

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN THE

UNITED REPUBLIC OF TANZANIA

Report No. 1436

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Report on the audit of UN Women Country Office in the United Republic of Tanzania Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in the United Republic of Tanzania (the Office) from 13 to 30 April 2015. 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) 'Delivering as One' and gender mainstreaming in development cooperation;
- (c) programme activities (programme and project management, partnerships and resource mobilization); and
- (d) 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 2014 to 31 January 2015. The Office recorded programme and management expenditures totalling \$3.4 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 **satisfactory**, which means, "Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity."

Good practices

Organized orientation for new personnel. The Office had a well-structured approach to providing orientation for new personnel.

Robust project monitoring structure. The Office had introduced new elements to its performance monitoring framework, which became an effective tool for results based management.

Assessment reports. The Office had developed an assessment report template that captured both the financial and programmatic status of projects.

Key recommendations: Total = 5, high priority = 0

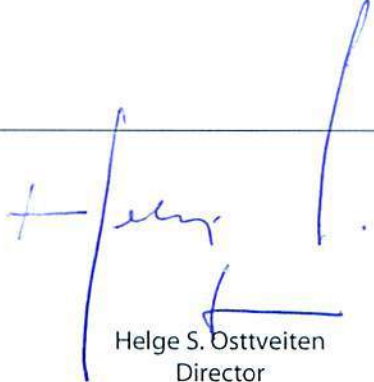
The five recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendations 1 and 2); (b) effectiveness and efficiency of operations (Recommendations 3 and 5); and (c) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 4).

The audit did not result in any high (critical) priority recommendations. There are five medium (important) priority recommendations, which means, "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." These recommendations include actions to address the following: the absence of an agreement between the Office and host country; inefficient process of approving non-standard clauses in contribution agreements; sub-optimal support services provided by UNDP; leave policy for individual contractors not being updated; and weak petty cash management.

Management comments and action plan

The Representative, and the Director of the Programme Division accepted all of the recommendations and are 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. Ostveiten
Director
Office of Audit and Investigations

I. About the Office

Since January 2007, the United Nations in the United Republic of Tanzania (the Country) has been piloting the 'Delivering as One' reform. The Office is an integral component of the 'United Nations Development Action Plan 2011-2016' and feeds into the development of the Annual Work Plans. In addition to leading the interagency group on gender and being engaged in three United Nations programme working groups, the Office supported the following results impact areas: (a) women lead and participate in decision making at all levels; (b) women are economically empowered and benefit from development; (c) women and girls live a life free from violence; and (d) accountability for gender equality commitment and priorities in governance and national planning.

Under the leadership of a Representative and assisted by a Deputy Representative, the Office had a total of 27 personnel comprised of 4 international and 3 local staff, 1 international United Nations Volunteer, 1 International Australian Volunteer, 11 service contract holders, 6 contractors under special service agreements, and 1 contractor under a reimbursable loan agreement. The programme staff members were assigned to four units, namely: democratic governance and leadership; women's economic empowerment; United Nations coordination and program support; and operations.

Despite the complex operational environment, the Office increased the amount of resources available in its Integrated Resources Framework from \$18.4 million in 2014 to \$20 million in 2016.

II. Good practices

OAI identified good practices, as follows:

Governance and strategic management/Orientation of new personnel. The Office established a well-structured approach to providing orientation for new staff and other personnel (service contract holders and special services agreement holders). Formal sessions were organized with the Representative and the Deputy Representative. The session with the Representative provided an overall briefing on the role and mandate of the Office on 'Delivering as One', gender mainstreaming in development cooperation, and the Office's programme. The session with the Deputy Representative mainly focused on the Office's operations and on the personnel's development. In addition, office space was arranged around different specialties and programme thematic groups to facilitate interactions and communication between the projects and programme.

Programme management/Strong monitoring and evaluation. The Office introduced new elements to the standard performance monitoring framework in the 'Programme and Operations Manual'. For example, the Office established clear targets and definitions of responsible parties for each result. These were prepared by Programme Managers in consultation with partners and beneficiaries, and were regularly updated, which resulted in the performance monitoring framework being an effective tool for results-based management. Also, when the implementing partners had limited capacity, the Office increased the reporting requirement from bi-annual to quarterly to facilitate better management of the increased risks of working with these partners.

Project management/Development of an assessment report template. The Office developed an assessment report template capturing both the financial and programmatic status of projects, and compared them with the Annual Work Plan. The assessment report was prepared by Project Managers and approved by management before the release of the next financial installment to partners or before making key decisions during project implementation.

