
Estimated completion date: March 2015	

Issue 8 Improper coding of payments in Atlas

One of the three fundamental internal control objectives stated in UN Women's Internal Control Framework is to ensure the recording and preparation of reliable financial data, for use by management in decision-making and for the preparation of financial statements and other documents and publications of the organization.

Of the 31 vouchers reviewed, 17 indicated incorrect account coding amounting to \$583,000, or 45 percent of the sample total. This was due to staff's unfamiliarity with procedures. Some examples of the extent of errors are described below:

- Lump sum expenditure of advances to implementing partners to account 72605 "Grants to institutions and other beneficiaries," rather than charging to the appropriate account based on the underlying activity upon liquidation, totalling over \$103,000.
- When recording assets purchased on behalf of implementing partners for projects, the Office had failed to use the proper designation in the procurement catalogue in order to identify the assets as being purchased and transferred to implementing partners, totalling over \$115,000.

Failure to properly code transactions in Atlas results in inaccurate account balances and increases the risk that the financial records of the Office and UN Women will be inaccurate.

Priority	Medium (Important)
Recommendation 8:	
Provide adequate training to staff members to ensure that expenses are recorded in the correct Atlas accounts.	

Management action plan:

Office staff received training in Atlas as part of the Programme and Operations Manual training taken in July 2014. In addition, the Office will liaise closely with the Regional Office and Headquarters for a follow-up training session for staff. As the United Nations Country Team in Mali has decided to pilot the HACT, UN Women will also conduct HACT training for all partners and staff with the support of the Mali Operations Management Teams' HACT working group.

Estimated completion date: March 2015

2. Procurement

Issue 9 Inadequate review by Local Acquisition Management Review Committee

UN Women's Programme and Operations Manual indicates that the Local Acquisition Management Review Committee, as part of the procurement oversight system, is responsible for making recommendations on procurement to the authorizing official in the respective office. The Committee's mandate is to ensure that, *inter alia*, all processes are fair and competitive, and that the best value for money will be realized by signing a proposed contract.

During the review period, only one procurement met the requirements for review by the Local Acquisition Management Review Committee. The Committee convened in September 2013 (as was the need) to review an extension of a special services agreement. The Committee failed to note several inconsistencies in the supporting documents presented for its review and proceeded to endorse the extension of the contract. Due mainly to the lack of procurement knowledge/skills of Committee members, OAI noted the following inconsistencies:

- The extension request revealed the existence of two different ToR from the requesting unit (ToR A and ToR B). ToR A contained only general information on the expected deliverables but indicated the desired level of experience of the consultant; ToR B, however, did not list the qualification requirements of the consultant, but was more specific in the list of deliverables.
- The original contract in the amount of \$19,500 was created on 4 July 2013 for the period July to October 2013. The proposed amendment to the contract indicated that the ToRs were not changing (but did not specify which ToR was being referenced); rather, the justification for the extension was based on the additional time required to achieve the outputs, increasing from three months to one year and increasing the cost of the contract by \$58,000.
- The level of compensation proposed for the consultant was not commensurate with the desired experience, based on the information included in the procurement regarding the required skills for the consultancy. The compensation proposed exceeded the suggested compensation for the number of years of experience required.

The minutes of the meeting did not indicate what discussion took place leading to the Local Acquisition Management Review Committee's decision, or that the Committee had identified, or objected to, any aspects of the submission.

Ineffective reviews by the Local Acquisition Management Review Committee increase the risk that resources may be used inadequately or that fraudulent transactions may go undetected.

Priority	Medium (Important)
Recommendation 9:	
Strengthen the oversight provided by the Local Acquisition Management Review Committee by:	
<ul style="list-style-type: none"> (a) training the members of the Local Acquisition Management Review Committee to improve their ability to review submissions in accordance with the procurement rules and the Programme and Operations Manual, including training to improve the Committee’s ability to thoroughly review supporting documents for submissions; and (b) documenting all discussions in support of the decisions taken. 	
Management action plan:	
The following key actions will be undertaken to strengthen the Local Acquisition Management Review Committee:	
<ul style="list-style-type: none"> (a) Organize training for the Committee members in close liaison with the Regional Office and Headquarters Procurement Section. The target to complete this will be during the first quarter of 2015. (b) Develop a template for meeting minutes that captures the discussions, including minority views and objections raised in the Committee’s sessions. (c) Share Committee member ToRs with all members as per the Programme and Operations Manual, highlighting their respective roles and responsibilities. 	
Estimated completion date: March 2015	

Issue 10 Incomplete due diligence performed on vendors

The Programme and Operations Manual states that all business units must assess the entities with which business is conducted to ensure that funds are used for their intended purposes. Also, to support financial control of publicly entrusted funds and comply with the regulations and procedures regarding anti-terrorist financing practices put in place by the United Nations, organizational due diligence requires business units to do the following: (a) review the entity’s profile including its background, financial reports, annual statements; (b) confirm business registration with government authorities; and (c) verify the entity against the United Nations Security Council 1267 Committee’s list of terrorists and terrorist financiers.

