

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**AUDIT**

**OF**

**UN WOMEN COUNTRY OFFICE**

**IN**

**GUATEMALA**

**Report No. 1775**  
**Issue Date: 12 May 2017**

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## Report on the Audit of UN Country Office in Guatemala Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in Guatemala (the Office) from 20 February to 10 March 2017. 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 January to 31 December 2016. The Office recorded programme and management expenditures of approximately \$3 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 / major improvement needed**, which means, "The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area." This rating was mainly due to weaknesses in gender mainstreaming, programme and project management, procurement, financial resources management, and information and communication technology management.

**Key recommendations:** Total = 11, high priority = 6

Objectives	Recommendation No.	Priority Rating
Achievement of the organization's strategic objectives	2	High
	5	Medium
Reliability and integrity of financial and operational information	6	High
Safeguarding of assets	10	High
Compliance with legislative mandates, regulations and rules, policies and procedures	3, 9, 11	High
	1, 4, 7, 8	Medium

For high (critical) priority recommendations, prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women. All high (critical) priority recommendations are presented below:

Weak gender mainstreaming in development coordination (Issue 2)

While the Office led the gender theme working groups under the UN Country Team (UNCT) and the Guatemala donor's group, meetings had not been conducted on a regular and frequent basis in order to allow for effective promotion and advancement of gender equality and women's empowerment.

**Recommendation:** The Office should strengthen gender mainstreaming in development coordination by: (a) allocating resources and assigning appropriate responsibilities for mainstreaming and coordination activities; and (b) conducting and documenting the Gender Development Coordination Group and G-13 Gender Theme Working Group meetings.

Inadequate project planning and review (Issue 3)

For seven core-funded projects included in its 2016 Strategic Note/Annual Work Plan, the Office had not developed project documents and had not submitted the projects for Local Project Appraisal Committee (LPAC) review. One of the seven projects reviewed experienced delays in the initiation of the implementation phase, which resulted in the donor requesting a refund of approximately \$50,000.

**Recommendation:** The Office should ensure that all project documents are prepared and submitted to the relevant Project Appraisal Committee for review and approval before committing any resources.

Corporate Issue: Lack of defined process for internal structuring and management of global projects (Issue 6)

While UN Women has placed more emphasis on flagship initiatives and global programmes, a formal process for review by key internal stakeholders to determine the optimal structuring and management of such programmes had not been implemented. This resulted in the creation of two projects (double entry of the budget) in Atlas (enterprise resource planning system of UNDP) for the Office related to the global programme, thus overstating the Office's budget for 2016 and 2017 and understating delivery.

**Recommendation:** UN Women Programme Division, in collaboration with the Division of Management and Administration, and the Policy Division, should develop a formal process to review and determine the structure, budgeting and management of global programmes.

Weak controls in raising e-requisitions and purchase orders (Issue 9)

A review of a sample of 72 purchase orders and the corresponding vouchers showed that 26 (36 percent) of the purchase orders and the 21 (29 percent) corresponding e-requisitions had been raised in Atlas more than 35 days after receipt of the vendor's invoice.

**Recommendation:** The Procurement Unit should ensure compliance with the 'UN Women Programme and Operations Manual' by creating requisitions and purchase orders in Atlas prior to finalizing procurements with vendors.

Inadequate controls over events and meetings (Issue 10)

A review of the documentation of 12 event procurements showed a lack of adequate planning, oversight, monitoring and reconciliation of actual event participation with the vendor invoicing.

**Recommendation:** The Office should strengthen controls over external meetings and events by: (a) ensuring that programme personnel understand their responsibilities regarding control, oversight, verification, reconciliation and

documentation of attendance and services; (b) negotiating with suppliers in order to include provisions in the agreement that establish the minimum documentation required when submitting invoices, and to include a more reasonable time frame for adjustment/confirmation of the number of participants; and (c) providing the details of required services when creating requisitions in Atlas, to facilitate proper accounting of actual quantities received against the estimates.

Inadequate data back-up policy and management (Issue 11)

The Office indicated that it relied on the use of UN Women OneDrive for the back-up of critical data; however, testing of five staff computers showed that the OneDrive set-up had not been completed for four computers. The Office had not issued or communicated a back-up policy to staff.

