

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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Resilient nations.*

AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

EGYPT

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Report on the Audit of UN Women Country Office in Egypt Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in Egypt (the Office) from 18 April to 6 May 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, 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, and UNDP support to the Office).

The audit covered the activities of the Office from 1 January 2015 to 29 February 2016. The Office recorded programme and management expenditures of approximately \$8.2 million. This was the first audit of the Office.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the Office as **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.” This rating was mainly due to weaknesses in the areas of programme activities and operations.

Key recommendations: Total = 10, high priority =4

The 10 recommendations aim to ensure the following:

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

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:

Weak management of
Contribution Agreement
(Issue 2)

Lack of compliance with the Contribution Agreement requirements for activities implemented in 2014, for Project No. 85260, resulted in an amount of €98,235 (25 percent of reported expenditures), being deemed potentially ineligible by the donor. The costs were deemed to be ineligible due to an absence of implementation details in the narrative report and the absence of documentation to demonstrate compliance with the donor's visibility requirements.

Recommendation 2: The Office should strengthen management of the Contribution Agreement by: (a) in collaboration with Headquarters Programme and Finance Divisions, negotiating with the donor and documenting a resolution on the issue of ineligible costs as quickly as possible to ensure adequate funding of the project; (b) coordinating with the donor to determine the appropriateness of complying with the visibility requirements; (c) implementing project activities in compliance with donor requirements; and (d) ensuring all activities carried out during the reporting period are properly presented in the progress report.

Corporate Issue:
Ineffective oversight of
mandatory training
course completion
(Issue 5)

Corporate Issue: While UN Women allowed access to mandatory courses by all personnel, the mandatory training policy had not been updated and only required completion by staff holding fixed-term or permanent contracts. Further, the policy did not include a deadline for completion of the courses. In addition, the corporate processes for monitoring the completion of mandatory training courses was inefficient and ineffective, in part due to the offering of courses on multiple platforms, which were external to UN Women and which did not include any reporting to the Office of Human Resources. While the Office of Human Resources informally requested that certificates be provided from the field offices to allow manual updating and tracking of course completion, compliance with certificate submission and the accuracy of the reporting could not be assured.

Corporate Recommendation 6: The Office of Human Resources should strengthen mandatory course completion, monitoring and reporting by: (a) formalizing and updating its mandatory course requirements policy to include: clarification of which personnel (contractual modalities) must complete the mandatory courses, a formal deadline for completion, and a requirement for written justification for exceptions; and (b) reviewing the current information gaps and developing efficient processes and systems to improve oversight and allow for accurate reporting of compliance.

Corporate Issue: Lack of
adherence to Delegation
of Authority Framework
(Issue 9)

Corporate Issue: The Country Director signed two contracts (amounting to \$119,354 and \$118,835) and a staff member approved in Atlas the corresponding purchase orders, which exceeded their delegation of authority limitation of \$100,000. Further, there was no automated corporate oversight of compliance with the Delegations of Authority Framework.

Recommendation 9: The Office should comply with the limitations, review and signatory authority requirements stipulated in the Delegation of Authority Framework and in the written delegations of authority for staff members.


Corporate Recommendation 10: The Division of Management and Administration should develop and implement a process for corporate oversight on adherence to the Delegations of Authority Framework and establish a policy regarding the consequences for non-compliance.

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

Management comments and action plan

The Country Representative accepted the eight recommendations, and the Directors of the Division of Management and Administration and the Office Human Resources accepted the two corporate recommendations. They 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

The Office, is located in Cairo, Egypt (the Country). The Office experienced significant turnover in key management and personnel. The Country had seen the departure of its President in July 2013, the call for early presidential elections and amendment of the national constitution followed by parliamentary and presidential elections. While the women's rights agenda experienced some set-backs, the women's movement, had taken an increasingly active role, mainly due to the participation of young advocates who formed or became part of networks and movements. In consultation with the Government and civil society organizations the Office developed the 2014-2017 Country Programme, which focused on four of the five impact areas outlined in UN Women's Global Strategic Plan and covered all five UN Development Assistance Framework pillars namely: poverty alleviation; access to quality basic services for women; democratic governance; food security; and management of the environment and natural resources.