Of the eight vendor profiles created since 2012, OAI sampled four profiles and was unable to verify whether the Office performed any due diligence prior to creating new vendors in Atlas. The Office only maintained on file copies of bank notices or voided copies of cheques to verify banking details if needed. The Regional Office reviewed the electronic copies of the bank documents and approved the vendor accounts in Atlas, and according to management at the Regional Office, vendors were cross-referenced against the list of sanctioned vendors. However, there was no evidence to support that vendors had been vetted before being created in Atlas by the Office. There were no records on file of additional clarification having been sought by the Regional Office

for any vendor resident in the Country, which further demonstrated that the Regional Office was reliant on the due diligence performed at the Office level. Also, the verification of the banking details presented to OAI were insufficient to ensure that only entities legally registered with the government were engaged and that exclusion from the UN list of terrorists and their financiers had been verified. The Office did not maintain certificates of incorporation, audited financial statements, letters of recommendations or any other documents to substantiate whether due diligence had been performed on current or potential vendors.

In their response, management indicated that the list of blacklisted vendors (regularly updated by Headquarters) is used by the Office and Regional Office to check the good standing of all vendors, however, OAI found no evidence of this activity.

When due diligence on vendors is not performed, the risk of contracting sanctioned vendors increases, along with the risk that the vendor may be unable to meet the requirements of the contract.

Priority	Medium(Important)
Recommendation 10:	
Perform, document, and maintain records of due diligence performed on all proposed vendors in accordance with the UN Women Programme and Operations Manual, including:	
<ul style="list-style-type: none"> (a) verifying the legal existence; (b) assessing financial and technical capacity to perform the activities included in the terms of reference; and (c) verifying that the vendor has not been sanctioned by the United Nations system. 	
Management action plan:	
Management will further strengthen due diligence and establish systems to validate the legal existence of vendors.	
Estimated completion date: December 2015	

3. Information and communication technology

Issue 11 Inadequate security and back-up of electronic and physical information

According to the UN Women Programme and Operations Manual, the management of information security shall be governed by appropriate controls to protect critical organization information assets. Control and management processes should be in place, and these should be monitored for appropriateness and effectiveness.

During the period under review, there was a back-up server or system of storing electronic data centrally in the Office. However, it was not functioning. The Office had installed an electronic back-up system in July 2014. The system for centralized storage and back-up of relevant documentation had been initiated, but had not been completely implemented since documents were not properly uploaded. Each staff member maintained his or her personal storage of documentation, and there was no central storage of programmatic documentation. Programme staff did not have access to the programmatic documentation that did not belong to him/her.

The electronic back-up system was located on a hard drive in the server room, but the information was not protected by a password or other security measures. OAI observed that ICT vendors were allowed to enter and stay unaccompanied in the server room, as the Office had no policies or processes in place regarding data security in terms of physical entrance to the server room.

Not properly storing physical and electronic data may have a negative impact on the Office’s decision-making process. In addition, unauthorized access to information assets may result in the loss of critical data.

Priority	Medium (Important)
Recommendation 11:	
<p>Improve the back-up and security of information in accordance with the Programme and Operations Manual by:</p> <ul style="list-style-type: none"> (a) implementing security policies related to the Office back-up hardware and systems to safeguard against unauthorized access to equipment, systems or confidential information; and (b) establishing, formally communicating and implementing policies/instructions for both an electronic and physical document management system, to ensure that information is stored in a secure, yet functional manner that allows information to be shared/accessed by authorized personnel only. 	
Management action plan:	
<p>Management will take the following key actions:</p> <ul style="list-style-type: none"> (a) Put in place a back-up system that is secure and accessible to all staff. (b) Secure access to the server room through a restricted badge system. (c) Conduct information sessions for all staff on security and (remote) access to digital information, including Headquarters-initiated training on the cloud. 	
Estimated completion date: March 2015	

4. Operational support provided by UNDP

Issue 12 No tracking of UNDP operational support services

UN Women’s Internal Control Framework enables offices outside of Headquarters to request operational support services from a local UN agency. UN Women also has, and expects its staff to use systems and processes that support the identification, capture, and communication of information in a form and time frame that enable UN Women personnel to carry out their responsibilities.

The Office was being supported by UNDP Mali in the areas of human resources, finance (paycycle), limited procurement support, and ICT. However, there was no consolidated record of what services had been requested for any given time period, and the only way to obtain such information involved original data collection in Atlas or tracking emails where services were requested. Billing by UNDP Mali for operational support was done at year end. For services provided in calendar year 2013, the Office had not received an invoice as of August 2014

highlighting the need for a consolidated list of all services requested for ease of tracking and quick reference when preparing payment for the invoice. The Office did not provide a reason why a consolidated tracking system was not being used.

Failure to track operational support services provided to UN Women poses a financial risk for the Office, making it difficult to quantify or verify the outstanding liability.

Priority	Medium (Important)
Recommendation 12: Develop a tracking tool that consolidates information on the services requested, the receipt of the services, and the level of satisfaction for the services received.	
Management action plan: Management will establish a system to monitor all services requested from UNDP, organized by type, time and status of outstanding requests, which will be compared with billing from UNDP on a regular basis. The system will also include indicators on the level of satisfaction of services for appropriate feedback to UNDP. Estimated completion date: December 2014	

5. Safety and security

[NOTE: This section has been redacted as it is deemed to contain sensitive information.]

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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.