Recommendation: The Office should ensure the availability of critical data by: (a) coordinating with the Headquarters Information Systems and Telecommunications Unit to ensure that OneDrive is properly configured for all computers; (b) establishing guidelines to meet back-up requirements and reminding staff to back up their critical files to OneDrive; and (c) conducting periodic testing and restoration of back-up files.

“Corporate Issue” means action is required from a Headquarters bureau.

#### Management comments and action plan

The Country Representative and the Director of the Programme Division accepted all of the recommendations and are in the process of implementing them. Comments and/or additional information provided 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.



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## I. About the Office

The Office is located in Guatemala City, Guatemala (the Country). During the audited period, the Office had a total of 56 personnel (10 under fixed-term appointments and 46 under service contracts, special service agreements or UN Volunteer modalities). The Office's programmatic focus was on the four thematic areas of women's leadership and political participation, economic empowerment, ending violence against women, and women's peace and security, and focused on support to the government on global norms and policy. The Country had experienced significant political upheaval in 2015. The population living in poverty in rural areas was estimated to be between 80 and 90 percent.

## II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Partnerships and resource mobilization. Feedback from two donors and three stakeholders indicated a good working relationship with the Office and intent to continue collaboration. The Office's hard and soft pipelines for resource mobilization in relation to the Strategic Note/Annual Work Plan were reviewed. No reportable issues were noted.
- (b) General administration. Review and testing of transactions related to assets, travel and leave management did not identify any reportable issues.
- (c) Safety and security. No reportable issues were noted in the review of documentation and observation of the Office's operations.
- (d) Operational and support services provided by UNDP. Review of documentation and discussions with appropriate UNDP Country Office staff demonstrated a good working relationship. No reportable issues were noted.

OAI made six recommendations ranked high (critical) and five recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report. Medium priority recommendations that had been implemented as advised by the Office (and independently validated by OAI) prior to the issuance of this report are not included in this report.

**High priority recommendations**, arranged according to significance:

- (a) Ensure that all project documents are prepared and submitted to the relevant Project Appraisal Committee for review and approval (Recommendation 3).
- (b) Develop a formal process to review and determine the structure, budgeting and management of global programmes (Corporate Recommendation 6).
- (c) Strengthen gender mainstreaming in development coordination (Recommendation 2).
- (d) Ensure compliance with the 'UN Women Programme and Operations Manual' by creating requisitions and purchase orders in Atlas prior to finalizing procurements with vendors (Recommendation 9).
- (e) Ensure the availability of critical data (Recommendation 11).
- (f) Strengthen controls over external meetings and events (Recommendation 10).

**Medium priority recommendations**, arranged according to significance:

- (a) Develop a policy on micro-grants and provide the necessary guidance to support successful implementation (Corporate Recommendation 5).
- (b) Strengthen governance by reviewing all work and process flows, reviewing job descriptions and providing necessary training on process workflows and functions (Recommendation 1).
- (c) Establish an effective monitoring system that will ensure timely initiation of the reporting process (Recommendation 4).
- (d) Strengthen project management to ensure compliance with the 'UN Women Programme and Operations Manual' (Recommendation 7)
- (e) Strengthen controls to ensure compliance with human resources management policy (Recommendation 8).

The detailed assessment is presented below, per audit area:

## A. Governance and strategic management

### **Issue 1**      Inadequate segregation of reporting lines and review of approval authorities

The UN Women Regional Architecture, the 'UN Women Programme and Operations Manual', and the Internal Control Framework establish the policy and structural framework to ensure that adequate segregation of duties and controls are in place to provide reasonable assurance that activities are carried out effectively, efficiently, ethically and sustainably.

The Office experienced high turnover during 2016, with the resignation of eight service contractors, UN Volunteer and fixed-term appointment personnel. The Operations Manager post was abolished when the incumbent left in June 2016. The Country Representative also left in November 2016. This resulted in the reshuffling of duties amongst available personnel to deliver the work plan. Workflows and processes, including those for review and authorization, were adjusted in order to operate effectively during the period of decreased human resources capacity in the Office. In addition, no backstopping was in place for several programmatic, operational and managerial roles.

With the hiring of additional personnel, the audit team noted that the Office had not reviewed the programme and operational processes or personnel roles/functions, including those for review and approval, to realign them to the Internal Control Framework, corporate policy and job descriptions/terms of reference. The Office also did not provide the corresponding training for new personnel on necessary process changes.

