UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

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AUDIT

OF

UN WOMEN WEST AND CENTRAL AFRICA REGIONAL OFFICE

IN

SENEGAL

Report No. 1608

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(REDACTED)

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**Report on the Audit of UN Women West and Central Africa Regional Office in Senegal
Executive Summary**

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women West and Central Africa Regional Office in Senegal (the Office) from 29 February to 18 March 2016. 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, business continuity, monitoring and reporting);
(b) gender mainstreaming in development coordination;
(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).

The audit covered the activities of the Office from 1 January to 31 December 2015. The Office recorded programme and management expenditures of approximately $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 organizational structures, leadership, human resources, procurement, and general administration.

Key recommendations: Total = **14**, high priority = **7**

The 14 recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1, 4	High
	2	Medium
Effectiveness and efficiency of operations	5	High
	3, 7, 8	Medium
Safeguarding of assets	12	High
	11	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	6, 9, 10	High
	13, 14	Medium

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: Absence of a well-defined office structure (Issue 1)	Following the UN Women Africa Annual Work Plan 2016 peer review meeting in November 2015, the Office's portfolio of projects was reviewed and most of the projects directly implemented by the Office were closed or delegated to Country Offices within the region. However, the Office's structure and functions were not reorganized accordingly. In addition, the job descriptions of all key staff in the Office were outdated and neither mirrored the functions the staff were performing nor reflected the corporate requirements for the staff of Regional Offices. Furthermore, all job descriptions reviewed were in the form of generic Terms of Reference for filling vacancies, or in the form of non-finalized drafts, with visible tracked changes. In addition, there were only two thematic advisors to perform the roles originally designed for four advisors. <u>Recommendation 1:</u> The Programme Division, in collaboration with the Office of Human Resources, should urgently address the issues with the Office's structure by: (a) fast tracking the human resources and business processes review to ensure that the Office's structure is in line with the corporate priorities and to determine the staffing resources required to efficiently operate the Office; and (b) updating all job descriptions and the Office's organization chart to reflect and clearly define staff roles, responsibilities and accountabilities and reporting lines.
Corporate Issue: Weaknesses in the Office's senior management set-up (Issue 4)	The Office faced challenges in the formation and continuity of its senior management. The audit identified the following: Over a period of 18 months, the Office had both a Director and a Deputy Director for only 2 ½ months. For the remaining 15 ½ months, the Office was managed either by one incumbent or an *ad interim* designation. From July to December 2015, the Director *ad interim* was on detail assignment in the Office. From 29 February 2016, she was designated as Officer-in-Charge of the Regional Office in Kenya and the incumbent was relocated to Kenya. The Deputy Director was issued a delegation of authority as Officer-in-Charge of the Regional Office in the Country effective 29 January 2016. However, these changes were neither timely nor clearly communicated to all external stakeholders and as a result, the Office was not invited to the United Nations Development Group meeting that took place in January 2015. The most senior programme staff in the Office (Regional Programme Advisors) were reporting to the Officer-in-Charge based in Kenya, while the rest of the Office's personnel were reporting to the Deputy Director who was also the Director *ad interim* of the Office. The audit team was not provided with any specific justification for this arrangement. Five stakeholders interviewed, including the Government, United Nations agencies and UN Development Group representatives, indicated that there was confusion as to who led and represented the Office, because the Director of the Office was also the Representative of the UN Women Country Office (now Programme Presence) in Senegal. This resulted in the inadequate oversight of the Office and in ineffective UN Women representation and advocacy activities in the West and Central Africa region.

Recommendation 4: The Programme Division, in collaboration with the Office of Human Resources, should develop and implement a strategy to ensure a more robust senior management system for the efficient and effective handling and monitoring of the operations of the Office.

Corporate Issue: Special Services Agreement chapter of 'Programme and Operations Manual' no longer relevant to field operations (Issue 5)

The Office, based on advice from the UN Women Office of Human Resources in headquarters, approved annual leave and renewed contracts for individuals under Special Services Agreement, contrary to the requirements of the relevant chapter in the 'Programme and Operations Manual'. These actions were in line with the practices followed in headquarters units, although not supported by the existing policies. This misalignment between existing policies and current practices had been raised by OAI in two previous reports on the audit of the Procurement Function and of the UN Women Country Office in the United Republic of Tanzania, and one recommendation had been raised, which remained unresolved. In view of this situation, OAI will withdraw the previous recommendation and issue a new one in this report, in order to better address the issue.

Recommendation 5: The Office of Human Resources should improve its guidance to all offices on contracting individuals by: (a) updating the Special Services Agreement chapter of the 'Programme and Operations Manual' taking into consideration the conflict between the existing guidelines and practices in leave and contract renewal processes and controls to be implemented over contracts with individuals; and (b) communicating the new or updated guidelines to all field offices and headquarters units.

Mandatory courses not completed (Issue 6)

Only 2 of the 35 personnel in the Office had completed all seven mandatory courses, 5 had completed between two and six courses each, and the remaining 28 (80 percent) had not completed any of the mandatory courses.

Recommendation 6: The Office should ensure that the mandatory courses are completed by: (a) requesting copies of completion certificates from individuals that already completed the mandatory courses and update the learning records; and (b) establishing a time frame within which all personnel should complete the mandatory training courses.

