



AUDIT

OF

UN WOMEN REGIONAL OFFICE

IN

PANAMA

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Report on the Audit of UN Women Regional Office in Panama Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Regional Office in Panama (the Office) from 1 to 19 August 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, UNDP support to the Office).

The audit covered the activities of the Office from 1 June 2015 to 31 May 2016. The Office recorded programme and management expenditures of approximately \$5.4 million. This was the first audit of the Office.

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

Overall audit rating

OAI assessed the Office as **satisfactory**, which means, "Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity." There are two high priority recommendations, which, however, are under the responsibility of Headquarters units, and therefore were not taken into consideration in the overall rating of the Office.

Key recommendations: Total = 6, high priority = 2

The six recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	1	High
Reliability and integrity of financial and operational information	5	Medium
Effectiveness and efficiency of operations	3, 4, 6	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	2	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. Both high (critical) priority recommendations are presented below:

Corporate Issue:
Inadequate
communication and
management of core
funds allocation (Issue 1)

The methodology used in UN Women for the allocation of core funds for the 2014 Strategic Plan cycle had not been conducted in accordance with UN Women's 'Programme and Operations Manual' and the methodology used was dated back to 2009, and therefore not reflecting UN Women's existing operations. In the absence of a suitable methodology for the allocation of core funds, the Office had developed and proposed two methods to the Division of Management and Administration, neither of which had been considered for piloting and corporate use. In addition, the communication of the core funds allocation in 2016 did not include a detailed breakdown, or explanation for reductions in the core allocation and the disposition of 2015 amounts carried forward. Further, while the UN Women Executive Leadership Team had made a decision in the second quarter of 2016 to reduce core spending by freezing the filling of all staff positions to be funded from core funds, this decision was not communicated to the Office on time. Thus, the Office was only informed on the freezing of recruitments after the Career Review Board had issued its recommendation regarding the preferred candidate, for a key advisory post in the Office.

Corporate Recommendation 1: The Programme Division, in coordination with the Division of Management and Administration, should strengthen communication and management of core funds allocations by: (a) clearly communicating on the core funding allocated to the offices, including a detailed breakdown of funding components such as the amount of any carry-over included in the annual allocation based on clear criteria and a standard methodology; and (b) including a specific process to address funding of critical functions envisaged by the Strategic Plan and Regional Architecture to support the delivery of planned results.

Corporate Issue:
Non-compliance with
corporate requirement of
immediately reporting
wrongdoing to OAI (Issue
2)

UN Women's 'Legal Framework' requires that managers notify OAI as soon as they become aware of allegations of wrongdoing. The Office had contacted Headquarters Human Resources Division for instructions on how to proceed with a situation involving admitted wrongdoing by a service contractor. Contrary to the requirements of the 'Legal Framework', the Office was instructed that the service contractor should be immediately terminated based on the violation of his contract, and that the Office should separately notify OAI, which resulted in the loss of rights to any further legal recourse.

Corporate Recommendation 2: The Division of Management and Administration should ensure that all staff and personnel are aware of the 'Legal Framework' requirements regarding immediately notifying OAI of any allegations of wrongdoing by: (a) issuing a formal communication to staff on the requirements of the process for reporting wrongdoing to OAI; and (b) periodically reiterating these requirements through follow-up communications and inclusion of the requirements in meetings and training as appropriate.

Management comments and action plan

The Regional Director, the Director of the Division of Management and Administration, and the Director of the Programme Division accepted all of the recommendations and are in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Ostveiten
Director
Office of Audit and Investigations

