

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

BURUNDI

Report No. 1781

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Table of Contents

Executive Summary	i
I. About the Office	1
II. Audit results	1
The detailed findings are presented below:	2
A. Governance and strategic management	2
1. Leadership, ethics and values	2
B. Programme and project management	3
1. Programme and project management, monitoring and reporting	3
C. Partnerships and resource mobilization	4
D. Operations	5
1. Financial management	5
2. General administration	6
3. Safety and security	7
Definitions of audit terms - ratings and priorities	9

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

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in Burundi (the Office) from 2 to 20 October 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 July 2016 to 30 June 2017. The Office recorded programme and management expenses of approximately \$ 1.6 million. This was the first audit of the Office performed by OAI.

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 improvements 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 the lack of UN Women Representative in the Country and weaknesses in resource mobilization.

Key recommendation(s): Total = 6, high priority = 3

The six recommendations aim to ensure the following:

Objectives	Recommendation No.	Priority Rating
Achievement of the organization’s strategic objectives	1	High
	2	Medium
Reliability and integrity of financial and operational information	4	High
	5	Medium
Effectiveness and efficiency of operations	6	Medium
Safeguarding of assets	5	Medium
Compliance with legislative mandates, regulations and rules, policies and procedures	3	High

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

**Corporate Issue¹:
Lack of UN Women
Representative in the
Country (Issue 1)**

The Office had no senior manager in the Country for more than a year. The previous UN Women Representative left in September 2016. During 2017, the Regional Office for East and Central Africa visited the Office four times. A remote management and oversight exercised by the Regional Office did help the Office to perform. However, performing the day-to-day functions and tasks still was not enough to adhere to UN Women's full mandate in the Country. On 27 September 2017, an Officer-in-Charge was assigned to the Office for a duration of three months. This Officer-in-Charge was also managing another office in the region. Therefore, it might not be the most effective solution. OAI noted various issues related to the Office functioning such as failure to mobilize resources, low financial delivery, and weak UN Women role in gender mainstreaming.

Recommendation: The Office of Human Resources should designate a full-time Officer-in-Charge until the new Country Representative is on board.

**Weaknesses in
resource mobilization
(Issue 3)**

The Office was only successful in mobilizing resources amounting to \$0.7 million in 2016 and no resources were mobilized in 2017. Further, the Resource Mobilization Strategy lacked a detailed action plan indicating actions required, timeline of planned actions, and persons responsible.

Recommendation: The Office should, in coordination with the Regional Office for East and Southern Africa, as well as the resource mobilization team in Headquarters, update and implement the Resource Mobilization Strategy, including (a) specifying in the plan detailed actions required, timeline of actions, and persons responsible; and (b) conducting a more intensive follow-up on the status of its resource mobilization strategy, including adequate monitoring of its pipeline portfolio.

**Inadequate
management of
partner advances
(Issue 4)**

The review of the liquidation of advances made by Implementing Partners disclosed notable delays. As of the audit fieldwork, the total outstanding advances (older than six months) was \$238,000. Of which, a total of \$38,000 was more than 12 months old. The Office considered a total of \$19,000 that had been outstanding from four implementing partners since 2015 as unrecoverable. In addition, the audit noted that the supporting documents attached to the Funding Authorization and Certificate of Expenditures (FACE) forms demonstrated that an expenditure occurred at the partner level, but did not show who benefited from the transaction or how it was associated with project activities.

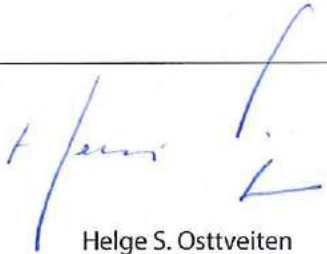
Recommendation: The Office should improve management of partner advances by (a) developing a mechanism to ensure timely liquidation advances; and (b) requiring partners to fully account for activities as reflected in the FACE forms and linking the expenditures therein to relevant supporting documents.

¹ Corporate issue means action is required from a headquarters' department.

Management comments and action plan

The Officer-in-Charge and the Head of the Human Resources Office accepted all recommendations and are in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (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 appears to be 'H. Ostveiten'. Below the signature, the name and title are printed.