Delays in liquidation of advances made to implementing partners (Issue 9)

Contrary to the requirements of the 'Programme and Operations Manual', the Office had total outstanding advances of $1.11 million, of which $0.9 million (82 percent) were over six months. There were also significant long-outstanding advances in the Nigeria and Niger Country Offices, as well as in the Ghana Programme Presence, which were under the purview of the Office. These amounts totalled $209,000. From December 2014, the Office had implemented an action plan to reduce the advances that were long outstanding.

Recommendation 9: The Office should improve the management of advances to implementing partners by: (a) strengthening the existing action plan to reduce existing long-outstanding advances – the plan should detail the actions to be taken to liquidate the outstanding advances and the individual that will have overall responsibility for completing the actions within the specific time frame; and (b) considering revising the advances schedule to make smaller payments to

	partners on specific milestones to facilitate timely reporting and liquidation of the advance.
Inadequate procurement management (Issue 10)	The audit reviewed 73 transactions valued at $978,000 and noted exceptions for 30 percent of the transactions reviewed, totalling $294,174 and relating to incomplete supporting documentation of procurement actions taken by the Office, unjustified modifications to procurement modalities during the procurement process, non-compliance to travel related procurement guidelines, and inadequate vendor due diligence process. Recommendation 10: The Office should strengthen its procurement processes by: (a) obtaining and filing all the documents that support the procurement action taken, including waivers for direct procurement duly authorized by the head of office; (b) organizing refresher courses on procurement to ensure that the Office personnel engaged in procurement actions are up to date with the requirements of the 'Programme and Operations Manual'; and (c) performing, documenting and maintaining records of due diligence on all vendors in accordance with the 'Programme and Operations Manual'.
Weaknesses in management of motor vehicles and fuel consumption (Issue 12)	The Office did not maintain records of vehicle maintenance and use of three of its five vehicles. In addition, no reconciliations of the fuel consumption for all vehicles were maintained and the Office was paying for fuel that it had not verified through obtaining the respective invoices. The total amount paid for fuel in 2015 that was not verifiable was approximately $6,300. Recommendation 12: The Office should comply with the Vehicle Management chapter of the 'Programme and Operations Manual' by: (a) having drivers complete the fuel receipt column of the daily vehicle logs; (b) assigning the responsibility for verification and signing off of daily vehicle logs to an applicable authority; (c) obtaining monthly invoices and statements from the vendor for all Office vehicles; (d) reconciling the Office's records of fuel consumption against the vendor's statement of account; and (e) maintaining individual files for each motor vehicle that contains details such as purchase information, registration and maintenance history, fuel consumption and other relevant information to facilitate the review of the motor vehicle records.

"Corporate issue" means action is required from a headquarters unit or division.

Management comments and action plan

The Director a.i. of the Division of Management and Administration, the Director of the Programme Division, and the Director of the Office of Human Resources accepted all 14 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. Osttveiten
Director
Office of Audit and Investigations

I. About the Office

The Office, located in Dakar, Senegal (the Country), was established in the beginning of 2013 to provide support and oversight to six Country Offices in Cameroon, Côte d'Ivoire, Liberia, Mali, Nigeria, and Sierra Leone. In addition, the Office directly supported Programme Presences in Cabo Verde, Central African Republic,[1] Guinea-Bissau, Niger and Senegal.[2] The Office had a complement of 33 personnel holding different contractual arrangements. In 2015, the Office had operational and programmatic expenditures of approximately $4 million.

In 2014, the Office's programme as defined in the Strategic Note was already affected by significant crises (such as in the Sahel region, in Burkina Faso and the Ebola outbreak) and its strategic focus shifted towards answering current and possible future challenges, especially regarding their impact on women and girls. Key results to be achieved by 2017, in terms of technical assistance and advocacy work were as follows: Leadership & Political Participation; Economic Empowerment; Violence against Women; Women in Peace and Security; Making Gender Central to National and Local Planning and Budgeting; and Inter-Governmental Processes. The Office was also participating in the development of the new United Nations Development Assistance Frameworks for Cabo Verde, Cameroon, Chad, Côte d'Ivoire, Equatorial Guinea, Gambia, Ghana, Guinea-Bissau, Liberia, Mali, Mauritania, and Senegal.

II. Audit results

Satisfactory performance was noted in the following areas:

(a) Programme activities. No reportable issues were noted.

(b) Operational and support services provided by UNDP. The Office had a good working relationship with the UNDP Country Office. The cost recovery for services provided by the UNDP Country Office in Senegal was performed on a real-time basis, when the Office had access to these services.

OAI made seven recommendations ranked high (critical) and seven 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 that had been implemented as advised by the Office (and independently validated by OAI) prior to the issuance of this report are not included in this report.

High priority recommendations, arranged according to significance:

(a) Address issues with Office's structure (Recommendation 1).
(b) Develop and implement a strategy to ensure a more robust senior management system (Recommendation 4).
(c) Improve management of advances to implementing partners (Recommendation 9).
(d) Improve the management of motor vehicles and fuel consumption (Recommendation 12).

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[1] The Central African Republic entered under the Office's portfolio as a Programme Presence in August 2015.
[2] In the UN Women Regional Architecture (UNW/2012/10), Senegal was initially approved as a Country Office. The Country Office status was amended to Programme Presence in 2015, which is headed by either a senior gender adviser or project personnel.