I. About the Office

The Office is located in Panama City, Panama (the Country). The Office was responsible for six Programme Presences located in Chile, the Dominican Republic, Honduras, Nicaragua, Peru, and Uruguay, and nine Country Offices located in Bolivia, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Haiti, Mexico, and Paraguay, and one Multi-Country Office in Barbados. At the time of the audit, the Office had a total of 30 personnel, comprised of 14 international and 10 local fixed-term appointment staff, 3 service contract holders and 3 United Nations Volunteers. The Office had total expenditures during the period under review of approximately \$5.4 million. Following consultations with stakeholders and the offices under its responsibility, the Office had designed a vision and roadmaps for the region through 2017. The roadmaps prepared included nine flagship programme initiatives for implementation: political empowerment and leadership; access to land; women entrepreneurs; violence prevention; access to essential services; safe cities; peace and security; risk and climate change; and gender statistics under the four Impact Areas of: women's participation; women's economic empowerment; ending violence against women; and women, peace and security.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Gender mainstreaming in development coordination. The Office chaired three regional Inter-Agency Working Groups, namely: Gender Equality and Women's Empowerment; Monitoring and Evaluation; and Peer Support Group (co-chaired with UNDP). It was actively engaged in coordination and development of joint flagship programmes and had leveraged its convening role with civil society organizations and with the UN system, thus influencing the regional normative agenda. No reportable issues were noted.
- (b) Partnerships and resource mobilization. The audit reviewed the Office's resource mobilization strategy, the programme/project funding sources, and the overall relationship with partners. Feedback received by the audit team from five donors and stakeholders indicated a good working relationship with the Office that was seen as a reliable, resourceful and trustful partner. No reportable issues were noted.
- (c) General administration. The audit team reviewed leave management, motor vehicle management and travel-related activities. No reportable issues were noted.
- (d) UNDP support to the Office. The Office had a good working relationship with the UNDP Country Office. A service level agreement with a duration of two years was signed with the UNDP Country Office and became effective from 13 January 2016. No reportable issues were noted.

OAI made two recommendations ranked high (critical) and four 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) Ensure that all staff and personnel are aware of the 'Legal Framework' requirements regarding immediately notifying OAI of any allegations of wrongdoing (Recommendation 2).
- (b) Strengthen communication and management of core funds allocations (Recommendation 1).

Medium priority recommendations, arranged according to significance:

- (a) Strengthen asset management (Recommendation 5).
- (b) Strengthen human resources management (Recommendation 4).
- (c) Strengthen the effectiveness of the partner capacity assessment process (Recommendation 3).
- (d) Prioritize the testing of the Disaster Recovery Plan (Recommendation 6).

The detailed assessment is presented below, per audit area:

A. Governance and strategic management

1. Risk management, planning, monitoring and reporting

Issue 1 Corporate Issue: Inadequate communication and management of core funds allocation

The methodology used in UN Women for the allocation of core funds for the 2014 Strategic Plan cycle had not been conducted in accordance with UN Women's 'Programme and Operations Manual' and the methodology used was dated back to 2009, and therefore not reflecting UN Women's existing operations. The Programme Division, in coordination with the Division of Management and Administration, have primary responsibility for ensuring the review of the core programme allocation. Further, timely communication of funding and any changes to funding is critical in allowing organizations to effectively perform the basic functions of management (i.e. planning, organizing, staffing, coordinating and oversight).

Although planned, the review of the UN Women core programme allocation had not been performed. OAI raised an issue regarding the outdated criteria for the allocation of core funds in the audit report of the UN Women Regional Office in Senegal (Report No. 1608, 10 June 2016). OAI issued a corresponding recommendation that the Division of Management and Administration should review and update UN Women's 'Programme and Operations Manual' to include the criteria used for the allocation of core funds and to distribute the information in order to facilitate better planning.

During the review of the Office, the following issues were noted regarding the management of core funding:

- There was no clear guidance issued to UN Women field offices on the disposition of funds carried forward from 2015. There was also no specific process for the funding of critical functions envisaged by the Strategic Plan and Regional Architecture. At the end of 2015, the Office had a balance of core funds amounting to \$335,359 due to a prolonged recruitment process. The position of Economic Empowerment Advisor had been created and approved in 2015 in response to the Office's priority issues falling under the economic empowerment theme; in alignment with the key functions envisaged by the Regional Architecture; and in recognition of the Office's lack of the necessary capacity to provide timely, strategic programme development and policy/technical advice in this thematic area. The position was approved and subsequently advertised on 4 December 2015, and the recruitment and selection processes were completed and the Career Review Board endorsed the preferred candidate in June 2016. The Office's management explained that they believed that the 2015 balance would be available for use in 2016, in addition to the 2016 core allocation received from Headquarters. At that point, and just before making the offer to the candidate, the Office was informed that the UN Women Executive Leadership Team decided to reduce the spending of core resources by, among other measures, freezing all staff positions under recruitment. As a result, the human and financial resources to conduct the recruitment process were not effectively or efficiently expended and the ability to provide critical Regional Office functions was negatively impacted.