III. Audit results

Satisfactory performance was noted in the following areas:

- (a) 'Delivering as One' and gender mainstreaming in development cooperation. The Office contributed to the design and implementation of the 'One UN' and carried out its mandate of leading, coordinating and promoting the accountability of the United Nations system in its work on gender equality and the empowerment of women in accordance with the corporate 'UN Women Coordination Strategy'. The Office played a critical role in enhancing women's economic security and rights. Notable results were achieved in gender mainstreaming and women's empowerment across programme delivery and advocacy campaigns.
- (b) Programme and project management. The Office complied with UN Women's policies and procedures on programme and project management. The programme was well consolidated, synergies between different initiatives were created, and monitoring mechanisms were strengthened. Furthermore, there was a proactive and robust system of project monitoring and reporting.
- (c) Partnerships and resource mobilization. Donors and implementing partners indicated that they had good working relationships with the Office. The donors expressed satisfaction with reporting and confirmed a willingness to continue their support. As of April 2015, the Office exceeded its resource mobilization target for 2014-2015.
- (d) Procurement. A review of the procurement process disclosed that controls were adequate.
- (e) General administration. A review of the vehicle logs and fuel expense records as well as travel records noted that controls were adequate.
- (f) Asset management. A review of procedures used for tracking assets concluded that asset management was effective.
- (g) Leave management. The Office had established procedures to monitor staff attendance and ensured the reliability of annual leave records.

OAI made five recommendations ranked medium (important) priority.

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

Medium priority recommendations, arranged according to significance:

- (a) Request the Permanent Mission of the United Republic of Tanzania to the United Nations to advance the negotiations regarding the host country agreement and the Office's mandate (Recommendation 1).
- (b) Improve the process of negotiating and providing clearances for non-standard clauses in contribution agreements (Recommendation 2).
- (c) Implement a corporate process to track non-standard clauses in contribution agreements (Recommendation 3).
- (d) Improve petty cash management (Recommendation 4).
- (e) Discuss with UNDP management the delays in getting support services (Recommendation 5).

The detailed assessment is presented below, per audit area:

A. Governance and strategic management

1. Risk management

Issue 1 Corporate Issue: Absence of agreement between UN Women and the Country

Following the creation of UN Women in July 2010, the Executive Director wrote to all governments and requested that the 'Standard Basic Assistance Agreements' concluded between the governments and UNDP be applied to UN Women premises, property, assets and personnel in each respective country. UN Women would be recognized through host country agreements between the governments and UN Women offices.

The Office sent a letter to the Government on 26 November 2014; however, the Government had not responded as of 30 April 2015, despite several follow-up attempts by both the Representative and the Resident Coordinator.

The lack of a signed host country agreement may prevent the Office from carrying out its mandate in the Country. However, since Tanzania was one of countries piloting "Delivering as One" since 2006, the likelihood of this happening is lower.

Priority	Medium (Important)
Recommendation 1:	
Request the Permanent Mission of the United Republic of Tanzania to the United Nations to advance the negotiations regarding the host country agreement and the Office's mandate.	
Responsible HQ division: Programme Division	
Management action plan:	
The Executive Director sent a formal letter to the Permanent Mission of the United Republic of Tanzania to the United Nations on 18 May 2015.	
The Programme Division will also be engaging the Permanent Mission to further advance negotiations in order to finalize the applicability of UNDP's 'Standard Basic Assistance Agreement' to UN Women in the Country.	
Estimated completion date: January 2016	

Issue 2 Corporate Issue: Inefficient process of approving non-standard clauses in contribution agreements

The 'UN Women Resource Mobilization Policy' requires that the standard contribution agreement template be used by all offices. Any deviations must be approved by the Director of Management and Administration, in consultation with UN Women's Legal Support Unit.

A review of three contribution agreements disclosed that non-standard clauses were used in all of them. Of these agreements, only one had evidence that the Office obtained the required clearance for including such

clauses. Furthermore, there were challenges and delays in clearing the agreements, which caused confusion and dissatisfaction among the Office and the donors. This was due to the insertion of non-standard clauses by the donor and the subsequent negotiations around the various amendments. In some cases, it took between six and eight months to finalize and conclude the agreements.

Additionally, for one contribution agreement, it was stipulated under Article IX that, “the donor may separately or jointly with other donors, take the initiative to evaluate or review its cooperation with UN Women.” This provision was contrary to the Evaluation Policy approved by the Executive Board. Furthermore, there was no evidence that the Office sought advice from the Legal Support Unit. The Office also did not obtain inputs from the Independent Evaluation Office, which had the overall responsibility of evaluating UN Women’s project activities. The lack of proper reviews of non-standard clauses could negatively impact the reputation of UN Women.

A donor indicated that the non-standard clauses in the agreement were required to provide assurance on the proper use of donor funds.

The delays in concluding non-standard clauses in contribution agreements may prevent the office from meeting donor requirements.