(e) Improve guidance to all offices on contracting individuals (Recommendation 5).
(f) Strengthen procurement processes (Recommendation 10).
(g) Ensure that all mandatory courses are completed (Recommendation 6).

Medium priority recommendations, arranged according to significance:
(a) Improve financial management (Recommendation 8).
(b) [redacted]
(c) [redacted]
(d) Improve the management of assets (Recommendation 11).
(e) Develop and implement a service management system (Recommendation 3).
(f) Actively engage with the Permanent Missions of the Republic of Senegal and the Federal Republic of Nigeria to the United Nations to advance the negotiations regarding the Standard Basic Assistance Agreements (Recommendation 2).
(g) Review and update the 'Programme and Operations Manual' to include the criteria for the core programme allocation (Recommendation 7).

The detailed assessment is presented below, per audit area:

A. Governance and strategic management

1. Organizational structure

Issue 1 Corporate Issue: Absence of a well-defined office structure

As per the decision of the UN Women Executive Board (UNW/2012/10) on 18 September 2012 regarding the 'Regional architecture: administrative, budgetary and financial implications and implementation plan', the Regional Offices "will be capacitated in a number of areas to carry out their functions and roles, including those areas in which delegation of authority will be provided to the Regional Director." By the same decision, the Regional Offices are responsible for technical advisory support, managerial and programmatic oversight and support, communications support, and advocacy and operational support to the countries in their respective regions. The Programme Division in headquarters has overall responsibility for approving the mandate, structure and budgets of the Regional Offices and for appointing the director/head of the office. The Office of Human Resources supports the Programme Division in all human resources actions, such as recruitment and approval of job descriptions for posts identified in the Regional Office structure.

During the UN Women Africa Annual Work Plan 2016 peer review meeting in November 2015, UN Women senior management emphasized the need for a strong corporate orientation towards policy-driven programming. In that regard, the role of Regional Offices as programme/project implementation units was to be realigned to focus on the provision of strategic programme/policy advice and technical support to Country Offices.

As a result of the peer review meeting decisions, the Office's portfolio of projects was reviewed and most of the projects directly implemented by the Office were closed or delegated to Country Offices within the region. However, the Office's structure and functions were not reorganized accordingly. In addition, the audit reviewed the job descriptions of all key staff in the Office, and noted that they were outdated and neither mirrored the functions the staff were performing nor reflected the corporate requirements for the staff of Regional Offices. For example, Policy Advisors were still expected to manage programme portfolios, and functional titles in job descriptions were not aligned to functional titles in the Office's organization chart. In addition, there were direct reporting lines of Programme Advisers to the Director, who was located in Kenya, instead of to the Director *ad interim* who was located in Senegal (refer to Issue 4). Furthermore, all job descriptions reviewed were in the form of generic Terms of Reference for filling vacancies, or in the form of non-finalized drafts, with visible tracked changes.

In addition, there were only two thematic advisors to perform the roles originally designed for four advisors. One advisor was performing the roles and responsibilities of the humanitarian, governance, peace and security thematic areas and the second advisor had responsibility for the economic empowerment thematic area.

In November 2015, the Office formally requested headquarters support in performing a human resources and business process review. However, this review was postponed three times and it was expected to take place in mid May 2016, subject to confirmation from headquarters.

The absence of a well-defined structure may negatively impact the achievement of the UN Women mandate in the West and Central Africa region.

Priority	High (Critical)

Recommendation 1:

The Programme Division, in collaboration with the Office of Human Resources, should urgently address the issues with the Office's structure by:

(a) fast tracking the human resources and business process review to ensure that the Office's structure is in line with the corporate priorities and to determine the staffing resources required to efficiently operate the Office; and
(b) updating all job descriptions and the Office's organization chart to reflect and clearly define staff roles, responsibilities and accountabilities, and reporting lines.

Management action plan:

The human resources and business process review took place during the period from 22 to 26 May 2016 and the organization chart was updated according to the corporate priorities and the UN Women mandate in West and Central Africa. Based on the updated organization chart, the Office's job descriptions will be adjusted with the assistance of two members of the human resources team by the end of August 2016.

Estimated completion date: August 2016

OAI Response:

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

Issue 2 Corporate Issue: Lack of Standard Basic Assistance Agreements between UN Women and two countries in region

Following the creation of UN Women in July 2010, the then Executive Director wrote to all governments and requested that the Standard Basic Assistance Agreements concluded between the governments and UNDP shall apply *mutatis mutandis* to UN Women Offices, and their premises, property, assets and personnel in each respective country. The Standard Basic Assistance Agreements between agencies, funds and programmes of the United Nations and host governments of programme countries set the terms and conditions under which the development assistance should be provided. The Programme Division is responsible for liaising and following up on the Standard Basic Assistance Agreements with the host governments through the Permanent Missions to the United Nations.

The recognition of the legal status of UN Women in Senegal and Nigeria was to take place through an exchange of letters constituting an agreement between the governments and UN Women. Although *notes verbales* related to the applicability of Standard Basic Assistance Agreements were sent out on 26 November 2014 in the case of Senegal and on 12 July 2012 for Nigeria, followed by respective reminders on 18 May 2015 and 19 February 2016 for Senegal and on 26 November 2014 for Nigeria, the government endorsements had not yet been received as of 31 March 2016. No other action had been taken by the Programme Division.

Implementing programmes without Standard Basic Assistance Agreements and without recognized legal status may prevent the Office from achieving its mandate in the respective countries.