The Office was under the leadership of the Country Director, who was granted Delegation of Authority by UN Women management on 29 May 2015. The Country Director was assisted by the Operations Manager who joined the Office in October 2015. The Office had a total of 31 personnel, comprised of 8 staff under fixed-term appointments (2 international and 6 local staff), and 23 personnel under the service contract or special services agreement.

Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance. No reportable issues were noted.
- (b) General administration. No reportable issues were observed. The audit team discussed with management possible improvements to the Office's asset control spreadsheet to allow for better control and reconciliation to Atlas (enterprise resource planning system of UN Women).
- (c) Safety and security. The Office had a Business Continuity Plan and received an overall compliance score of 94.2 from the UN Women Security Compliance Survey. The Office was preparing to relocate and subsequently update and test its Business Continuity Plan. No reportable issues were noted.
- (d) Information and communication technology. The audit team reviewed the equipment and layout plans for the proposed server room. No reportable issues were noted.
- (e) UNDP support to the Office. UNDP Egypt provided support services to the Office such as processing of payments to vendors and service contractors. No reportable issues were noted during the review of costs recovered pertaining to the support services provided by UNDP Egypt.

OAI made 4 recommendations ranked high (critical) and 6 recommendations ranked 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) Collaborate with relevant headquarters units to negotiate and document resolution of potential ineligible costs with the donor (Recommendation 2)
- (b) Develop and implement an automated process for corporate oversight of adherence to the delegations of authority framework (Corporate Recommendation 10)

- (c) Comply with the Delegation of Authority Framework (Recommendations 9)
- (d) Strengthen mandatory course completion, monitoring and reporting. (Corporate Recommendation 6)

Medium priority recommendations, arranged according to significance:

- (a) Strengthen gender mainstreaming in development coordination (Recommendation 1)
- (b) Strengthen donor reporting (Recommendation 3)
- (c) Comply with prohibition on pre-financing (Recommendation 8)
- (d) Correct non-compliance with recruitment policy, develop and implement a human resources plan (Recommendation 4)
- (e) Include documentation of compliance with Special Services Agreement policy requirements in personnel files. (Recommendation 7)
- (f) Comply with requirements for completion of mandatory courses (Recommendation 5)

The detailed assessment is presented below, per audit area:

A. Gender Mainstreaming in Development Coordination

Issue 1 Inadequate planning and resource allocation for gender mainstreaming in development coordination

The UN-Women Strategic Plan 2014-2017, includes a mandate to lead, coordinate, and promote accountability within the UN system for gender equality and women's empowerment, and for strengthening joint programming.

The Office had not effectively carried out its mandate for gender mainstreaming in development coordination throughout the UN system programming in the Country. The Office did not have a gender coordination plan or strategy in place. In addition, the Office had not mapped the programmes and projects related to gender within the UN System until a draft was prepared in March 2016 at the request of the main government counterpart. During the 14-month audit review period that ended in February 2016, both the Gender Working Group and the Gender Development Coordination Group had met only once.

As part of its audit procedures, the audit team requested feedbacks from three donors, the main government counterpart, Resident Coordinator Office, and UNDP, all of whom indicated that while the Office had made significant improvements since mid-2015, coordination on gender and initiative by the Office in developing and leading joint programming was lacking. The lack of activity, or inconsistency in UN Women's representation at the Gender Thematic Groups and the lack of gender training and programming support was also cited. Further, despite the strategic mandate to lead, in April 2016, another UN agency had presented a proposal to lead a joint programme for combating gender based violence, which was in response to a specific request by the Office's main government counterpart.

The Country Director indicated that upon taking up the post in May 2015, it was necessary to prioritize the focus of resources, as the Office had experienced high turn-over and vacancies and extremely low programme delivery from 2014 to mid-year 2015. Thus, the immediate focus was on the review and revision of the Annual Work Plan to align it with the existing capacity, resources and operational context, and then to ensure the delivery of the revised plan. As a result, gender mainstreaming in development coordination was not given a high priority.

In response to the draft audit report, the Office indicated that there had been achievements in gender mainstreaming in development coordination such as, holding the conference on 'Gender and Economic Policy in Egypt', which contributed to tailoring gender equality and women's empowerment to the national discourse of economic development. Furthermore, the Office had partnered with other UN agencies in two joint programmes namely, (1) 'Safe Cities for Women and Girls', led by UN Women and implemented in collaboration with UNDP, UNICEF, UNFPA, UN Habitat and UNODC and (2) the 'Women's Citizenship Initiative' as part of the Strengthening of the Democratic Process in Egypt project led by UNDP.