- The Office’s 2016 core allocation was reduced by the amount of \$523,258 (or 20 percent) without any communication on the basis for the reduction.
- Having recognized a need for a more structured approach to core funds allocations, the Office had locally developed and shared proposals for two allocation methods with the Headquarters Programme Division. In 2015, the Programme Division did not comment on either of the methodologies proposed by the Office. In 2016, the more simplified methodology was approved for use by the Office; however, there was no evidence that this model was being considered corporately for pilot testing or for extensive use across the organization.

In order to ensure the implementation of prioritized activities, the Office had taken a portion of the core funding allocated to the Country Offices in the region, and had halted two of its activities totalling \$450,104.

In response to the draft audit report, management indicated that during the mid-year review of the funding situation, it became clear that reallocation measures were warranted. The decision to reallocate funds was undertaken by the Programme Division with the Division of Management and Administration, in order to have the least impact on current staffing and activities, and was communicated to the Regional Offices by the Programme Division’s management and Oversight Specialist. Management reiterated that the allocation of the regional core funds to the respective Country Offices was the prerogative of the Regional Director, and further stated that the Programme Division and the Division of Management and Administration had already advised the regions that the practice of carrying forward core funds from previous years would not be continued in 2017.

The lack of communication and proper core fund management increases the risk that resources may not be used effectively and efficiently to support the UN Women mandate, and presents the risk of substantive technical support not being provided to the Country Offices/Multi-Country Offices and Programme Presences.

Priority	High (Important)
Recommendation 1:	
<p>The Programme Division, in coordination with the Division of Management and Administration, should strengthen communication and management of core funds allocations by:</p> <ul style="list-style-type: none"> (a) clearly communicating on the core funding allocated to the offices, including a detailed breakdown of funding components such as the amount of any carry-over included in the annual allocation based on clear criteria and a standard methodology; and (b) including a specific process to address funding of critical functions envisaged by the Strategic Plan and Regional Architecture to support the delivery of planned results. 	
Management action plan:	
<ul style="list-style-type: none"> (a) The allocation of funds for 2017 to the offices is to be communicated by the Programme Division in collaboration with the Division of Management and Administration starting November 2016. This will be in line with the timelines that were agreed between the Programme Division and the Division of Management and Administration to facilitate the timely finalization of the 2017 Annual Work Plans. The Programme Division is currently developing the guidance and criteria necessary to facilitate the decision-making processes of the Regional Offices in allocating funds to the Country Offices. This guidance will be sent out with the confirmation of core funds allocations available for 2017. 	

(b) The allocation of funds based on the criticality of functions is being developed by the Programme Division in conjunction with the Division of Management and Administration and Human Resources Division.

Estimated completion date: December 2017

Issue 2 Corporate Issue: Non-compliance with corporate requirement of immediately reporting wrongdoing to OAI

According to chapter 1, section 2, paragraph 19 (d) and section 4.8, paragraph 15 (a) of UN Women's 'Legal Framework', management and staff are responsible for the reporting of allegations of wrongdoing to OAI as soon as they become aware of such allegations.

In handling allegations of two incidents of wrongdoing by an individual working for the Office under a service contract, rather than immediately notifying OAI, the Office had contacted the UN Women Human Resources Division at Headquarters for instructions on how to proceed. The Office was instructed that the service contractor had violated a clause in the service contract and that he should have been immediately terminated. Rather than referencing the 'Legal Framework' requirement to notify OAI immediately, the Human Resources Division instructed the Office to separately notify OAI. The service contractor was terminated effective June 2016.

Although the contractor's Terms of Reference covered responsibility over IT assets, and the allegations involved theft of assets, no instruction was given to perform a physical verification of assets prior to termination and no verification was performed. During OAI's review of assets, the Office stated that three laptops were missing and it was alleged that they had been taken by the service contractor prior to termination. The asset focal point of the Office further indicated that the theft of the laptops had not been identified until the performance of the mid-year physical verification of assets dated 25 July 2016, and that the Office was still trying to recover them.

The purpose of the 'Legal Framework' requirement to report any allegations as soon as staff or management become aware of the allegations is to allow OAI to provide guidance on how best to proceed in such situations in order to maintain evidence, legal recourse rights, and to provide protection against the loss of assets for UN Women, while also ensuring that the service contractor's rights are not violated. Had the Office been instructed to first report the incidents to OAI as per the 'Legal Framework' requirement, OAI would have had the opportunity to provide instructions regarding, at a minimum, to conduct a full physical verification of assets, and to maintain any rights to legal recourse.