Priority	Medium (Important)
Recommendation 2: The Programme Division should actively engage with the Permanent Missions of the Republic of Senegal and Federal Republic of Nigeria to the United Nations to advance the negotiations regarding the Standard Basic Assistance Agreements.	
Management action plan: The Programme Division will ensure that necessary follow-up engagement with the Permanent Missions of the Republic of Senegal and the Federal Republic of Nigeria to the United Nations is established. In addition, the Office will follow up at the local level with the respective governments. In particular, based on bi-weekly interactions with the Ministry of Foreign Affairs and the Ministry of Finance, the Standard Basic Assistance Agreement for Senegal is at its final stage of approval. **Estimated completion date:** September 2016	
OAI Response: OAI acknowledges the action taken by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

2. Risk management, planning, monitoring and reporting

Issue 3 Lack of advisory services tracking system

UN Women's 'Programme and Operations Manual' chapter on Monitoring, Reporting and Oversight indicates that the expected goals, outcomes, outputs and planned activities of UN Women programmes are to be monitored and reported upon. This is further supported by UN Women's results-based management strategy, which is intended to ensure accountability for programmes by offering a process and structure for the formulation of results and management of their achievement.

Tracking all advisory services provided by the Office is key to planning, monitoring and reporting processes. It helps to identify trends and to revise the service approach when and where necessary, thus ensuring effectiveness, efficiency and economy, and allows the Office to benefit from lessons learned.

The Office's operations team was using a number of joint email addresses to receive and manage requests for advisory services originating from field offices within the West and Central Africa region. However, there was no systematic and comprehensive recording of all services requested by the field offices, and in particular of those related to strategic policy and programmatic requests. Both management and staff were not aware of the details on the number and nature of technical and advisory services requested. In addition, the Office was unable to assess the quality and timeliness of the services provided, or the capacity needs of the field offices in the region. Furthermore, the Office was unable to determine the existing or projected demand for advisory services, the turnaround time to provide responses, or the level of satisfaction of recipients.

The lack of a tracking system for advisory services may prevent the collection and analysis of data that could be used to improve the programme and operations in the region as well as to provide important statistics for future improvements of development programming.

Priority	Medium (Important)
Recommendation 3: The Office should, in collaboration with the Information Systems and Telecommunications Section, develop and implement a service management system that will help receive, document, manage and report on all advisory services.	
Management action plan: In collaboration with headquarters, the Office will seek to implement a tool that was developed by the Multi-Country Office in Fiji and replicated in the Regional Office for East and Southern Africa. **Estimated completion date:** December 2016	

3. Leadership

Issue 4 Corporate Issue: Weaknesses in the Office's senior management set-up

A global, dynamic workforce is a fundamental requirement for UN Women's ability to effectively deliver on its mandate. According to the 'UN Women Human Resources Directive on Rotation', human resources should be aligned with strategic and organizational priorities and the appropriate staff, possessing appropriate knowledge, skills and abilities, and should be in the right place at the right time to allow UN Women to best deliver on its mandate.

From October 2014 to March 2016, the Office faced challenges with regards to its senior management formation and continuity. The audit identified the following:

(a) Over a period of 18 months, the Office had both a Director and a Deputy Director for only 2 ½ months. For the remaining 15 ½ months, the Office was managed either by one incumbent or an *ad interim* designation, as follows:

- 2 months by a Director only, without a Deputy Director
- 3 ½ months by a Deputy Director *ad interim*
- 6 months by a Director *ad interim* and a Deputy Director
- 3 months by a Deputy Director
- starting from 29 January 2016 for an indefinite period (until the selected Director would receive the accreditation of the host government), by a Director *ad interim*

(b) From July to December 2015, the Director *ad interim* was on detail assignment in the Office. From 29 February 2016, she was designated as Officer-in-Charge of the Regional Office in Kenya and was relocated to Kenya. The Deputy Director was issued a delegation of authority as Director *ad interim* effective 29 January 2016. However, these changes were neither timely nor clearly communicated to all external stakeholders and as a result, the Office was not invited to the United Nations Development Group meeting that took place in January 2015.

(c) In February 2016, an internal UN Women communication circulated via email caused confusion among staff because it indicated that the Officer-in-Charge of the Regional Office in Kenya was also responsible for oversight of the Office. As a result, the most senior programme staff in the Office (Regional Programme Advisors) were reporting to the Officer-in-Charge based in Kenya, while the rest of the Office's personnel were reporting to the Deputy Director who was also the Director *ad interim* of the Office. The audit team was not provided with any specific justification for this arrangement.

(d) Five stakeholders interviewed by the audit team, including the Government, UN agencies and UN Development Group representatives, indicated that there was confusion as to who led and represented the Office, because the Director of the Office was also the Representative of the UN Women Country Office in Senegal. However, there was also a National Programme Coordinator who, being the most senior staff member in the Senegal Country Office (now Programme Presence), sometimes attended Country-related meetings, which further added to the confusion.

The weaknesses described above were caused by delays in the recruitment processes and by delays in the subsequent accreditation of senior management by the Government.

This situation resulted in the inadequate oversight of the Office (refer to operational issues raised in this report) and to ineffective UN Women representation and advocacy activities in the West and Central Africa region.