Inadequate planning and resource allocation for gender mainstreaming in development coordination may result in missed opportunities for incorporating gender perspectives, overlapping or inefficient UN system programming interventions, missed opportunities for joint programming, and reputational damage due to a perceived lack of strength and cooperation on the part of the Office, by donors and government counterparts.

Priority	Medium (Important)
Recommendation 1:	
The Office should strengthen gender mainstreaming in development coordination by:	
<ul style="list-style-type: none"> (a) developing a gender mainstreaming strategy and action plan, including consideration of joint programming and gender advisory services, as well as training; (b) allocating resources and assigning appropriate responsibilities for mainstreaming and coordinating activities; (c) communicating in writing with other UN agencies in the Country, the gender mainstreaming roles, functions and services available from the Office and the focal point for information; and (d) ensuring that the Gender Development Coordination Group and Gender Theme Working Group meetings are held on a regular basis and are used to effectively implement the gender mainstreaming strategy and action plan. 	
Management action plan:	
<ul style="list-style-type: none"> (a) The Office will develop a gender mainstreaming strategy and action plan which will include the elements indicated in the recommendation. This strategy will also feed into the forthcoming formulation of the 2018-2022 UN Women Strategic Note, and the United Nations Development Assistance Framework. (b) Primary responsibility for coordination and gender mainstreaming tasks will be assigned to two posts under fixed-term appointments, both of which will be filled by the 3rd quarter of 2016. (c) Once the gender mainstreaming strategy and action plan are formulated, the Office will communicate with other UN agencies in the Country, informing them about these strategic documents, gender mainstreaming roles and services, as well as the focal points available in the Office. (d) Three meetings of the UN Gender Task Force have been held since March 2016, discussing ways forward on joint programming, gender advisory services and training. A staff member will be tasked with ensuring that the Gender Development Coordination Group and Gender Theme Working Group meetings continue to convene in 2016 and are used to generate cooperation in effectively implementing the gender strategy and action plan. Development partners suggested the next meetings should take place in September 2016. During these meetings, UN Women will propose that meetings occur every second month. 	
In addition, the Office has begun to integrate gender mainstreaming in development coordination into resource mobilization proposals, and will reflect this in project budgets.	

Estimated completion date: November 2016

B. Programme activities

1. Partnerships and resource mobilization

Issue 2 Weak management of Contribution Agreement

The € 4.7 million Contribution Agreement (ENPI/2012/308-768) signed in December 2012 for Project No. 85260, 'Securing Rights and Improving Livelihoods of Women', requires interim reports that must provide a full account of all project implementation for the period covered. The Agreement also includes, under Article 6 of the General Terms and Conditions, specific requirements regarding donor visibility. The Agreement originally called for implementation of the project from 21 December 2012 to 20 December 2015 and this was extended to 20 December 2017.

After submission of the progress report to the donor, covering the activities implemented during 2014, the donor responded in May and August 2015 that € 598,235 (25 percent) had been considered ineligible from the reported total expenditures of € 2.4 million. The ineligible costs were comprised of the following:

- € 387,868 was considered ineligible as the progress report did not provide details for activities included in the project document, or a clear linkage between the reported activities carried out and the financial report; and
- € 210,367 was considered ineligible because the donor's visibility requirements had not been provided.

The Office indicated that due to government sensitivities regarding influences and the potential agenda of foreign sources funding projects in the Country, there were times when branding and visibility were inappropriate or would have been counter-productive. However, the Office had not discussed this with or obtained the agreement of the donor prior to the implementation of activities nor had the Contribution Agreement been tailored to take into consideration the local context.

At the time of the audit, the donor had not communicated acceptance of any of the ineligible costs, even though the Office had been coordinated with the donor to resolve the issues raised. Furthermore, the Office did not have a plan on how it would implement the remaining activities of the project, if it would not be able to resolve the issues raised by the donor.