Lack of evaluation of workflows, reporting lines, job descriptions, and review of approval authorities could lead to inadequate oversight, inefficiencies, and non-alignment of staff activities to job descriptions/terms of reference.

<b>Priority</b>	Medium (Important)
<b>Recommendation 1:</b>	
<p>The Office should strengthen governance by:</p> <ul style="list-style-type: none"> <li>(a) reviewing all work and process flows as well as reporting lines and review/approval authorities to ensure adequate segregation of duties, oversight, and efficiencies in processing;</li> <li>(b) reviewing and revising job descriptions/terms of reference to reflect any changes made, and establishing clear backstopping responsibilities; and</li> <li>(c) providing the necessary training on process workflows and job functions.</li> </ul>	
<b>Management action plan:</b>	
<p>The Office will take the following actions:</p> <ul style="list-style-type: none"> <li>▪ The arrival of a new Representative provides the opportunity to review the Office structure, including the review of job descriptions, reporting lines and the duties of personnel. The Office will engage an external consultant, to review the delegations of authority, all work and process flows, reporting lines, and review/approval authorities to ensure adequate segregation of duties, oversight, and efficiencies in processing.</li> <li>▪ Based on the results of the consultancy, the Office will review and amend job descriptions/terms of reference as necessary, and establish clear backstopping responsibilities.</li> <li>▪ The Office has developed new standard operating procedures (SOPs), based on the 'UN Women Programme and Operations Manual' to provide clear guidance and step-by-step procedures to be followed by all staff. Training on the SOPs is scheduled to take place on 28 April 2017. After this training, the SOPs will be tested and validated with all personnel.</li> <li>▪ The Office will also strengthen its Internal Control Framework and oversight mechanisms to address the identified risks and ensure a proper follow up to the recommendations of the audit.</li> </ul>	
<b>Estimated completion date:</b> September 2017	

**B. Gender mainstreaming in development coordination**

**Issue 2**      Weak gender mainstreaming in development coordination

Country Office responsibilities as per UN Women's 'Functional Analysis of Policy and Programme Bureau' include several requirements related to gender mainstreaming, including: ensuring that gender equality and women's empowerment issues are well integrated in UN programming; support for promotion of gender accountability within the UN system; provision of leadership, advice, and guidance to the UN Country Team (UNCT) on implementation of key gender policy commitments and enhanced gender response to national partners and actively participating in UN and other thematic working groups to network and advance gender equality; and enhancement of capacities of UN system staff through the provision of training.

While the Office led both gender theme working groups (the Gender Theme Working Group [GWG], under the Guatemala donor's group [G-13], and the Gender Development Coordination Group [GEG] under the UNCT), it had not leveraged its role through the conduct of regular meetings of either group to meet its gender-



mainstreaming mandate. While the GWG had a detailed work plan and agenda that called for eight meetings in 2016, only four meetings were held. Furthermore, no work plan and agenda for 2017 was provided to the audit team. Donors stressed that the Office should use the working group meetings to more effectively communicate gender issues and to present proposals/opportunities/plans to address them. Donors also stressed that the meetings should be held on a regular and frequent basis, with more communication, coordination, and education in between.

Additionally, the GEG’s terms of reference called for meetings of the gender focal points every two months and the GEG itself at a minimum four times per year. However, no documentation of focal point meetings was provided and the GEG had met only twice in 2016. The second GEG meeting in November 2016 indicated that the Office would coordinate another GEG meeting in December 2016 to present the work plan and priorities for the 2017 Sustainable Development Goals; however, the meeting did not take place.

Although the Office had collaborated with several agencies on projects, discussions with stakeholders indicated a continued lack of clarity regarding the Office’s gender role, mandate, and capacity. Furthermore, there was a need for the Office to provide support for increased capacity related to gender mainstreaming through additional training, and the establishment of clear expectations, timelines and indicators for the outputs from the GEG.

Not using the gender theme working groups to network and promote gender equality may negatively impact the Office’s ability to meet its mandate and UN Women’s role in ensuring that the gender mainstreaming strategy is used systematically in all areas of work of the UN system.