Priority	High (Critical)
Recommendation 4: The Programme Division, in collaboration with the Office of Human Resources, should develop and implement a strategy to ensure a more robust senior management system for the efficient and effective handling and monitoring of the operations of the Office.	
Management action plan: The selected Regional Director was recently accredited by the Government, which addresses the issue of senior management in the Office. In addition, in light of the joint mission of the Programme Division and the Office of Human Resources, the organizational structure of the Office has been reviewed and a proposal is being submitted to headquarters senior management. This will allow the Office to have a clear structure that will foster the strategic and operational support in the region. **Estimated completion date:** July 2016	
OAI Response: OAI acknowledges the action taken by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

B. Operations

1. Human resources

Issue 5 Corporate Issue: Special Services Agreements chapter of 'Programme and Operations Manual' no longer relevant to field operations

The UN Women 'Programme and Operations Manual' states that Special Service Agreements (SSAs) can be extended through an amendment to the original SSA and the rate of pay should be static for a period of three years if there are no modifications to the Terms of Reference. Furthermore, individual contractors hired under SSAs are not entitled to any annual or sick leave.

At the corporate level, OAI had raised the issue of the need for an update to the chapter of the 'Programme and Operations Manual' on SSAs in two previous reports (UN Women Procurement Function, Report No. 1223 issued 13 February 2014, and the UN Women Country Office in the United Republic of Tanzania, Report No. 1436 issued 26 June 2015). OAI issued one recommendation to that respect, in the UN Women Procurement Function report, which at the time of the audit fieldwork was still outstanding. The Division of Management and Administration had indicated that the respective chapter on SSAs would be replaced by the use of individual contracts. However, this did not take place. Furthermore, there was a lack of ownership between the human resources and procurement functions, which prevented the recommendation from being implemented. In view of this situation, OAI will withdraw the previous recommendation and issue a new one in this report, in order to better address the issue.

During the review of the Office's use of SSA contracts, as a result of the situation described above, and further to advice received by the Office of Human Resources, the following weaknesses were noted:

(a) The Office followed the respective advice of the Office of Human Resources and approved annual leave for SSAs, contrary to the policies and procedures. In two instances, one of the three contractors reviewed received one and five days of annual leave, respectively. In addition, following the respective advice of the Office of Human Resources, the Office's management communicated to all personnel on 15 January 2015 that all SSA contractors with a contract duration equal to three or more months would earn one leave day for every month worked (equivalent to twelve days per annum), per the practice followed in headquarters for full time consultants engaged for lengthy periods.

(b) In one instance, the Office had issued an SSA contract to an individual for a period of five years and four months, from January 2010 to April 2015. At that time, the Programme Division had indicated to the Office that no extensions were to be granted after April 2015. However, the incumbent was re-engaged based on an approval received from the Office of Human Resources and supported by the Programme Division to issue a contract for $6,000 per month for an additional six months up to October 2015, when the contract was terminated. In response to the draft report, the Office's management indicated that the extension was considered necessary to allow for the efficient transition of the functions within the Office.

The advice granted by the Office of Human Resources was due to the fact that these actions were in line with the practices in headquarters units, although not supported by the existing policies.

Guidance from headquarters that is not aligned with the existing policies and procedures on SSA contracting may prevent the Office from obtaining best value for money when contracting individuals. This may also lead to weakening internal controls in the UN Women governance framework.

Priority	High (Critical)
Recommendation 5: The Office of Human Resources should improve its guidance to all offices on contracting individuals by: (a) updating the Special Services Agreement chapter of the 'Programme and Operations Manual' taking into consideration the conflict between the existing guidelines and practices in leave and contract renewal processes and controls to be implemented over contracts with individuals; and (b) communicating the new or updated guidelines to all field offices and headquarters units.	
Management action plan: The chapter of the 'Programme and Operations Manual' related to the management of SSAs will be reviewed and considerably overhauled in 2016. At the corporate level, there is an ongoing transition on *the administration* of the SSAs from the procurement section of the Department of Management and Administration to the Office of Human Resources. At the regional level, the recruitment of Regional Human Resources business partners based in Dakar will enhance the oversight of SSAs management and ensure that the new policy is strictly followed. The new policy will be shared with all staff through the Human Resources	

Bulletin, email and other channels and relevant human resources and operations staff will receive training in this regard. Matters concerning leave practices and engagement processes, both new and extensions, will be clarified. Furthermore, global training shall be offered to those UN Women colleagues who are tasked with the selection of UN Women consultants. **Estimated completion date:** December 2016

Issue 6 Mandatory courses not completed

UN Women personnel are required to complete seven mandatory courses within the first three months of entry on duty. In addition, the UN Women Performance Management and Development process requires UN Women personnel to report on the completion of mandatory courses.

The audit team reviewed the learning records of the Office's personnel as at January 2016. According to the records reviewed, only 2 (6 percent) of the 35 personnel in the Office had completed seven courses, 5 (14 percent) completed between two and six courses each, and the remaining 28 (80 percent) had not completed any of the mandatory courses. The Human Resources Associate indicated that some personnel had completed some of the courses but had not shared their completion certificates, which would have facilitated the updating of the mandatory training records and the audit review process.

The lack of completion of mandatory courses by Office's personnel may increase the risk that staff may not be able to perform their duties in accordance with UN Women policies and procedures.