In response to the draft audit report, the Office stated that aside from questions raised for the activities conducted in 2014, no additional questions had been raised about compliance. The Office indicated that negotiations on the ineligible costs had not been pursued previously due to two other matters for which the donor delegation required resolution prior to engaging in negotiations on the ineligible costs, namely, (i) securing the project extension beyond 31 December 2015 and (ii) the donor's receipt and clearance of the 2015 progress report. The former was attained in late December 2015. Regarding the latter, the 2015 progress report was shared with the donor on 14 June 2016, by the UN Women Headquarters Strategic Partnership Division and the donor had 45 days to respond.

The lack of compliance with the Contribution Agreement increases the risk that the Office may be required to return funds to the donor and/or may not be able to complete the remaining project activities. This may negatively impact donor relations and UN Women's reputation.

Priority	High (Critical)
Recommendation 2:	
<p>The Office should strengthen the management of the Contribution Agreement by:</p> <ul style="list-style-type: none"> (a) in collaboration with Headquarters Programme and Finance Divisions, negotiating with the donor and documenting a resolution on the issue of ineligible costs as quickly as possible to ensure adequate funding of the project; (b) coordinating with the donor to determine the appropriateness of complying with the visibility requirements or to determine the need to revise the Contribution Agreement in view of the country context; (c) implementing project activities in compliance with donor requirements and where contextual exceptions are necessary, ensuring the donor's written agreement is obtained in advance; and (d) ensuring all activities carried out during the reporting period are properly presented in the progress report. 	
Management action plan:	
<p>The Office has strengthened its oversight capacity with the recruitment of two personnel whose job descriptions include specific responsibility for donor relations.</p> <ul style="list-style-type: none"> (a) Negotiation with the donor delegation on the ineligible costs will begin in July/August 2016 and will include the collaboration of relevant Headquarters units as well as the UN Women Brussels Liaison Office. (b) and (c) Based on the compliance requirements of visibility determined with the donor, management will ensure adequate monitoring of project activities, engage with the donor to jointly determine the appropriateness of complying with visibility requirements on a case by case basis and obtain the donor's written agreement where exceptions are deemed necessary. (d) The Office will put in place a new internal process for project monitoring and donor reporting, which will include a checklist for compliance with donor requirements. In order to further build staff awareness and capacity related to visibility, the communications staff attended a multi-stakeholder workshop on 'visibility requirements' for two days in May 2016, which was organized by the European Union delegation. 	
Estimated completion date: October 2016	

Issue 3 Ineffective donor reporting processes

According to the UN Women 'Programme and Operations Manual', reporting is the mechanism through which UN Women and its implementing partners are held accountable for programme results and the use of resources. The Manual also states that donor reports are to be prepared in compliance with the terms of corresponding donor agreements, which includes timing of submission. Further the UN Women 'Functional Analysis of Policy and Programme Bureau' and the 'Regional Support Services Regional Office for the Arab States', both require that all donor reports be submitted to the Regional Office for quality review prior to submission to Headquarters Strategic Partnerships Division for final review and clearance.

The Office's process for monitoring the status of donor reporting was not sufficient to allow for continuous monitoring of the status of reports, or to provide the information necessary to implement corrective measures. The Office provided a spreadsheet with the status of donor reports, however, the document did not provide key dates, such as:

- The deadline or actual dates of submission for internal review and clearance.
- The deadline and dates of submission, return and resubmission for Regional Office or Headquarters reviews.
- The date of actual submission to the donor.

Also, while documentation was unavailable for analysis of actual submission, delays and their root causes, the auditors communicated with five donors actively working with the Office and noted that delayed reporting was consistently cited as an issue. The donors had the perception that the involvement of headquarters, significantly contributed to the delays.

Furthermore, contrary to the requirements of the 'Functional Analysis of Policy and Programme Bureau' and the 'Regional Support Services Regional Office for the Arab States', the Office had not submitted donor reports to the Regional Office for quality review, with the exception of the reports relating to regional programmes. Instead the Office had been submitting the reports directly to the Headquarters Strategic Partnerships Division and this may have contributed to deficiencies in report content and quality as mentioned in Issue 2.

Ineffective monitoring, follow-up and quality review of reports may result in continued delays and deficient donor reporting, which may negatively impact donor relations and resource mobilization.