<b>Priority</b>	High (Critical)
<b>Recommendation 2:</b>	
The Office should strengthen gender mainstreaming in development coordination by:	
<ul style="list-style-type: none"> <li>(a) allocating resources and assigning appropriate responsibilities for mainstreaming and coordination activities; and</li> <li>(b) conducting and documenting the Gender Development Coordination Group and G-13 Gender Theme Working Group meetings.</li> </ul>	
<b>Management action plan:</b>	
The Office will take the following actions	
For the UNCT:	
<ul style="list-style-type: none"> <li>(a) Disseminate the existing terms of reference for the GEG and develop the action plan for the next two-years, based on the implementation of the Gender Scorecard Plan 2016-2019.</li> <li>(b) Develop a gender capacity-building and training plan for GEG participants.</li> <li>(c) Ensure implementation of allocated resources in the Annual Work Plan and advocate for increased resources at the UNCT level.</li> </ul>	
The National Programme Officer has been assigned accountability for the actions under this area.	
For the G-13 Gender Development Coordination Group:	
<ul style="list-style-type: none"> <li>(d) The Office will design terms of reference for the G-13 Gender Table and develop an Annual Work</li> </ul>	

Plan based on the Colombia Country Office experience by September 2017.

The Country Representative will be responsible for the actions under this area.

**Estimated completion date:** September 2017

**C. Programme activities**

**Issue 3**      Inadequate project planning and review

The programme and project chapter of the 'UN Women Programme and Operations Manual' states that for offices with an approved Strategic Note/Annual Work Plan and full delegation of authority, appraisal and approval of the project documents should be done by the Local Project Appraisal Committee (LPAC). For offices without a delegation of authority, the approval should be done by the Project Appraisal Committee at the Regional Office level. The appraisal process is a mandatory review of the design of all approved project documents and preparatory assistance documents.

The Office had initiated seven core funded projects during 2016. However, none of the seven projects had been submitted to the LPAC for review. The Office indicated that the core-funded projects included in the approved 2016 Annual Work Plan did not require the LPAC review, as per an instruction from the Regional Office. However, in discussions with the Headquarters Programme Division, it was indicated that this was not in line with the UN Women policy and that a communication clarifying the requirements would be issued to all offices during the next planning and budgeting process.

The absence of a proper project appraisal process presents the risk that resources will be used ineffectively. In addition, projects that are not adequately designed may not deliver the intended results, and they may not be aligned with national priorities.

<b>Priority</b>	High (Critical)
<b>Recommendation 3:</b>	
The Office should ensure that all project documents are prepared and submitted to the relevant Project Appraisal Committee for review and approval before committing any resources.	
<b>Management action plan:</b>	
The Office will take the following actions:	
<ul style="list-style-type: none"> <li>▪ Programme management training will be provided to all staff by the end of July 2017. The training will include the entire project cycle, including submission for Project Appraisal Committee review, project implementation and monitoring, and project closure.</li> <li>▪ As of 1 May 2017, the National Programme Officer is responsible for ensuring that all projects and project agreements are submitted to the relevant Project Appraisal Committee for review and approval, per the Finance Manual. The National Programme Officer will submit minutes of the review meeting to the Country Representative for approval, prior to the creation of the project in Atlas. The Programme</li> </ul>	

Assistant will ensure the approved documents are uploaded in the Digital Agreement Management System (DAMS).

- A checklist with these requirements will be included in the Office's SOP for project creation.

**Estimated completion date:** July 2017

**Issue 4**      Delayed donor reporting

The donor reporting requirements regarding content and submission timing are included in donor funding agreements and represent legally binding commitments on the part of UN Women.

For the period from 1 January 2016 to 28 February 2017, 12 out of 18 reports (67 percent) were not submitted timely, with an average submission delay of 66 days.

The Office indicated that it used the Digital Agreement Management System (DAMS) application to track donor reporting. However, the application only provided alerts on the day the report was due to the donor. The application did not have the capability to alert the user to initiate the reporting process to allow for completion of all key tasks, reviews and approvals prior to the established submission date. Further, it did not allow for tracking of the actual time required to complete each key task in order to identify and resolve process bottlenecks.

Delayed donor reporting may result in negative donor perceptions, relations and funding impacts.