Priority	High (Critical)
Recommendation 6: The Office should ensure that the mandatory courses are completed by: (a) requesting copies of completion certificates from individuals that already completed the mandatory courses and update the learning records; and (b) establishing a time frame within which all personnel should complete the mandatory training courses.	
Management action plan: The Office has updated its learning records with completion certificates requested from and provided by the staff. In addition, while waiting for a corporate tracking system, a follow-up tool for mandatory trainings has been set up by the Office and it is being updated on a monthly basis. **Estimated completion date:** September 2016	
OAI Response: OAI acknowledges the action taken by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

2. Financial management

Issue 7 Corporate Issue: Outdated distribution criteria for core funds allocation

According to the 'Programme and Operations Manual', UN Women is responsible for setting priorities for resource allocation. Article 13 of the 'UN Women Financial Regulations and Rules' defines the priorities for resource allocation that are further set out in the global Strategic Plan and the Integrated Budget approved by the UN Women Executive Board. After the Executive Director announces the allocations, the Division of Management and Administration, in coordination with the Regional Offices and headquarters divisions, allocates funds to Country Offices, Multi-Country Offices and headquarters divisions.

The UN Women core programme allocation is currently based on the distribution methodology criteria approved by the UNIFEM Consultative Committee (ref DP/2009/38), prior to the creation of UN Women in July 2010. The Allocation, Planning and Budget Cycle chapter of the 'Programme and Operations Manual' states that the core programme allocation shall be reviewed for the new UN Women Strategic Plan cycle in 2014. However, this review was never performed and the policies and guidelines did not specify the criteria to be used to allocate core funds to all business units.

Without clear and updated criteria that are adequate for the needs and structure of UN Women, resources may not be used effectively and efficiently to support the mandate, strategic plan, policies, aims and activities of UN Women.

Priority	Medium (Important)
Recommendation 7: The Division of Management and Administration should review and update the 'Programme and Operations Manual' to include the criteria used for allocating core funds to field offices and distribute the information to the field offices to facilitate better planning by UN Women offices and units.	
Management action plan: UN Women recognizes that the current core programme methodology may need to be reviewed to assess its applicability to UN Women's current mandate and programmatic presence. **Estimated completion date:** December 2017	

Issue 8 Inadequate financial management of resources

Good financial management systems and processes for tracking resource utilization are essential for an office to make effective use of its resources. Effective planning and financial controls enable offices to ensure the efficient and effective use of resources, make sound business decisions, demonstrate accountability, and take remedial action where needed. Regular monitoring of both expenditures and financial commitments is essential not just to verify expenditure against targets, but also to identify changing patterns or circumstances that need corrective action. Best practices indicate that offices should have procedures in place to monitor progress against budget and objectives at regular intervals (monthly, at minimum) to ensure that offices efficiently use their available resources to achieve their aims and objectives.

The Office was monitoring the actual expenditures against the total annual core budget allocation, without, however, taking into account all outstanding commitments. In September 2015, headquarters requested the Office to provide an estimate of its expenditures up to the end of 2015 and at that time, the Office discovered a forecasted (not yet committed) expenditures deficit of $236,835 (20 percent of its initial core budget of $1.2 million). Based on a detailed analysis, initiated by the then Director *ad interim*, a number of contributing factors were identified, as follows:

- More than 50 percent of the core budget was directed towards salaries.
- A total of 13 *ad hoc* travels were financed from the core budget during the year. The Office's 2015 core budget allocation for travel was $99,314 while actual travel expenditure on 31 December 2015 was $170,788 (an over-expenditure of $71,474). Out of this amount, the total travel cost for *ad hoc* travels requested by headquarters was $55,748, which was not anticipated by the Office.
- The Office was not recovering costs of utilities/Internet/guards incurred by the UN Women Country Office (now Programme Presence) that shared the same premises with the Office.
- The salary of the Programme Coordinator in the UN Women Country Office (now Programme Presence) was charged against the institutional budget of the Office. This negatively impacted the core budget of the Office that was compensating for a cost that should have been borne by the UN Women Country Office (now Programme Presence) in Senegal.

In October 2015, the Office collected information on unspent core allocation balances from Country Offices in the region and, in agreement with those Country Offices, reallocated $255,000 to cover the Office's deficit. This reallocation in conjunction with the new budget-monitoring tool introduced by the Director *ad interim* and cost-saving measures, budget updates and adjustments resulted in a surplus of $145,000 at the end of 2015. However, these controls and tools were yet to be formalized and documented to ensure continuity.

Inadequate oversight of core funds utilization may result in the Office's Annual Work Plan not being delivered and/or the Office being unable to pay its commitments, including staff salaries.

Priority Medium (Important)

Recommendation 8:

The Office should continue to improve its financial management by:

(a) maintaining continuous and rigorous financial discipline in planning, reporting and reviewing the Office's budgets through its budget management tool so that all expenditures and commitments are tracked in detail on a monthly basis;
(b) ensuring that the tool that was created by the Deputy Director is formalized through a standard operating procedure to be used in the future; and
(c) engaging with headquarters units, on a quarterly basis, to obtain information on *ad hoc* requests for non-planned expenditures that should be included in its commitments along with applicable cost recovery efforts.

Management action plan:

The Office has upgraded the tool that was created in 2015 and a budget analysis is being performed on a bi-monthly basis from January to June 2016 and monthly thereafter. The tool will be documented.