In response to the draft audit report, the Division of Management and Administration indicated, that in consultation with UN Women Human Resources and Security Divisions, the Office made an assessment of the risk of the service contractor remaining on duty, as well as of the options available under the service contract in light of the circumstances. As there were no provisions under the service contract modality for placing a service contractor on administrative leave pending the outcome of an investigation, the Office issued a termination letter to the service contractor, which the service contractor acknowledged. The service contractor was requested in the termination letter to immediately return any UN Women equipment in his possession. Simultaneously, the allegations were also reported to the Investigations Division of OAI to ensure that a wider investigation could be initiated, if necessary.

In response to the draft report, management also indicated that the UN Women 'Legal Framework' expressly states in section 3.2, that it does not apply to persons employed under service contracts, and that according to

the 'Legal Framework' the contract and 'Service Contract User Guide' are the authoritative documents in cases of wrongdoing by service contract holders. OAI agrees with this comment; however, the issue raised pertains to the requirement for all staff and management to immediately report allegations of wrongdoing to OAI. The OAI Investigations Section subsequently closed the case as any recourse available to UN Women was lost upon the termination and payment of final remuneration to the service contractor and therefore the cost to conduct an investigation could not be justified. Adherence to chapter 1, section 2 of the 'Legal Framework' is considered essential for safeguarding UN Women assets and resources and for establishing an ethical culture.

Lack of compliance with the 'Legal Framework' requirement that OAI be notified as soon as the Office is aware of potential wrongdoing may result in financial and property losses for UN Women, and in the loss of the right to any legal recourse.

Priority	High (Critical)
Recommendation 2:	
<p>The Division of Management and Administration should ensure that all staff and personnel are aware of the 'Legal Framework' requirements regarding immediately notifying OAI of any allegations of wrongdoing by:</p> <ul style="list-style-type: none"> (a) issuing a formal communication to staff on the requirements for immediate reporting of wrongdoing to OAI, including details of the reporting process; and (b) periodically reiterating the requirements for immediately reporting allegations of wrongdoing to OAI, through follow-up communications and inclusion of the requirements in meetings and training as appropriate. 	
Management action plan:	
<p>The following steps are being taken to address the recommendations:</p> <ul style="list-style-type: none"> (a) As of May 2016, the Division of Management and Administration, in conjunction with the Investigations Division of OAI, have provided organizational-wide training to all personnel on (i) the 'Legal Framework' and on (ii) reporting allegations of misconduct to OAI, including providing contact information. (b) A communication will be issued from the Executive Director to all personnel reminding them of their obligation to report allegations of misconduct to the Investigations Division of OAI. 	
Estimated completion date: October 2016	
OAI Response	
<p>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.</p>	

B. Programme activities

1. Programme and project management

Issue 3 Corporate Issue: Inadequate implementing partners' capacity assessment

According to the UN Women 'Programme and Operations Manual', all non-governmental organizations shortlisted for eventual cooperation with UN Women as either implementing partners or responsible parties must undergo capacity assessments. There is also a template for use during the internally and externally conducted assessments of the suitability of non-governmental organizations. UN Women offices are required to carefully document and maintain files that clearly demonstrate why a specific partner was selected and how the UN Women office intends to monitor the partner to ensure results. The capacity assessment checklist provides the list of capacities to be assessed; the requirements that need to be documented for each capacity; and the red flags for potential risk. The red flags provided in the checklist are only indicative of what the assessor should be aware of and are not meant to be comprehensive.

The audit reviewed the capacity assessments of three implementing partners that were awarded \$220,000 in total. Using the corporately prescribed template, the Office had performed the capacity assessments and no risks were identified. While no exceptions or increased risks were highlighted during the capacity assessments performed by the Office, there was inadequate evidence to demonstrate what methodology had been followed and whether any documentation had been reviewed by the Office in concluding on critical areas of the assessment of the three implementing partners.

There was also inadequate guidance provided by UN Women Headquarters to facilitate the identification of red flags or potential issues during capacity assessments. For example, one of the red flags in the guidance states: "negative comments on, or evaluation of, internal controls by external auditors or consultants". For the Office to effectively review this red flag, it would need to obtain additional documentation such as management letters, and/or internal audit reports, which were not listed as requirements. As such, the Office had not been reviewing this information, which was relevant for assessing existence of internal programmatic, administrative and financial processes.