<b>Priority</b>	Medium (Important)
<b>Recommendation 4:</b>	
The Office should establish an effective monitoring system that will ensure timely initiation of the reporting process and allow ongoing monitoring and follow-up of report status.	
<b>Management action plan:</b>	
The Office will take the following actions:	
<ul style="list-style-type: none"> <li>▪ A customized tool will be developed to monitor the status of and compliance with donor reporting deadlines, which will be reviewed and validated by the thematic area coordinators when completing the month-end certification.</li> <li>▪ A new Administrative Assistant, charged with responsibility for donor reporting will be on-boarded by June 2017, and will report directly to the Country Representative relating to this function.</li> <li>▪ Timely reporting and delivery of products have been included in each staff member's work plan as a performance indicator.</li> </ul>	
<b>Estimated completion date:</b> June 2017	

**Issue 5**      Corporate Issue: Lack of policy and guidance on managing micro-grants.

It is fundamentally important for an organization to have policies designed and implemented to ensure control and to provide guidance in decision-making. For projects, policies need to be aligned with the goals and

operational realities of the organization and must articulate the factors to be considered in determining the optimal modality and controls required for effective and efficient implementation.

In 2012, the UN Women Sub-Regional Office in Mexico, in collaboration with International Fund for Agricultural Development, designed a micro-grant project to be implemented in four countries. The purpose of which was to contribute to the economic empowerment of rural women through the following: support of sustainable business/investment plans to increase income; the provision of access to financial resources; and the provision of education regarding rights, policy and political participation. With the implementation of the Regional Architecture, a decision was made to transfer responsibility to the Office.

For one country, the project had been implemented through a Letter of Agreement with the government. For the three remaining countries, the Office was instructed by the Headquarters Finance Unit in 2013 to use the Project Cooperation Agreement (PCA) modality in the absence of a policy on micro-grants. This resulted in the issuance and management of over 70 PCAs by the Office, related to this one project. While an evaluation deemed the project successful, a review showed instances of non-compliance with various policy requirements related to the use of the PCA modality and the volume of PCAs and transactions to be processed by an office with limited human resources capacity, including delays in the issuance of the first advance payment (see also Issue 7).

The lack of policy guidance and control requirements for projects designed to implement activities through small grants may result in inadequate risk mitigation measures, over burdening of limited human resources, and inadequate project delivery.

<b>Priority</b>	Medium (Important)
<b>Recommendation 5:</b>	
The UN Women Programme Division, in collaboration with the Division of Management and Administration, should develop a policy on micro-grants and provide the necessary guidance to support successful implementation.	
<b>Management action plan:</b>	
The Working Group, comprised of the Programme Division and the Division of Management and Administration, have reviewed the grant policies of other UN agencies and are in the process of developing the draft grant policy for internal consultation and subsequent consideration by UN Women management.	
<b>Estimated completion date:</b> December 2017	

**Issue 6**      Corporate Issue: Lack of defined process for internal structuring and management of global projects

While the programme and project chapter of the 'UN Women Programme and Operations Manual' provides guidance on the criteria, set-up and management of global programmes, no policy or process for collaborative decision-making at Headquarters regarding how to structure, manage and set up global programmes had been defined.

For one global programme intended to be implemented in multiple countries, the Headquarters Programme Division had originally set the project up as one project in Atlas, with the project and corresponding country

budget showing on the Office’s Project Delivery Report. After programme activities had taken place and the corresponding expenditures were recorded in Atlas against the original project, it was determined that an Atlas project should be created separately for each country involved. In the absence of clear guidance on how to proceed in such cases, new projects were created reflecting the full country budget allocation, thus creating two entries for the same budget.

This resulted in overstating the Office’s budget for 2016 and 2017 and understating its delivery by \$230,000. It took over nine months to coordinate all parties and make the necessary journal entries to resolve the issue. A collaborative review by Headquarters Programme, Policy and Finance Divisions to discuss the budget, operational and programmatic oversight and management arrangements, reporting requirements and systems limitations prior to setting up the projects had not taken place, resulting in the inefficient use of staff time at Headquarters and in the field to extract, review, and correct the necessary data for reporting.

As UN Women engages in a new Strategic Planning cycle and places greater emphasis on flagship initiatives, the importance of a clear process for structuring and management of global projects/initiatives increases.

The lack of clear policies and guidelines regarding the set-up and design of global programmes resulted in inaccurate reporting. This may have a negative impact on project outcomes.