Priority	Medium (Important)
Recommendation 3:	
The Office should strengthen its donor reporting processes by:	
<ul style="list-style-type: none"> (a) developing a systematic process for the capture and review of donor reporting details to support continuous monitoring and to allow for identification and correction of reporting process bottle-necks; (b) ensuring that each report process is initiated in a timely manner; (c) collaborating with the Regional Offices/Headquarters to streamline the review process and establish mutually agreed timelines for review; and (d) submitting all reports for quality review by the Regional Office in accordance with the 'Functional Analysis' of the Policy and Programme Bureau and the 'Regional Support Services Regional Office for the Arab States' prior to submission to the Headquarters Strategic Partnerships Division. 	
Management action plan:	
<ul style="list-style-type: none"> (a) and (b) The Office will establish a systematic process for the capture and review of donor reporting, to ensure the timeliness and quality of report submissions to donors. The monitoring sheet will be revised to add the timelines and process steps required. A staff member has been assigned for the internal review of all reports for consistency and quality, and all reports will be substantively cleared by senior management before being shared outside the Office. (c) and (d) Management is currently developing a new streamlined process for donor report preparation and finalization, which will give lead authority for report preparation to the Office. It is expected that these business process changes will be finalized by the end of October 2016. Under this new reporting 	

procedure, all offices will be placed in one of two categories based on donor-feedback on their reports. The first category will be assessed as high capacity and be able to send reports directly without regional level quality assurance. The second category will have to send reports through the Regional Office for quality assurance and pay a fee to the Regional Office for that service. Also that category can shift based on a clear trend in donor responses to the Donor Satisfaction Survey. Thus, the engagement with the Regional Office in the future will depend on what category the Office will be placed in. All points raised in this recommendation will be respected within the framework of this new donor reporting procedure.

Estimated completion date: November 2016

C. Operations

1. Human resources

Issue 4 Weaknesses in human resources processes

According to the UN Women 'Programme and Operations Manual', the recruitment and selection of staff members at UN-Women will be guided by the following five principles: competition, objectivity, transparency, diversity and accountability. The selection should follow a visible and fair competitive process for all vacancies, regardless of post, contractual modality or hiring unit.

The Office had recruited a Programme Associate in August 2015 under a fixed-term appointment. In November 2015, the Office appointed the individual as the Human Resources Associate, without engaging in a competitive process. While the individual was qualified for the post, the Office could not demonstrate that it had considered any other candidates (internal or external), or that it had obtained the most qualified candidate for the post. Further, the Office had not submitted the appointment to the Compliance Review Board as required in the 'Programme and Operations Manual', nor had it adjusted the individual's job description. The Office also did not develop a plan to address the lack of compliance.

The Office had also acknowledged that during the audit period, 6 out of 36 individuals (17 percent) under special services agreements had been engaged to perform staff-related duties, such as procurement and programme administration. The intention was to change their contracts from special services agreements to service contracts. However, there was no documented plan on how or when this would be done. Further, the Office had experienced inefficiencies in operations related to the procurement personnel not having access to Atlas.

Lack of adherence to human resources policies regarding recruitments and contractual modalities may result in inefficient operations, and the demotivation of personnel, and may have a negative impact to UN Women's reputation.

Priority	Medium (Important)
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Recommendation 4:

The Office should improve its human resources processes by:

- (a) coordinating with the Office of Human Resources in order to resolve the issue of non-competitive recruitment; and
- (b) developing a human resources plan based on an analysis of operations and planned programmatic delivery taking into consideration the appropriate contract levels and modality.

Management action plan:

- (a) Regarding the non-competitive recruitment, the Office will submit a request to reclassify the post, at the same GS-6 level. Once the post is reclassified, a competitive selection process will be conducted to fill the new post.
- (b) The improved human resources plan and monitoring methodology suggested by the auditors will be adopted in order to better reflect the operational and programmatic needs for the Office. The human resources plan will be linked to the Office's planning cycle and the development of the Annual Work Plan.

Estimated completion date: (a) 31 January 2017, (b) 31 October 2016

Issue 5 Corporate Issue: Ineffective oversight of mandatory training course completion

UN Women has seven learning programmes that are mandatory for all staff regardless of their level, duty station or function to ensure knowledge and understanding of the topics and content, which are deemed critical in safeguarding UN Women's capital and human resources as well the reputation of the agency. The Office of Human Resources is tasked with monitoring, oversight and reporting on mandatory course completion.