Estimated completion date: December 2016

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

Issue 9 Delays in 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 the liquidation of advances made to implementing partners indicated that there were notable delays in liquidating advances. In December 2015, the Office had total outstanding advances of $1.11 million, of which $0.9 million (82 percent) were over six months. One government partner accounted for 78 percent ($0.7 million) of amounts over six months, and the Office was actively engaging the partner to have the amounts liquidated. However, the liquidation of advances had been significantly delayed since 2012 due to insufficient capacity of implementing partners, suboptimal monitoring of implementation milestones, and liquidation requirements.

In addition, being a Regional Office, the Office has responsibility for following up on advances made to Country Offices and Programme Presences under its purview. The Nigeria and Niger Country Offices had long-outstanding advances of $83,000 (53 percent) and $100,000 (44 percent) respectively, that were over six months and the Ghana Programme Presence had 100 percent of its advances ($26,000) aged over 36 months.

The Office indicated that it had taken significant steps to reduce the level of outstanding advances in the region, including the field offices under its purview through a process of follow-up and taking appropriate actions to liquidate old advances. Further, in their response to the draft report, management stated that the Office's advances outstanding for more than six months, which mainly originated prior to 2013, decreased by 75 percent from $1.6 million to $0.4 million between December 2014 to April 2016, which took significant effort. While the audit team acknowledged the positive efforts of the Office, it was also noted that sustained efforts were required for handling the long-outstanding advances under the Office's purview.

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

Priority	High (Critical)
Recommendation 9: The Office should improve the management of advances to implementing partners by: (a) strengthening the existing action plan to reduce existing long-outstanding advances – the plan should detail the actions to be taken to liquidate the outstanding advances and the individual that will have overall responsibility for completing the actions within the specific time frame; and (b) considering revising the advances schedule to make smaller payments to partners on specific milestones to facilitate timely reporting and liquidation of the advance.	

Management action plan:

The Office Action Plan was strengthened in April 2016 through: (a) monthly meetings with programme staff as well as with Country Offices to monitor the advances; and (b) communications to partners with long-outstanding advances to obtain financial reports and supporting documentation. The Office will request a write-off of the amounts should efforts be unsuccessful. Management also stated that smaller advances are being provided to partners to cover activities to be implemented in one quarter only. In addition, the Office has taken action to regularly use the automated advances aging report that was developed by the Finance Unit in headquarters to better follow up on outstanding advances.

Estimated completion date: December 2016

OAI Response:

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

3. Procurement and supplies management

Issue 10 Inadequate procurement management

The following weaknesses were noted with regard to procurement activities:

(a) Non-compliance with the corporate procurement policy

Article 24 of the 'UN Women Financial Regulations and Rules' specifies the key regulations and rules for procurement, types of procurement instruments and evaluation mechanisms, and primacy of competitive tendering while recognizing situations that may not be in the best interest of the UN Women.

The review of a sample of 73 transactions valued at $978,000, noted the following exceptions:

- Three transactions for the procurement of goods and services totalling $38,000 (or 4 percent of the sampled transactions) were processed through the direct procurement modality and there was insufficient justification indicating that the lack of competition was in the best interests of the Office.

- Four purchase orders totalling $98,000 (10 percent of the sampled transactions) were issued after the vendor invoice date.

- There was incomplete supporting documentation of procurement actions taken by the Office for 18 transactions totalling $158,174. In addition, in seven of the transactions reviewed totalling $58,320 (6 percent of the sampled transactions), there was evidence of the procurement modalities being changed mid-way through the process without providing adequate documentation detailing the reasons for the changes. The lack of compliance with the financial regulations and rules may result in expenditures that may not be valid due to lack of adequate supporting documents, and may result in not achieving best value for money due to non-competitive procurement activities.

(b) Inadequate vendor due diligence process

UN Women's '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.

The audit team reviewed the process through which the vendor profiles were updated and/or created in Atlas (enterprise resource planning system of UNDP). The Office requested its vendors to provide evidence of the beneficial ownership of bank accounts, but there was no evidence of due diligence to ensure that the vendors had not been sanctioned by the UN system before approving them in Atlas. In addition, vendors were not checked against the United Nations Security Council 1267 Committee's list of terrorists and terrorist financiers. In their response to the draft report, management indicated that the list of Suspended Vendors and the list of Terrorist Financiers had been disseminated to the vendor creators and the finance staff on 26 February 2015, on 7 April 2015, and on 25 February 2016.

Failure to conduct and maintain records of due diligence performed may increase the risk of the Office contracting sanctioned vendors, which could result in financial losses.

Priority High (Critical)
Recommendation 10: The Office should strengthen its procurement processes by: (a) obtaining and filing all the documents that support the procurement action taken, including waivers for direct procurement duly authorized by the head of the office; (b) organizing refresher courses on procurement to ensure that the Office's personnel engaged in procurement actions are up to date with the requirements of the 'Programme and Operations Manual'; and (c) performing, documenting and maintaining records of due diligence on all vendors in accordance with the 'Programme and Operations Manual'.
Management action plan: The Office has taken steps to improve the procurement processes as well as the management of supporting documentation by reinforcing the procurement team through the recruitment of a Procurement Specialist; the Procurement Associate will pursue the Chartered Institute of Procurement and Supply courses. The Office will implement a procurement dashboard to review the procurement activities on a monthly basis. In addition, the Office will further strengthen the vendor approval process with proper documentation and sufficient audit trail. **Estimated completion date:** December 2016
OAI Response: OAI acknowledges the action taken by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.