<b>Priority</b>	High (Critical)
<b>Recommendation 6:</b>	
The UN Women Programme Division in collaboration with Division of Management and Administration and the Policy Division, should develop a formal process to review and determine the structure, budgeting and management of global programmes.	
<b>Management action plan:</b>	
The UN Women Programme Division, in collaboration with the Division of Management and Administration, and Policy Division, is preparing necessary guidance and templates, which will help in the setup and management of global programmes.	
UN Women will incorporate a strengthened Project Appraisal Committee process, which will ensure that necessary review of global programmes is undertaken before the finalization of agreements with donors.	
<b>Estimated completion date:</b> December 2017	

**Issue 7**      Deficiencies noted in project implementation management

The ‘UN Women Programme and Operations Manual’ chapters on programme and project and financial management and the PCAs set out various policy and legal requirements, including the following: requirements relating to the process and timing for the transfer of project assets; the timing for disbursement of the first advance; and risk reduction measures to be taken based on the results of the partner capacity assessment.

The review of Project Nos. 87053 and 92387 with an aggregate expenditure of \$1.4 million, or 67 percent of the Office’s development expenditures for 2016, noted the following control weaknesses:

- For Project No. 87053, the legal transfer to responsible parties of assets purchased under the 70 PCAs totalling more than \$410,000 had not been initiated even though the project was operationally closed and all PCAs had expired in June 2016.
- The audit team noted that the first advance had not been disbursed within 15 days after signing the PCA as required for 5 of the 11 PCAs reviewed, with an average delay of 35 days.
- For Project No. 87053, due to the intent and nature of the project (economic improvement and capacity-building for rural women, through investment in technological improvements and education), most of the capacity assessments conducted identified weaknesses in implementation and financial capacity of the responsible parties. However, contrary to the requirements of the programme chapter of the 'UN Women Programme and Operations Manual', no documentation of the planned risk mitigation measures and steps the Office would undertake to compensate for capacity weaknesses of the responsible parties were provided. Despite the documented weaknesses and the absence of risk mitigation measures, the first advance disbursed still ranged from 62 percent to 92 percent of the total PCA budgets. The audit team noted that delays in the liquidation of advances had occurred for eight of the nine PCAs reviewed.

While the exceptions noted were to some degree related to the limited capacity of the Office to process the high volume of work, the Office had also not monitored and tracked compliance with key requirements related to project implementation.

Failure to comply with the requirements of PCAs and the 'UN Women Programme and Operations Manual' may lead to financial losses, and may have negative legal and reputational impacts on UN Women.

<b>Priority</b>	Medium (Important)
<b>Recommendation 7:</b>	
The Office should strengthen its project management to ensure compliance with the 'UN Women Programme and Operations Manual' by:	
<ul style="list-style-type: none"> <li>(a) taking actions for the legal transfer of assets purchased under the 70 PCAs;</li> <li>(b) establishing a monitoring system to ensure the timely release of advances; and</li> <li>(c) setting up risk mitigation measures to compensate for capacity weaknesses of the responsible parties.</li> </ul>	
<b>Management action plan:</b>	
The Office will take or has taken the following actions:	
<ul style="list-style-type: none"> <li>▪ Reviewed the project management practices in compliance with the 'UN Women Programme and Operations Manual', and has initiated actions for the legal transfer of project assets to PCA holders.</li> <li>▪ Will implement the use of a log sheet to monitor and ensure the timely release of advances. The Thematic Coordinators will be responsible for ensuring the timely submission of all required documentation.</li> <li>▪ Training on financial and operations processes will be held for all new implementing partners.</li> </ul>	
<b>Estimated completion date:</b> September 2017	

## D. Operations

### 1. Human resources management

#### Issue 8 Lack of compliance with human resources management policy

The planning and monitoring of recruitments is crucial to the timely delivery of quality programme results. The human resources chapter of the 'UN Women Programme and Operations Manual' establishes policy requirements to ensure that personnel recruitments/procurements are fair, transparent and result in best value for money. Maintenance of adequate human resources documentation is essential for demonstrating compliance with policies and processes and the functioning of controls.

The following control and documentation weaknesses were noted:

- The Office did not track the status of recruitments.
- Vacancy announcements and procurement notices did not clearly state the requirements and criteria to be used in the evaluation of candidates in accordance with human resources and procurement policies and rules.
- There was no documentation of reference checks for seven out of nine personnel files reviewed.
- No proper medical clearance documentation was found for six out of nine personnel files reviewed.

Without adequate documentation, the Office cannot demonstrate that recruitments/procurements were fair, competitive, conducted in a transparent manner, or that they resulted in the engagement of the best candidate.