Mandatory training courses not completed

The audit team reviewed the Office's record of compliance for completion of the mandatory courses as at January 2016. Of 31 personnel, 14 (45 percent) had completed all courses, while completion rates for the remaining 17 personnel were as follows:

- 5 personnel (16 percent of total personnel) had completed 5 of 7 mandatory courses
- 3 personnel (10 percent of total personnel) had completed 3 of 7 mandatory courses
- 7 personnel (23 percent of total personnel) had completed 2 of 7 mandatory courses
- 3 personnel (10 percent of total personnel) had not completed any mandatory courses

The Office indicated that some personnel may have not submitted certificates for courses completed and some courses that were completed may not have been accurately reflected in the Learning Management System (LMS).

Policy on mandatory courses not updated

With the exception of the security courses, the mandatory training courses were applicable to UN Women staff only (individuals employed under the permanent appointment, or fixed-term appointment modalities) and not to all personnel. In the Office, the majority of functions and positions in the field were under the Service Contract modality. However, the risks that these courses were intended to address may not have been adequately reduced, if only staff were required to complete the courses. Based on discussions with the Office of Human Resources, UN Women had recognized the gap between the current policy and attainment of the desired outcomes and already provided access to the mandatory courses for UN Women personnel under all contractual modalities. However, the policy had not been revised, which could result in inconsistencies from office to office as to who should be required to complete the courses.

It was further noted that the policy did not include a requirement for the completion of mandatory courses within a specified time from the date of on-boarding. It only suggested that the courses be completed within 90 days.

Inefficient and ineffective processes for monitoring mandatory training course completion

When reconciling the Office’s course completion report to that of the Office of Human Resources, the audit team noted discrepancies. The Office of Human Resources informed the audit team that numerous obstacles and difficulties existed in obtaining accurate and up to date information and that the process was extremely inefficient. A significant issue related to the courses being offered on multiple platforms, some of which were external to UN Women, and not integrated and therefore there was no reporting to the Office of Human Resources. For example, the security courses could be taken on either the LMS or the UN Department of Safety and Security (DSS) platforms. If the security courses were taken on the DSS website, there was no integration with LMS or reporting from DSS to the Office of Human Resources. While Office of Human Resources had informally requested that certificates be provided from the field offices to allow manual updating and tracking, compliance with certificate submission and the accuracy of the reporting could not be assured.

The lack of systems and processes for accurate and efficient oversight, combined with the lack of completion of mandatory courses by Office personnel may negatively impact the safety and safeguarding, not only of the Office personnel, but also of UN Women’s assets and reputation.

Priority	Medium (Important)
Recommendation 5:	
The Office should ensure completion of mandatory courses by:	
<ul style="list-style-type: none"> (a) establishing and implementing a deadline within which all personnel must complete all the mandatory courses; and (b) obtaining course completion certificates from all personnel, updating the Office’s records and submitting copies to the Office of Human Resources. 	
Management action plan:	
<ul style="list-style-type: none"> (a) A deadline has been set and monitoring and follow-up with all staff is being conducted (b) All staff have been instructed to provide their training certificates and the Office’s records will be updated accordingly. The Office will submit copies of all training certificates to Headquarters as recommended. 	

Estimated completion date: 30 September 2016
OAI Response
OAI acknowledges the action reported by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.

Priority	High (Critical)
Corporate Recommendation 6:	
The Office of Human Resources should strengthen mandatory course completion, monitoring and reporting by:	
<ul style="list-style-type: none"> (a) formalizing and updating its mandatory course requirements policy to include, clarification of which personnel (contractual modalities) must complete the mandatory courses, a formal deadline for completion, and a requirement for written justification for exceptions; and (b) reviewing the current information gaps and developing efficient processes and systems to improve oversight and allow for accurate reporting of compliance. 	
Management action plan:	
<ul style="list-style-type: none"> (a) Management will update the Learning and Development Policy to include clarification of the courses for which completion within the first 100 days of service is mandatory and to which contractual modalities it applies. (b) Management will also require all personnel to share copies of their records (such as course certificates) with the respective human resources focal points and Office of Human Resources, so that copies of records for all employees will be kept both locally and made available on the intranet. This procedure will be implemented once the Regional Human Resources Business Partners are recruited. Until such time as additional funds are secured to procure or develop an online application (human resources information system), the manual process for tracking completed mandatory courses will remain, with continual updating based on submission of course certificates, and will be supported by a quarterly cross-reference reconciliation to ensure record accuracy. 	
Estimated completion date: March 2017	