4. General administration – Asset management

Issue 11 Weaknesses in management of assets

UN Women's Asset Management chapter of the 'Programme and Operations Manual' defines policies and procedures for the day-to-day management, use, and disposal of UN Women assets and the requirement for offices to maintain accurate and current records and the security of assets.

The following deficiencies were identified in the management and recording of assets:

- The Office maintained a separate asset listing in Microsoft Excel that clearly identified the physical location of its assets; however, this information was not used to update Atlas records and asset locations in the Asset Management In-Service Report, but only listed asset locations as either WCA30 (West and Central Africa Regional Office in Senegal) or SEN30 (Country Office [now Programme Presence] in Senegal) business units.
- The Office had purchased three printers at a cost of $6,170 each and due to incorrect allocations, had capitalized two parts of the assets (scanner control panel and paper loading bays) and the remaining two parts of the printers (side paper loading bay and pedestal) were tracked on an Excel worksheet as non-capitalized assets. As a result, each printer displayed four separate barcodes. Further, although all three printers were located in the Office, two were recorded in Atlas under the WCA30 business unit and the remaining printer was recorded under SEN30.
- The custodial process for small moveable assets in common areas such as meeting and conference rooms was unclear, resulting in the incorrect recording of projectors and conferencing equipment in Atlas. The audit team noted that the projector in the conference room (with SEN30 barcodes) was inadvertently swapped with the WCA30 projector that was physically located with the field project team in Louga.

Lack of compliance with the asset management policies and procedures and incorrect allocation of assets may result in the loss of assets and/or inaccurate financial reporting of asset values, in the over statement of non-capitalized asset costs, and in the understatement of depreciation.

Priority	Medium (Important)

Recommendation 11:

The Office should improve its management of assets by:

(a) amending the Atlas records of the three printers capitalized in line with the requirements of the 'Programme and Operation Manual';
(b) developing and implementing a process of assigning custody of small moveable assets and equipment located in common office space; and
(c) developing and updating the asset locations of all asset recordings in the Asset Module and reconciling the information with the Office's Microsoft Excel records to ensure that the Atlas Asset Management In-Service Report reflects the actual location of the assets.

Management action plan: The Office's management has already commenced the process of adjustment of the printers' records and asset locations in the Asset Module of Atlas. In addition, small moveable assets and equipment will be included in the asset listing in Microsoft Excel that identifies the physical location of assets for better tracking. **Estimated completion date:** December 2016
OAI Response: OAI acknowledges the action taken by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.

5. General administration – Motor vehicles

Issue 12 Weaknesses in management of motor vehicles and fuel consumption

UN Women's Vehicle Management chapter of the 'Programme and Operations Manual' requires that offices manage the use of their vehicles and all related costs. The driver is required to keep daily logs of vehicle use that must be verified and signed by the applicable authority, such as an Administrative Officer, the Operations Manager or the Project Manager (if applicable). The verifying authority is required to, *inter alia*, verify the vehicle log daily; enter the average fuel consumption in the vehicle history record once a month and review the mileage on vehicles; and alert the head of office on any deviations, as necessary.

The Office had five vehicles, four of which were physically verified and one that was located at a project site. The following deficiencies in the recording of vehicle use and recording of fuel consumption were noted:

- Records for vehicle maintenance and use were not available for three of the five vehicles, and those of the two remaining vehicles were not easily retrieved due to poor records management.
- There was no evidence that vehicle logs were independently verified by the applicable authority and no signatures were appended to any of the available vehicle logs.
- The Office did not perform monthly reconciliations of fuel consumption against fuel supplier invoices. In addition, the vehicle logs had a column for inserting the number of liters of fuel received; however, the information was not included in the daily logs. The operations personnel explained that reconciliations were not performed due to fueling data not being available via a vendor web portal. The Office was unable to explain why paper statements of fuel purchased were not requested from the vendor in lieu of a working web portal. The fuel costs for the year that were not verifiable for the audit period totalled approximately $6,300.

Lack of adherence to the Vehicle Management chapter of the 'Programme and Operations Manual' may expose the Office to financial losses.

Priority	High (Critical)
Recommendation 12: The Office should comply with the Vehicle Management chapter of the 'Programme and Operations Manual' by: (a) having drivers complete the fuel receipt column of the daily vehicle logs; (b) assigning the responsibility for verification and signing off of daily vehicle logs to an applicable authority; (c) obtaining monthly invoices and statements from the vendor for all Office vehicles; (d) reconciling the Office's records of fuel consumption against the vendor's statement of account; and (e) maintaining individual files for each motor vehicle that contains details such as purchase information, registration and maintenance history, fuel consumption and other relevant information to facilitate the review of the motor vehicle records.	
Management action plan: Management plans to review and introduce a policy for the management of motor vehicles, prepare a standard operating procedure on fuel management to be used by the staff in charge of the management of fuel and vehicles and drivers and ensure that monthly reviews of fuel consumption are performed. In addition, corrective action was already undertaken to retrieve reports from the vendor's web portal and vehicle logs are currently regularly controlled. **Estimated completion date:** December 2016	
OAI Response: OAI acknowledges the action taken by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

6. Information and communication technology

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

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7. Safety and security

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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 <u>not included in this report</u>.