<b>Priority</b>	Medium (Important)
<b>Recommendation 8:</b>	
The Office should strengthen controls to ensure compliance with human resources management policy by:	
<ul style="list-style-type: none"> <li>(a) developing and implementing a tool to ensure the timely initiation and monitoring of recruitment processes; and</li> <li>(b) reviewing the human resources policy and internal processes to ensure all requirements are met and documented in the files.</li> </ul>	
<b>Management action plan:</b>	
The Office will take or has taken the following actions:	
<ul style="list-style-type: none"> <li>(a) The Office will collaborate with the Human Resources Units at the Regional Office and Headquarters to develop an annual human resources plan, and will implement a log sheet to ensure that recruitment processes are initiated timely and that the status is monitored.</li> <li>(b) Developed new SOPs, based on the 'UN Women Programme and Operations Manual', to ensure human resources policy and internal process requirements are met and documented – training on the SOP was scheduled for 28 April 2017.</li> <li>(c) Two months prior to the staff/personnel contract's end date, a list of contracts requiring action will be sent to the responsible supervisor, as part of the HR monthly validation task. The supervisor will ensure that the required actions are taken, and communicate whether to renew or end the contract. The terms</li> </ul>	

of reference for the HR focal point will be revised to include these tasks.

**Estimated completion date:** June 2017

## 2. Procurement

### Issue 9 Weak controls in raising e-requisitions and purchase orders

Section 4.2 of the 'UN Women Programme and Operations Manual' chapter on procurement and contract management states that after appropriate approval, the requisition initiates the entire procurement process. Further, section 11 of the 'UN Women Programme and Operations Manual' on contractual instruments requires that purchase orders always be issued prior to any delivery of goods and/or start-up of services.

The review of 49 purchase orders amounting to \$544,945 or 71 percent of the total purchase orders issued during the review period disclosed that 21 requisitions and the corresponding purchase orders were only created in Atlas after the receipt of vendor invoices.

Regarding the raising of requisitions and purchase orders upon receipt of the vendor's invoice, the Office explained, that when requisitions are created in Atlas the funds become encumbered, which reduce the available budget for other project activities. To manage this situation, the Office entered requisitions and purchase orders after receipt of invoice to prevent encumbrance of excess funds based on the estimates or quotations for the activities.

Not committing funds timely (by creating requisitions and purchase orders in Atlas) will not provide management with accurate information to monitor its financial commitments and the remaining funds available, creating the risk that the Office may spend more than the approved budget.

<b>Priority</b>	High (Critical)
<b>Recommendation 9:</b>	
The Procurement Unit should ensure compliance with the 'UN Women Programme and Operations Manual' by creating requisitions and purchase orders in Atlas prior to finalizing procurements with vendors.	
<b>Management action plan:</b>	
The Office will take the following actions to implement the recommendations:	
<ul style="list-style-type: none"> <li>▪ Ensure that all requisitions, purchase orders, and receipts are created in Atlas at the correct stage of the process, SOP's for essential operational processes (micro-purchasing, procurement up to \$50,000, travel, SSA) have been developed, and include log sheets, where all the steps for the successful completion of the process are clearly and chronologically identified. Training on the use and application of the SOPs and log sheets for all personnel will be held on 28 April 2017. The SOPs will be tested and validated with all personnel.</li> <li>▪ Three staff members whose responsibilities include procurement functions will complete the CIPS certification courses during 2017. Date to be confirmed by Headquarters.</li> </ul>	



**Estimated completion date:** May 2017

### 3. Financial resources management

#### Issue 10 Inadequate controls over events and meetings

The 'UN Women Programme and Operations Manual' and the Internal Control Framework require that controls be in place to provide adequate confirmation of the receipt of goods or services billed, prior to payment.

The review of the supporting documentation for 12 events facilitated by the Office showed the following control deficiencies:

- incomplete and inconsistent documentation of oversight and review of venue charges by programme staff present during the workshops/events (12 cases);
- lack of sign-off on the venue's food order documentation by a representative of the Office (5 of 12 cases);
- lack of documentation to demonstrate confirmation of services received at the time of the event (12 cases);
- lack of reconciliation of the participant list with the hotel's accommodations billing, to detect any discrepancy between the actual service provided and those invoiced by the vendor (12 cases).

