

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

IRAQ

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

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in Iraq (the Office) from 12 to 29 November 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 31 August 2017. The Office recorded programme and management expenses of approximately \$5.1 million during the audit period. 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, "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."

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. Failure to take action could result in negative consequences for UN Women." These recommendations include actions to address weaknesses relating to the absence of clear and comprehensive guidelines for UN Women response to crisis situations and weaknesses in the processing of travel-related transactions.

The two recommendations aim to ensure the following: (a) achievement of the organization's strategic objectives (Recommendation 1); and (b) compliance with legislative mandates, regulations and rules, policies and procedures (Recommendation 2).

Management comments and action plan

The Country Representative and the Director of Programme accepted the two 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, enclosed in a black rectangular box. The signature appears to be 'H. S. Osttveiten'.

Helge S. Osttveiten
Director
Office of Audit and Investigations

I. About the Office

The Office is located in Baghdad, Iraq (the Country). Some of the key areas of the Office's work with the Government and other partners include leadership and political participation, economic empowerment of women, ending violence against women and girls, women peace and security, governance and national planning, and humanitarian action. The Office operates in an unpredictable environment with heightened insecurity, increased volatility, rising violent extremism, and an acute humanitarian crisis against a backdrop of strict limitations on movement and access, which hampers the ability of the UN as a whole to deliver effectively and as planned on its strategic planning frameworks. The complex operating environment has an even more grave effect on the Office due to challenges in staff capacity, infrastructure and resources. This presents additional challenges to mitigate operational hurdles which are compounded with high operating and security costs and lack of basic infrastructure and support mechanisms. The risks associated with such challenges are mitigated by strong support provided by the UN Women Regional Office for Arab States located in Cairo.

During the period under audit the Office was implementing 17 projects. The Office had a total of 10 personnel at the time of the audit.

II. Audit results

Satisfactory performance was noted in the following areas:

- (a) Governance and strategic management. Management established and implemented various risk management functions. Staff and management were aware of the Office's mandate, priorities and challenges. No reportable issues were noted.
- (b) Gender mainstreaming in development coordination. The trust and high demand for UN Women interventions in the Country were assessed by the UN Country Team and Humanitarian Country Team as the most critical to respond to the emergency needs in the Country. No reportable issues were noted.
- (c) Procurement and supply chain management. There were no significant issues noted during the review of procurement and supply chain management.
- (d) Human resource management. There were no significant issues that were noted during the review.
- (e) Information and communication technology. There were no significant issues that were noted during the review.
- (f) General administration (leave and assets management). No reportable issues were noted.
- (g) Safety and security. No reportable issues were noted.
- (h) UNDP support to the Office. The Office had a good working relationship with UNDP Iraq. No reportable 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) Develop crisis response guidelines to facilitate more effective and efficient delivery of its mandate and programmes in crisis countries (Recommendation 1).

- (b) Comply with the requirement of the 'Programme and Operations Manual' when making payments of Daily Subsistence Allowances (Recommendation 2).

The detailed assessment is presented below, per audit area:

A. Programme activities

1. Programme and project management

Issue 1 Corporate Issue: Absence of clear and comprehensive guidelines for UN Women response to crisis situations

UN Women had field offices in eight countries and a programme presence in another two countries, all of which were facing mid- to large-scale crises. To help field offices respond better to crises, services are needed that can be rapidly activated, such as financial and human resources support as well as operational and programmatic guidelines.

At the time of the audit fieldwork, there were no clear and comprehensive guidelines to help affected field offices respond in a better and more efficient manner to additional demands arising from crises. While UN Women recently established the Fast Track Procedures during emergencies, there was limited guidance on programme formulation, selection of implementing partners and responsible parties, programme/project implementation, and monitoring and evaluation.

In addition, UN Women had introduced changes in its 'Programme and Operations Manual' including the 'Call for Proposal' as the tool for identifying and selecting implementing partners and responsible parties. The 'Call for Proposal' would assess the partners based on criteria and focus on capacity to deliver results. This might not be fully applicable in crisis countries that are often characterized by widespread violence and limited outreach to potential partners. Therefore, identifying implementing partners and responsible parties using the 'Call for Proposal' might not be effectively.

In the absence of clear and comprehensive guidelines, there is a risk that the gender equality concerns may not be adequately addressed during crisis situations. This may affect UN Women's overall programme delivery.

Priority	Medium (Important)
Recommendation 1:	
The UN Women Programme Division should develop crisis response guidelines to facilitate a more effective and efficient delivery of its mandate and programmes in crisis countries.	
Management action plan:	
The UN Women Programme Division has already started the review of the section of the 'Programme and Operations Manual' related to programme formulation in the context of crisis situations and the selection of partners in these situations. A copy of the draft revised 'Programme and Operations Manual' is under review in Headquarters.	

Estimated completion date: June 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.

B. Operations

1. General administration

Issue 2 Weaknesses in processing travel-related transactions

The UN Women duty travel chapter of the 'Programme and Operations Manual' stipulates that Daily Subsistence Allowance is payable for each day or fraction thereof for expenses such as lodging, meals, gratuities, and transport costs. Purchase orders should be prepared prior to the start of the travel to commit funds to cover travel costs, including Daily Subsistence Allowance.

During the review, the audit team selected a sample of 17 travel related transactions amounting to \$121,947. Out of these, eight transactions totalling \$60,218 (49 percent) were not in compliance with the 'Programme and Operations Manual'. Specifically, purchase orders for Daily Subsistence Allowances were only initiated after travels had occurred. Further, there was incomplete documentation to support travel advance liquidations. The notes-to-file provided by the Office to support these payments indicated the lack of awareness of procedures for claiming Daily Subsistence Allowance and travel expenses, and missing supporting documents as reasons for the delays in processing these payments, including initiating purchase orders. The audit team was not provided with specific reasons why the purchase orders used to process these transactions were generated after the travel had occurred. Further, these expenditures had not been committed by the Office as required by the 'UN Women Finance Manual'.

As part of the implementation of audit recommendations issued during the audit of the UN Women Travel Management Function (Report No. 1434 dated 15 May 2015), a memo was sent out urging all offices to comply with the 'Programme and Operations Manual' on the process of paying of Daily Subsistence Allowance. The Office facilitated a training by a team from the Headquarters Finance Unit and introduced additional control measures in February and March 2017. The additional control measures included the monitoring of the status of requests for Daily Subsistence Allowance payments daily to ensure timely processing of payments.

OAI reviewed an additional sample of six travel transactions processed between May and November 2017 amounting to \$4,804 and noted that, while the new controls had already been rolled out, four transactions amounting to \$3,125 (65 percent) had purchase orders initiated after the travel dates.

Non-compliance with the requirements of the duty travel chapter of the 'Programme and Operations Manual' and/or IPSAS may result in potential financial losses and the inefficient use of financial resources.

Priority	Medium (Important)
Recommendation 2: The Office should comply with the requirement of the 'Programme and Operations Manual' when making payments of Daily Subsistence Allowance, including strengthening the implementation of the additional control measures rolled out in March 2017.	
Management action plan: The Office acknowledges the recommendation and has strengthened the application of the additional controls that the Office previously rolled out in March 2017 to comply to the 'Programme and Operations Manual' requirements. The recruitment of the International Operations Manager and the Operations Associate has been concluded and both have already joined, which will strengthen the operations capacity of the Office, in addition to the decentralization of the Office by obtaining the delegation of authority which was already institutionalized before the end of December 2017. This will sustain the appropriate level of separation of duties within the Office and will impact the transaction lead time. Estimated completion date: April 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.	

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.