Priority	Medium (Important)
Recommendation 2:	
Improve the process of negotiating and providing clearances for non-standard clauses in contribution agreements in order to better support field offices.	
Responsible HQ division: Programme Division, in collaboration with the Division of Management and Administration and the Strategic Partnerships Division	
Management action plan:	
UN Women headquarters is developing a guidance manual on engaging donors, which will also address the process and the justification for the various clauses of the standard contribution agreement.	
In addition, UN Women headquarters is in the process of concluding framework agreements with key donors. Such overarching framework agreements will bring certainty and consistency to receiving contributions from those donors, and reduce the number of non-standard clauses in contribution agreements.	
The Programme Division, in collaboration with the Division of Management and Administration and the Strategic Partnerships Division will also develop, as part of the guidance manual referred to above, a standard operating procedure to clarify the clearance and review process of non-standard clauses in contribution agreements.	
Estimated completion date: December 2015	

Priority	Medium (Important)
Recommendation 3: Implement a corporate process to track non-standard clauses in contribution agreements and adjust resources and activities to meet donor requirements. Responsible HQ division: Programme Division	
Management action plan: UN Women headquarters will establish a corporate process to track the requirements of non-standard contribution agreements. Estimated completion date: December 2015	

B. Operations

1. Human resources management

Issue 3 Corporate Issue: Leave policy for individual contractors not updated

UN Women's 'Programme and Operations Manual' states that individual contractors hired under special service agreements are not entitled to any annual leave or sick leave.

All four special services agreements reviewed included a clause that allowed individual contractors to earn one day of annual leave per month. The Office provided evidence of approval from the Regional Office and the Human Resources Unit to include a leave clause in the special service agreements with contract durations of more than six months. Nonetheless, the 'Programme and Operations Manual' had not been updated to reflect this change in leave policy. Therefore, other UN Women offices may not be aware of this change, which could lead to the inconsistent application of the leave policy to individual contractors.

OAI comment:

The Division of Management and Administration indicated that the special service agreements will be replaced with individual contracts for services. Under this new contract modality, the corporate position on leave entitlements for contractors will be clarified. Since actions are being taken, OAI is not making a recommendation concerning this matter.

2. Finance

Issue 4 Weak petty cash management

UN Women's financial rules state that offices are responsible for the proper management of petty cash. The delegated officials may use the petty cash only for the purposes for which it is authorized and these officials shall be held personally responsible and financially liable for its safekeeping.

In April 2015, a surprise cash count was conducted that resulted in an unreconciled difference of 40,500 Tanzania Shillings (\$22) from the authorized petty cash level. The petty cash custodian provided records of unliquidated petty cash advances totalling 50,000 Tanzania Shillings; however, this total was more than the unreconciled difference. After numerous reminders and inconsistent responses, the custodian, together with the Representative and Deputy Representative provided the records only 12 days later and explained that personal funds were being commingled with the petty cash funds.

Management indicated that previous reviews of petty cash and liquidations had not disclosed any discrepancies, although not recorded.

Commingling of personal funds with petty cash funds represents an internal control weakness, and increases the risk of loss or misuse of funds.

Priority	Medium (Important)
Recommendation 4:	
Improve petty cash management by conducting regular documented reviews of petty cash funds to ensure proper use and proper recording of disbursements.	
Management action plan:	
The Office will closely monitor petty cash management. Surprise petty cash counts are being conducted, and will be conducted more often, and results will be documented.	
Estimated completion date: Immediately, on a monthly basis	

3. Operational support provided by UNDP

Issue 5 Sub-optimal support services provided by UNDP

In February 2012, the Office signed a Service Level Agreement with the UNDP Country Office, upon which the latter provides support services to the Office pertaining to human resources, general administration, finance, procurement, and information and communication and technology. The Agreement specifies turnaround times based on the nature of services being provided to the Office.

The following weaknesses were noted in the support services provided to the Office:

- The Office experienced delays in getting support services relating to human resources and information and communication technology. For example, the Office’s radios had not been functioning because the radio transmitter had not yet been purchased and installed since the transfer to new premises in February 2015. Management indicated that UNDP had staff capacity issues and UNDP was providing support services to 18 United Nations agencies.
- The Office’s data stored in the shared folder managed by UNDP was not being backed up. As such, the risk of losing critical data in the case of a disaster increased.

Delays in receiving support services from UNDP could affect the Office’s ability to deliver its mandate in the Country.

Priority	Medium (Important)
Recommendation 5:	
Discuss with UNDP management the delays in getting support services relating to human resources and information and communication technology, and review the Service Level Agreement to determine whether it requires amendments to ensure that value for money is being achieved.	
Management action plan:	
The Office will take the following actions:	
<ul style="list-style-type: none"> (a) engage with UNDP management and discuss the provisions in the Service Level Agreement; (b) put in place a system to track and document the services provided by UNDP, including quality and timely delivery and conclusion of services; and (c) liaise with headquarters for any issues that will not be resolved at the field level. 	
Estimated completion date: September 2015	

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.