Helge S. Ostveiten
Director
Office of Audit and Investigations

I. About the Office

The Office is located in Bujumbura, Burundi (the Country). The UN Women programme is aligned to the extended UNDAF (2016-2017), the National Development Plan 2012-2016, the National Gender Policy and national priorities. With 78 percent of its population living below the income poverty line, Burundi ranks 184th on the Human Development Index.² The socio-economic impact of the post-election crisis caused reductions in the 2016 national budget for social sectors such as health and education. The UN Women Burundi Strategic Note 2014-2017 focuses on three outcomes: (i) women's political empowerment and leadership; (ii) prevention and access to essential services to end violence against women and girls; and (iii) women's engagement in peace, security and recovery.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Gender mainstreaming in development coordination. OAI reviewed the work of the Gender Theme Group, the Office's support to formulation of strategic documents as well as provision of training and capacity building to the UNCT group members. No significant issues were noted during the review.
- (b) Operations/Procurement and supply chain management. There were no significant issues that were noted during the review of internal controls relating to procurement and supply chain management.
- (c) Operations/Human resource management. There were no significant issues that were noted during the review of internal controls relating to human resources management.
- (d) Operations/Information and Communication Technology management. There were no significant issues that were noted during the review of controls relating to Information and Communication Technology management.
- (e) UNDP support to the Office. The Office had a good working relationship with UNDP Burundi. There were no reportable issues noted.

OAI made three recommendations ranked high (critical) and three 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) Designate a full-time Officer-in-Charge (Corporate Recommendation 1).
- (b) Update and implement the Resource Mobilization Strategy (Recommendation 3).
- (c) Improve management of partner advances (Recommendation 4).

Medium priority recommendations, arranged according to significance:

- (d) Identify and implement measures to increase financial delivery (Recommendation 2).
- (e) Improve management of assets (Recommendation 5).
- (f) Update and test its Crisis Response and Business Continuity Plan (Recommendation 6).

² <http://hdr.undp.org/en/countries/profiles/BDI>

The detailed findings are presented below:

A. Governance and strategic management

1. Leadership, ethics and values

Issue 1 Corporate Issue: Lack of UN Women Representative in the Country

Senior management working in the Country enables the office to align the UN Woman strategic goals better with the activities in the country and would support a better relationship with the Government and donors.

Since September 2016 the Office had no senior manager in the Country for more than one year. During 2017, the Regional Office for East and Central Africa leadership was designated Officer in Charge and visited the Office four times. Prior to the departure of the UN Women Representative, the Office of Human Resources started the recruitment process. However, it was not successful. In addition, three staff members (Administrative and Finance Assistant, Programme Assistant and Communications Officer) left in 2017.

On 27 September 2017, an Officer-in-Charge was assigned to the Office for a duration of three months. This Officer-in-Charge was also managing another office in the region. Therefore, it might not be the most effective solution.

Prolonged absence of a senior manager negatively affected the UN Women representational function in the Country, which could lead to not achieving its development targets.

Priority	High (Critical)
Recommendation 1:	The Office of Human Resources should designate a full-time Officer-in-Charge until the new Country Representative is on board.
Management action plan:	<p>UN Women takes note of the recommendation and while there is an existing mechanism of designating Officer-in-Charge for key positions to ensure coverage and continuity there is scope to strengthen this further.</p> <p>While this is working for most cases, there have been issues at times in ensuring such coverage. We have also analyzed the reasons for this which is primarily that as a small entity with limited internal capacities it becomes challenging at times to depute someone for short term as that leads to a gap in their current role as well. We have addressed this in some cases by requesting senior managers to oversee multiple offices (with the support of strong deputies) for an interim period and have also engaged colleagues who were on sabbatical / special leave without pay etc., to rejoin for a limited period to ensure coverage.</p> <p>Estimated completion date: March 2018</p>

B. Programme and project management

1. Programme and project management, monitoring and reporting

Issue 2 Low financial delivery

The Office requires a realistic programme budget to ensure the delivery of the defined targets.

The Office's financial delivery as at 31 August 2017 was \$0.3 million (15 percent) against the planned budget of \$2.3 million. As of December 2016, delivery was 59 percent, or \$1.3 million against planned \$2.1 million. Taking into consideration the performance in 2016, the 2017 programme budget of \$2.3 million was not realistic and the related delivery targets were unattainable.