The Office further stated that for some of the events held in hotels, UN Women had Long Term Agreements, and that the terms of the Agreements only allowed for adjustment of the head count from three to seven days in advance. However, there was no documentation to demonstrate that head count had been reviewed or adjusted at any point prior to the event, for any of the sampled transactions, nor was there documented justification as to why no review or adjustments were made prior to the actual event.

The Office had no policy or standard guideline in place requiring the project staff to assess appropriate adjustments prior to the event, to verify and document services during the event, or to reconcile the number of actual participants with the quantity billed by the event vendors prior to submitting the invoices for payment.

A lack of controls and procedural requirements for external meetings and events poses the risk of inappropriate use of resources.

**Priority** High (Critical)

#### **Recommendation 10:**

The Office should strengthen controls over external meetings and events by:

- (a) ensuring that programme personnel understand their responsibilities regarding control, oversight, verification, reconciliation and documentation of attendance and services;
- (b) negotiating with suppliers in order to include provisions in the agreement that establish the minimum documentation required when submitting invoices; and
- (c) providing the details of required services when creating requisitions in Atlas, to facilitate proper accounting of actual quantities received against the estimates.

**Management action plan:**

The Office has taken or will take the following actions:

- (a) SOPs have been developed, which include a section detailing the responsibilities of programme personnel regarding control, oversight, verification, reconciliation, and documentation of attendance, and services.
- (b) Conduct negotiations with suppliers (i) to include a provision for confirmation/adjustment of the anticipated number of event participants 24 to 48 hours in advance of the event, (ii) to clarify the requirement that the vendor include a copy of the service order signed at the time of the event, by the Office personnel responsible for the event, when submitting the vendor invoice for payment, and (iii) to clarify that when hotel services are used, the hotel must include a list of guests as support for the invoice submitted for payment. The terms of reference for negotiation of new Long Term Agreements with venue suppliers will also be amended to include the above requirements.
- (c) An event procurement request sheet will be implemented to provide the details of required services, to support creation of requisitions in Atlas, and to facilitate proper reconciliation of actual quantities received against the estimates.

**Estimated completion date:** June 2017

#### 4. Information and communication technology management

**Issue 11**      Inadequate data back-up policy and management

The UN Women Information Security Policy and the Disaster Recovery Standards for UN Women offices require that all critical information and communication technology systems have adequate disaster recovery provisions in place, and recovery objectives for these systems are defined. UN Women offices are 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, rather than on individual computers.

The Office indicated that it relied on the UN Women OneDrive for back-up. However, the Office had no formal guideline regarding back-up requirements and had not communicated with personnel regarding back-up responsibilities. Further, the Office did not provide guidance to personnel regarding backing up of critical files. Instead, it relied on the communications from UN Women Headquarters to provide the necessary instruction on how to complete the proper setup, which was found not to be adequate.

The audit team tested the use of OneDrive for back-up by randomly selecting the computers of five personnel and noted that OneDrive had not yet been configured for four of the five computers. Therefore, critical files on these computers were not backed up.

Inadequate communication of the criticality of data back-ups and lack of guidance as to the frequency and set-up exposes the Office to the risk of loss of critical data.

<b>Priority</b>	High (Critical)
<b>Recommendation 11:</b>  The Office should ensure the availability of critical data by:  (a) coordinating with the Headquarters Information Systems and Telecommunications Unit to ensure that OneDrive is properly configured for all computers; (b) establishing guidelines to meet back-up requirements and reminding staff to back up their critical files to OneDrive; and (c) conducting periodic testing and restoration of back-up files.	
<b>Management action plan:</b>  The Office has taken the following actions to implement the recommendation:  (a) The Office consulted with UN Women's head of ICT on 28 March, and developed a plan for the configuration and synchronization of all users' computers to One Drive, and the back-up of information, and equipment maintenance. The plan was implemented in April 2017 by all staff. On 29 March 2017, the local ICT personnel provided training on the use of OneDrive and the importance of its use by all personnel. (b) All official and critical files have been uploaded to OneDrive as per ICT recommendations and guidelines stipulated in local SOPs. All computers assigned to staff in the office are now setup to synchronize automatically each day. (c) The local ICT focal point has been requested to back up all local data drives on a quarterly basis, and a schedule for 2017 has been developed to carry out back-ups in April, July and November. The back-up documents will be reviewed and updated as needed.	
<b>Estimated completion date:</b> Completed April 2017	
<b>OAI Response</b>  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** The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Some Improvement Needed** The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

### 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. Failure to take action could result in 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.