Inadequate capacity assessments of implementing partners may prevent the Office from achieving intended results, and may lead to the misappropriation of funds. In addition, the above risks may have a negative impact on the reputation of the Office.

Priority	Medium (Important)
Recommendation 3:	
The Programme Division should strengthen the effectiveness of the partner capacity assessment process through the provision of appropriate guidance, including:	
<ul style="list-style-type: none"> (a) elaboration of the key/critical risks and flags related to each capacity, and clarification of the requirements that need to be documented for each capacity; and (b) providing training to appropriate staff on the conduct and/or review of capacity assessments and how to adequately document it. 	

Management action plan:

- (a) The Programme Division has initiated the review of the relevant sections of the 'Programme and Operations Manual' and will revise it as necessary to further strengthen the selection and capacity assessment of partners. The revisions will include a revised checklist, which in turn will include requirements to look at partner references and audit management letters.
- (b) The necessary training will be provided with the roll out of the revised sections of the 'Programme and Operations Manual'.

Estimated completion date: 31 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.

C. Operations

1. Human resources management

Issue 4 Weaknesses in human resources management

The planning and monitoring of recruitments is crucial to delivering the Office's programme and UN Women's mandate. UN Women's 'Programme and Operations Manual' states that personnel performance management is key to providing a baseline for the development of the staff member and feedback regarding what individual competencies need to be strengthened to increase the staff member's effectiveness. Further, the maintenance of adequate relevant documentation is essential for demonstrating compliance with policies and processes, and the functioning of controls.

The review of the Office's human resources management processes and of a sample of 11 personnel files disclosed weaknesses in the following areas:

- The Office did not have a defined human resources plan to support the timely initiation, monitoring and management of the engagement of staff and personnel in support of the Strategic Note/Annual Work Plan.
- The documentation in personnel files was incomplete and inconsistently organized.
 - Mission and leave plans were missing or had been submitted late for 5 of the 11 files reviewed.
 - Three of the files reviewed related to personnel under the service contract modality. Of the three service contractor files reviewed, two did not include adequate documentation of the reporting, monitoring and approval of leave and attendance, such as daily or monthly attendance logs, signatory documentation of supervisory review and agreement, or recording and approval of compensatory time earned.
 - Inadequate documentation of service contractor performance and a corresponding plan for addressing identified performance deficiencies was noted in two of the three files reviewed.

- Two of the files reviewed related to personnel contracted under the Special Service Agreement modality. Missing documentation relating to medical clearance was noted in both files reviewed.
- At the time of the audit fieldwork, 8 out of 31 (25 percent) Performance Management and Development assessments for 2015 and 11 out of 33 (33 percent) plans for 2016 had not been completed.

Insufficient planning, monitoring, documentation and compliance with human resources policy requirements may result in unclear expectations, poor performance, and delayed recruitments.

Priority	Medium (Important)
Recommendation 4:	
The Office should strengthen its human resources management by:	
<ul style="list-style-type: none"> (a) standardizing personnel files and including adequate documentation; and (b) completing all performance evaluations for 2015 and setting a deadline for personnel to complete the 2016 performance plans in the Performance Management and Development system. 	
Management action plan:	
<ul style="list-style-type: none"> (a) An index of the required personnel file contents for each contractual modality has now been created and the files are being updated. The index was shared with field offices during the human resources training session conducted in Panama on 26 September. (b) Deadlines of 20 November 2016 for finalization of all 2015 performance evaluations and 30 November 2016 for the updating of the 2016 performance plans have been set. 	
Estimated completion date: (a) December 2016, (b) November 2016	

2. General administration/Asset management

Issue 5 Weaknesses in asset management

According to UN Women's 'Programme and Operations Manual', proper asset management requires accurate use of the Atlas (enterprise resource planning system of UNDP) procurement catalogs, registration of assets in Atlas, continuous monitoring of the physical assets, and maintenance of accurate and current records.