Several factors contributed to the low financial delivery, including substantial changes in the country political context (Government decree on suspension and/or closure of some civil society organizations that were involved in project implementation), decrease in Office capacity due to the prolonged absence of the Country Representative (see Issue 1), delays in liquidating partner advances, and a deteriorated security situation.

Programme delivery was often discussed at the Office. During the audit fieldwork in October 2017, the audit team noted the Office initiated a series of actions to improve its delivery such as re-phasing the programme budget, liquidating outstanding advances, and increasing implementation of activities, wherever possible. However, its financial delivery remained low.

Unrealistic programme budgets and targets, combined with a low delivery, may result in the inability of UN Women to meet its objectives in the Country and may affect to UN Women's reputation.

Priority	Medium (Important)
Recommendation 2:	
The Office should identify and implement measures to increase financial delivery by:	
<ul style="list-style-type: none"> (a) redefining its programme planning to ensure that all targets are carefully formulated with emphasis on being realistic and achievable; and (b) reviewing the performance of each project on a quarterly basis so that mitigating actions are taken in a timely manner; and 	
Management action plan:	
The Office accepts the recommendation to continue identifying and implementing measures to maximize the programme delivery.	
<ol style="list-style-type: none"> 1. The Office potential is now improved (compared to the last year and the early part of this year) with the recruitment of the Programme Specialist and the nomination of an Officer-in-Charge/Head of Office. With the Office regaining its delegation of authority, an acceleration of delivery has been recorded and is continuing. 	

2. Staff retreat is planned early 2018 to rethink on effective strategies and tools to maximize programme delivery.

Estimated completion date: 31 March 2018

OAI response:

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

C. Partnerships and resource mobilization

Issue 3 Weaknesses in resource mobilization

The Resource Mobilization Strategy for 2016-2017 indicated the aim of the Office to mobilize more than \$11.7 million. However, the Office was only successful in mobilizing resources amounting to \$0.7 million in 2016 and no resources were mobilized in 2017.

The Resource Mobilization Strategy lacked a detailed action plan indicating necessary actions including timeline of actions as well as persons responsible. In January 2017, the Office had a three-day meeting, during which resource mobilization was discussed.

At the time of the audit, the Office was waiting for advice from donors on three proposals submitted in 2016 that could result in mobilizing about \$3 million.

The Office did not conduct a more intensive follow up on the status of its resource mobilization. Further, the Office did not adequately monitor the status of the pipeline portfolio so that the Office could more accurately project the availability of resources for programming.

Failure to mobilize resources required for programme implementation could negatively impact the achievement of overall UN Women mandate in the Country.

Priority High (Critical)

Recommendation 3:

The Office should, in coordination with the Regional Office for East and Southern Africa as well as the resource mobilization team in Headquarters, update and implement the Resource Mobilization Strategy, including:

- (a) specifying in the plan detailed actions required, timeline of actions, and persons responsible; and
- (b) conducting a more intensive follow-up on the status of its resource mobilization strategy, including adequate monitoring of its pipeline portfolio.

Management action plan:

The Office recognizes that all efforts made during 2017 to mobilize funds have not been successful, essentially due to difficult country context, which is not favorable for an effective fundraising.

The Office has already started to think on alternative ways of mobilizing funds, including from regional banks, non-traditional donors, and the private sector. An updated Resource Mobilization Strategy will be available by the first quarter of 2018. The Office will work closely with Headquarters and the Regional Office in this endeavor.

Estimated completion date: March 2018.

D. Operations

1. Financial management

Issue 4 Inadequate management of partner advances

The UN Women 'Programme and Operations Manual' requires offices to advance funds to partners in accordance with agreed work plans and corresponding budgets, and record expenditure upon acceptance of financial reports and requisite supporting documents.

The review of the liquidation of advances made by Implementing Partners disclosed notable delays. As of the audit fieldwork, the total outstanding advances (older than six months) was \$238,000. Of which, a total of \$38,000 was more than 12 months old. The Office considered a total of \$19,000 that had been outstanding from four implementing partners since 2015 as unrecoverable. The four partners had been suspended from the list of Non-profit Organizations and their bank accounts were frozen by the Government in November 2015. The Office initiated the request to write-off these amounts in June 2017.

