



AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

TIMOR-LESTE

Report No. 1613

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(REDACTED)

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Report on the Audit of UN Women Country Office in Timor-Leste Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in Timor-Leste (the Office) from 21 September to 7 October 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, and UNDP support to the Office).

The audit covered the activities of the Office from 1 July 2015 to 31 August 2016. The Office recorded programme and management expenditures of approximately \$2.1 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."

Key recommendations: Total = 2, high priority = 0

The audit did not result in any high (critical) priority recommendations. There are two medium (important) priority recommendations, which means, "Action is required to ensure that UN Women is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UN Women." These recommendations include actions to address the incorrect implementation of duty travel entitlement rules, and weaknesses in data back-up management and disaster recovery planning processes.

The two recommendations aim to ensure the following: (a) effectiveness and efficiency of operations (Recommendation 2); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 1).

Management comments and action plan

The Officer-in-Charge accepted both recommendations and is 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.

A handwritten signature in blue ink is enclosed in a rectangular box. The signature is stylized and appears to read 'H. Osttveiten'.

Helge S. Osttveiten
Director
Office of Audit and Investigations

I. About the Office

The Office is located in Dili, Timor-Leste (the Country). The Country became independent in 2002, and has made significant progress in fostering sustainable development, with a focus on rebuilding all social support systems and infrastructure. Women representation in leadership positions was equivalent to 21 percent. With a programmatic focus fully aligned with the 2015-2019 United Nations Development Assistance Framework for the Country, the Office's intervention was in four main areas: economic empowerment; ending violence against women; peace and security and humanitarian affairs; and national planning and budgeting. During the period under review, the Office was implementing a total of 10 projects with a budget of \$2.9 million. The Office had a total of 30 personnel (comprised of 4 international and 8 local fixed-term appointment staff, 18 service contract/special service agreement holders), and 1 United Nations Volunteer.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance and strategic management. Management had established various risk management, compliance, and control functions, serving as a second line of defense. Staff were aware of the Office's mandate, priorities, challenges, and objectives of management controls. No issues were noted.
- (b) Gender mainstreaming in development coordination. A Gender Technical Working Group (GWG) was set up to coordinate efforts on gender equality and women's empowerment among 14 United Nations agencies present in the Country. The GWG was recognized as one of the most active, most substantive and most structured of all Theme Groups in the Country. As Co-Chair of the GWG, the Office was coordinating inter-agency efforts to localize the Sustainable Development Goals from a gender equality perspective and to implement the gender components of the United Nations Development Assistance Framework. Training on gender-based budgeting that the Office provided to the members of the United Nations Country Team and other international organizations as well as the Government, was highly appreciated by all participants. No issues were noted.

OAI made two recommendations ranked medium (important) priority.

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

Medium priority recommendations, arranged according to significance:

- (a) Address the weaknesses noted in data back-up management and disaster recovery processes (Recommendation 2).
- (b) Comply with the duty travel chapter of the 'UN Women Programme and Operations Manual' (Recommendation 1).

The detailed assessment is presented below, per audit area:

A. Operations

1. General administration – Travel management

Issue 1 Incorrect implementation of staff travel entitlement rules

The chapter on duty travel in the 'UN Women Programme and Operations Manual' stipulates that when a staff member is required to undertake official business/duty travel on a non-work day, any childcare costs incurred during the non-workday shall be reimbursable as part of her/his travel claim. Such costs shall be reimbursed if accompanied by appropriate receipts and by certification that the care provider is not a family member and that the cost would not have been incurred had the staff member not been on duty travel. The entitlement is only applicable to staff members. Any exceptions should be authorized by the Deputy Director of Management and Administration.

The audit reviewed 15 travel transactions amounting to \$30,094 out of total travel expenditures of \$102,560 (i.e., 29 percent). In one case amounting to \$5,620, the Office, upon advice from the Regional Office for Asia and the Pacific, applied staff entitlement rules to cover childcare costs incurred during a service contractor's mission to the Regional Office to attend a workshop. These costs were reimbursed as part of the service contractor's travel claim. In addition, the service contractor travelled with a care provider who was a family member. There was no evidence that the Office or the Regional Office for Asia and the Pacific contacted the Travel Unit in Headquarters for guidance and for approval of the exception by the Deputy Director of Management and Administration, as prescribed by the procedures.

Lack of adherence to the policies related to duty travel may lead to financial losses.

Priority	Medium (Important)
Recommendation 1:	
The Office should comply with the chapter on duty travel in the 'UN Women Programme and Operations Manual'. In case of deviations, the Office should seek clarifications and clearance from the Travel Section in Headquarters and from the Deputy Director of Management and Administration, on a case-by-case-basis.	
Management action plan:	
The Office noted the incorrect application of staff travel entitlement rules to a non-staff member and has ensured that this issue will not occur again in the future. The Office has taken immediate action to address the issue by issuing an internal office memorandum on 7 October 2016 to all Office staff and personnel on the importance of adhering to the 'UN Women Programme and Operations Manual'. All Office staff were instructed to consult UN Women Headquarters first, in case of any deviation.	
Estimated completion date: October 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. Information and communication technology

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

Issue 2 Weaknesses in data back-up management and disaster recovery planning process

In accordance with the 'UN Women Information Security Policy' and the 'Disaster Recovery Standards for UN Women Offices', all critical Information and Communication Technology (ICT) systems shall have adequate disaster recovery provisions in place. A list of critical ICT systems must be defined by office management along with business continuity requirements, as well as recovery objectives for these systems. The UN Women Information Systems and Telecommunication Unit is responsible for the overall back-up and recovery of enterprise systems, and end-users are responsible for ensuring that all critical data files are maintained on UN Women servers and not on individual laptops or workstations.

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

The review of the Office's business continuity preparedness documentation disclosed that the Office had tested the Business Continuity Plan. However, the testing was inadequate. Specifically, neither the UNDP ICT team nor the Office had tested the Disaster Recovery Plan. Furthermore, the data back-ups had also not been tested according to the restoration procedures.

The audit team noted that with the assistance of the Regional Office, the Office had initiated the process of using the OneDrive as a cloud-based solution to manage the back-up of critical files in the Office's personnel computers and laptops. However, this process had not yet been finalized.

The situation described above may result in the permanent loss of data and in the inability to recover operations in a timely manner, should a disaster occur. The back-up of data is critical for the Office's business continuity in case of a business disruption or disaster.

Priority	Medium (Important)
Recommendation 2: The Office should address the weaknesses noted in data back-up management and disaster recovery processes by: [REDACTED]	
<ul style="list-style-type: none">(b) testing its Disaster Recovery Plan and subsequently re-testing the Business Continuity Plan; and(c) finalizing the use of the cloud-based data storage and back-up technologies in order to manage the risks associated with loss of data.	
Management action plan: The recommendations are well noted and will be addressed as follows: [REDACTED]	
<ul style="list-style-type: none">(b) The Office will re-test its Business Continuity Plan after the Disaster Recovery Plan test has been completed. UNDP has scheduled its Disaster Recovery Plan test by 15 November 2016. UN Women will re-test its Business Continuity Plan on 22 November 2016.(c) The Office will continue to ensure all staff maximize the use of OneDrive and SharePoint and has managed to upload the bulk of its key office documents, both operations and programme related, onto the Office's SharePoint space. The key staff involved in the Business Continuity Planning have started to upload key documents, including all working documents to OneDrive. An email communication has been sent to all Office staff and personnel urging them to upload all relevant files and documents into the OneDrive. This exercise will be completed by all staff and personnel by 31 December 2016.	
Estimated completion date: November 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.	

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.