Issue 6 Incomplete documentation for special services agreements

The UN Women 'Programme and Operations Manual' requires requesting units to facilitate competitive engagement practices and ensure that candidates are screened for qualifications, references and prior work experience. In making the final selection, careful scrutiny of the terms of reference, the competitive cost, quality of work, and the competency, expertise and experience of all suitable candidates should be taken into account.

A review of the personnel files for 10 individuals under the special services agreement modality showed that all 10 personnel files had missing documentation to support compliance with policies governing the engagement of personnel under the modality, such as evidence of reference checks conducted, vacancy announcement publication, verification of qualifications, academic certificates, authorizations to work in the country, and medical statements of good health. The Office indicated it relied on the ‘Special Service Agreement Recruitment Form’ obtained from the intranet, to determine what documentation was needed. However, this form was for submission of the recruitment case for review and approval. It did not replace the corporate policy on the process and documentation required for the recruitment of individuals under the special services agreement modality.

Non-compliance with recruitment policies relating to qualifications, competitiveness, and open and fairness, may result in reputational damage for the Office.

Priority	Medium (Important)
Recommendation 7:	
The Office should ensure complete documentation of all recruitments under the special services agreement modality in compliance with the policies set out in the ‘Programme and Operations Manual’.	
Management action plan:	
As of May 2016, all recruitments adhered to the Programme and Operations Manual, including requirements for reference checks, education certificates and visa permits, as part of the process of engaging individuals under special services agreement.	
Estimated completion date: Done	
OAI Response	
OAI acknowledges the action reported 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 Pre-financing of project activities and staff salaries

According to UN-Women Financial Regulations and Rules, contributions must be received prior to implementation of any programme/project activities, commitments and disbursements. Financing of project activities from other budget sources including pre-financing from other projects, from core or regular resources, or other donor funds, is prohibited.

The audit team noted that some activities of Project No. 85261 were temporarily financed through funding provided by Project No. 95033, which was funded by another donor. Specifically, project expenditures and salary costs amounting to more than \$400,000 were temporarily charged to Project No. 95033. The Office made the

charges when the Headquarters' Finance Section rejected the Office's request to temporarily transfer the funds from Project No. 95033 to Project No. 85261. The Office cited a critical cash shortage and the need to cover UN Women personnel salaries and the possible reputational damage due to delays in project implementation. The Office reversed the charges from Project No. 95033 to Project No. 85261 upon receipt of the donor funding.

In response to the draft audit report, the Office's management undertook the risk of financing project activities from other funding sources on an exceptional basis to enable project implementation (which was a precondition to securing a no-cost extension) for a project at high risk of losing resources because it was near the project end date. The Office further stated that pre-financing was not regarded as a norm for addressing its cash flow issues.

Pre-financing of project activities and in particular using funds provided by another donor for another project, may lead to negative financial and reputational consequences. In addition, any donor reports prepared prior to the reversal of pre-financed transactions would be inaccurate.

Priority	Medium (Important)
Recommendation 8:	
<p>The Office should ensure compliance with the prohibition on pre-financing by:</p> <ul style="list-style-type: none"> (a) proactively engaging with donors regarding delays in the start or continuation of project activities if contributions are delayed; and (b) redesigning processes for project, monitoring and reporting to ensure timely compliance with donor requirements for the release of contribution tranches. 	
Management action plan:	
<ul style="list-style-type: none"> (a) With the recent encumbrance of the necessary staff posts, the Office will intensify the dialogue and engagement with donors regarding project implementation (monitoring visits, visibility requirements). (b) It is expected that the revised donor reporting process (refer to management response on recommendation 3) will reduce the time required and allow the Office to respond in a timely manner to donor requirements. <p>The Office further indicated that the Division of Management and Administration is currently developing a policy in compliance with Financial Regulations and Rules 3.7 (b) and (c) to allow for allocations made on the basis of receivable co-financing contributions in accordance with risk guidelines established by the Executive Director.</p>	
Estimated completion date: December 2016	

Issue 8 Miscoding of expenses

In accordance with the 'Programme and Operations Manual' Hospitality and Gifts Chapter, special events are defined as events sponsored by UN-Women to coordinate and communicate normative or programmatic information and where the majority of the invitees are UN staff members and personnel (as opposed to vouchered hospitality where the majority of attendees must be non-UN staff/personnel).