The audit further noted that one of the partners accounted for advances they received using journalized daily expenditure entries linked to withdrawals from their bank accounts. They subsequently reported the use of funds in summary form in the Funding Authorization and Certificate of Expenditures (FACE) forms but did not provide any reference from the journalized expenditures to show how the expenditures mapped to the activities reported in the FACE form. Thus, it was not possible to determine the extent to which funds had been used to support planned activities. This was the case in a liquidation of \$46,000 against Journal Voucher 1012 in favor of one of the implementing partners.

The Office management explained that the journalized entry was provided to facilitate verification by the Office. The audit noted that the supporting documents provided demonstrated that an expenditure occurred at the partner level, but did not show who benefited from the transaction or how it was associated with project activities.

Untimely liquidation of partner advances and missing documentation on the Beneficial's of the transactions could indicate non-recoverability of advances leading to potential losses while inadequate supporting documents could result in acceptance of expenditures that are not relevant to project activities.

Priority	High (Critical)
Recommendation 4:	
<p>The Office should improve management of partner advances by:</p> <ul style="list-style-type: none"> (a) developing a mechanism to ensure timely liquidation advances; and (b) requiring partners to fully account for activities as reflected in the FACE forms and linking the expenditures therein to relevant supporting documents. 	
Management action plan:	
<p>The Office accepts the recommendation of timely liquidating the advances, and efforts are being made to clear them. This issue is linked to the programme delivery and measures taken on this will also resolve liquidation of advances. The Office is confident that with its delegation of authority at the country level both issues will be resolved.</p>	
Estimated completion date: March 2018	

2. General administration

Issue 5 Inadequate management of stolen assets

The 'UN Women Programme and Operations Manual' defines policies and procedures for the day-to-day management, use, and disposal of assets, including maintaining up-to-date records and safeguarding of assets. Further, UN Women Legal Framework' requires management and staff to report allegations of wrongdoing to OAI as soon as they become aware of such allegations.

Three out of 40 assets in the Assets In-Service Report with a net book value of \$3,148 (with an initial total cost of \$6,328) and another asset that was not included in the Assets In-Service Report were stolen between March and May 2017. The Office reported the incident to the building security unit and subsequently to UN Department of Safety and Security in July 2017. The UN Department of Safety and Security noted inadequate management of assets such as leaving them in unsecured places. The audit team noted that the incident was not reported to OAI as required in the 'Legal Framework'.

The Office submitted the completed Request for Disposal form for three of four stolen assets in June 2017 and was approved by the Regional Office in Nairobi.

Inadequate oversight of assets may result in the loss of assets and/or inaccurate financial reporting of asset values, over statement of non-capitalized asset costs and understatement of depreciation.

Priority	Medium (Important)
Recommendation 5:	
The Office should improve management of assets by reporting incidents of stolen assets to OAI in a timely manner.	
Management action plan:	
The audit recommendations on prompt reporting to OAI, and timely removal from the assets In-Service Report are well noted. The Office is finalizing the disposal process that had started prior to the audit.	
Estimated completion date: December 2017	

3. Safety and security

Issue 6 Weaknesses in Crisis Response and Business Continuity Plan process

One of the objectives of the UN Women's Business Continuity Management (BCM) Framework is to ensure and validate UN Women personnel preparedness through testing, simulation and exercising of the BCM programme, and training of personnel on business continuity management and BCM programme implementation. In addition, the Framework requires that all crisis management, business continuity, and technology disaster recovery plans be tested at planned intervals to ensure viable recovery preparedness. Crisis management and business continuity teams will be exercised in conjunction with those tests.

During the audit review of the Office's business continuity preparedness, the audit team noted that the Office has not tested its Crisis Response and Business Continuity Plan (CRBCP) since it was updated in August 2015.

The Office moved to a new location in March 2017. Therefore, it was important to update its existing CRBCP and to test it. The Office indicated that it had done a partial test in March 2017 with the support of the Regional Security Advisor who advised the Office to perform a comprehensive test once the move to the new premises was finalized. However, as of the audit fieldwork, this had not been done.

Lack of testing of the CRBCP may impair the Office's ability and effectiveness to manage crisis situations leading to inability of the Office to effectively continue operating after occurrence of a disaster.

Priority	Medium (Important)
Recommendation 6:	
The Office should update and test its Crisis Response and Business Continuity Plan within the required timeframe.	

Management action plan:

The Office will update the BCP before end of 2017 and organize the BCP test as per the plan.

Estimated completion date: December 2017

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.