As per the Assets In-Service Report, the Office had 64 assets with a total net book value of \$79,303 as of 31 May 2016. The audit team reviewed a sample of 10 assets with a net book value of \$36,836 or 45 percent of the value of total assets. Issues noted are outlined below:

Recording, tagging and verification

- In July 2015, the purchase of 40 conference room chairs, which did not meet the capitalization criteria, was billed and paid through two separate invoices totalling \$3,040. The Office had recorded two capital assets (one for each invoice amount); however, the error was not identified during the year-end 2015 or the mid-year 2016 asset certification exercises.

- Incorrect serial numbers were entered in Atlas for two assets with a combined cost of \$3,290. The in-service date for both assets was 2012, yet the error in the recording of the serial numbers was not identified in any of the asset certifications performed since 2012.
- Verification of the serial numbers from the purchase invoices to those recorded in Atlas for six assets procured in June 2015 showed that the serial number for one (with a cost of \$2,246) was incorrectly recorded in Atlas. Observation of the physical asset revealed that the asset did not have an asset tag. The document provided by the asset focal point for the mid-year verification included the correct serial number, which did not reconcile with the data in Atlas.
- The data entered for 56 of 64 assets with a combined cost of \$100,706 in Atlas included generic non-descriptive data and/or was incomplete. Further, the Office had not implemented a system for the use of the location field in Atlas to facilitate physically locating assets.

Asset disposals

- One laptop with a net book value of \$546 was reported as lost in December 2015; however, the documentation to support its removal from Atlas, including the Request for Asset Disposal or Transfer (RADT) form, had not been prepared and submitted until after the questions were raised by the auditor’s during the audit fieldwork on 10 August 2016.
- The Office was unaware of section 3.9 of the UN Women ‘Standards on Information Security’, which require that any data drives be “wiped” prior to disposal by any means. Documentation to support the disposal of 14 assets was reviewed. All 14 assets were laptops or desktop computers with data storage drives. The documentation reviewed included the RADT form, justifications, authorizations, and where applicable, the verifications related to donation. However, no documentation that all data storage devices had been wiped prior to disposal was included. The asset focal point in the Office indicated that while Office equipment was “wiped” in preparation for reuse out of good practice, he was unaware of the policy requiring the wiping of data prior to disposal.
- One asset (a printer with a cost of \$1,867) that was awaiting disposal had been taken out of service around June of 2015 and was being stored in a shared 4th floor attic of the facility. The asset was unsecured and personnel from other agencies had access to the space.
- One asset (a projector located on the 3rd floor conference room) that the Office indicated had been taken out of service sometime in 2014 had been donated to the Office in 2012 by the prior facility occupant. The asset had never been recorded on the asset listing and had not been disposed of at the time of the audit fieldwork.

Lack of compliance with the asset management policies and procedures may result in the loss of assets and/or inaccurate financial reporting of assets, expenses and depreciation.

Priority	Medium (Important)
Recommendation 5:	
The Office should strengthen its asset management by:	
(a) performing a complete independent verification of all equipment and assets of the Office and the Programme Presence Offices, as well as ongoing physical verifications, ensuring all assets and equipment are included on the capital (Atlas) or non-capital asset listings as appropriate and that all data is complete, adequate and accurate;	

- (b) ensuring that all assets no longer in service are timely disposed, in accordance with policies and procedures, and that they are maintained in a designated, secured area; and
- (c) ensuring that all asset focal points receive adequate training.

Management action plan:

- (a) A complete independent verification of all equipment and assets will be implemented in the Regional Office and Programme Presence Offices.
- (b) Assets not in service are in the process of disposal and have been stored in an appropriate area as suggested by the audit team.
- (c) A refresher training session will be organized before the year-end certification of assets.

Estimated completion date: November 2016

3. Information and communication technology

Issue 6 Disaster Recovery Plan not tested

UN Women ICT policies require that offices must test the Disaster Recovery Plan components to ensure functioning and the capability to recover and continue critical processes during and after major events.

The Office's Disaster Recovery Plan, dated 24 August 2015, had not been tested as of the end of the audit fieldwork.

Lack of testing of the Disaster Recovery Plan may result in the Office's inability to recover systems, data and operations in a timely manner should a disaster occur.

Priority	Medium (Important)
Recommendation 6:	
The Office should prioritize the testing of its Disaster Recovery Plan.	
Management action plan:	
The testing of the Office's Disaster Recovery Plan is being negotiated with the UN House administration and coordinated with the UN Women Global Security team at Headquarters.	
Estimated completion date: 12 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.