The audit team reviewed transactions amounting to \$81,077 that were posted to the general ledger account 72705 Hospitality – Special Events and noted only \$303 was actually related to special events. The remaining \$80,774 was comprised of:

- \$70,775 related to the liquidation of partner advances, which the Office should have analysed to determine the nature of the underlying expenditure and posted to the corresponding Atlas accounts, such as workshops and training.
- \$7,666 related to printing of invitations and agenda and the purchase of gifts and tokens for closing events.
- \$2,333 relating to eight petty cash reimbursements for expenses incurred during field missions, and events with partners, which should have been coded based on the nature of the expenditures.

The Office explained that this was an inadvertent oversight.

Incorrect coding of expenditures may lead to incorrect financial reporting and decision making.

OAI comments:

OAI is not issuing a recommendation to correct the miscoded expenditures incurred in 2015 because the Statement of Expenditures has already been finalized. The Office agreed, in the future, to record all expenditures to the correct account codes in Atlas based on the nature and purpose of the underlying transaction.

3. Procurement and supplies management

Issue 9 Corporate Issue: Lack of adherence to Delegation of Authority Framework

Under the UN Women Delegation of Authority Framework, Country Directors are authorized to sign standard procurement contracts and corresponding purchase orders for amounts up to \$100,000. The Regional Offices are authorized to sign procurement contracts exceeding \$100,000 but less than \$200,000. Further delegation to staff must be done through a written delegation of authority.

The audit team reviewed 58 financial and procurement transactions amounting to \$2 million. The audit revealed the following deficiencies related to two contracts and the corresponding purchase orders of \$119,354 and \$118,835 respectively:

- Both contracts were signed by the Country Director, whose delegation of authority regarding procurement contracts was limited to \$100,000.
- The corresponding purchase orders for both contracts were approved in Atlas by a staff member whose Atlas profile was “senior manager” but whose delegation of authority was limited to \$100,000.

Both procurement cases had been reviewed and approved by the Regional Procurement Review Committee.

There are no automated system controls available in Atlas to limit or report on compliance with the granted delegation of authority when signing contractual agreements. Further, regarding approval of purchase orders in

Atlas, the application does not, nor can it be amended to provide any automated limit on the approval authority for users with a "senior manager" profile.

Non-adherence to the Delegation of Authority Framework may result in unauthorized legal and financial commitments which may go undetected.

Priority	High (Critical)
Recommendation 9:	
The Office should comply with the limitations, review and signatory authority requirements stipulated in the Delegation of Authority Framework and in the written delegations of authority for staff members.	
Management action plan:	
All contracts are now reviewed for compliance with the written delegations of authority, before being forwarded for signature.	
Estimated completion date: Done	
OAI Response	
OAI acknowledges the action reported by management; this will be reviewed at a later stage as part of the standard desk follow-up process of OAI.	

Priority	High (Critical)
Recommendation 10:	
The Division of Management and Administration should develop and implement a process for corporate oversight of adherence to the delegations of authority framework and establish a policy regarding the consequences for non-compliance.	
Management action plan:	
Management acknowledges the importance of adherence to the Delegation of Authority Framework. The Division of Management and Administration will review what practical oversight solutions can be implemented for reporting of non-compliance with delegation of authority limits, alongside the need to contain costs and staff resources, where an automated solution cannot be found. While the Delegation of Authority Framework offers a number of deterrence controls which may be used as consequences to deal with non-compliance, such as: revocation/revision; confidential record of the act to be maintained by HR, and in the personnel file of the delegate; and notification of the respective delegate, the current policy will be reviewed regarding consequences for non-compliance, to determine if the policy needs to be strengthened. The need for adherence will also be regularly reiterated.	
Estimated completion date: December 2016	

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.