

**United Nations Entity for Gender Equality and
the Empowerment of Women
Independent Evaluation and Audit Services
Internal Audit Service**



**AUDIT
OF
CIVIL SOCIETY DIVISION**

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Report on the Audit of Civil Society Division

Executive Summary

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted an audit of the Civil Society Division (the Division) from July to August 2018. The audit aimed to assess whether the Civil Society Division has put in place adequate governance, organizational structures, financial management and controls to mitigate and manage potential risks in effective and efficient implementation of operational priorities as set out in its Annual Work Plans and the UN Women Strategic Plan for 2018–2021.

Based on a preliminary risk assessment by IAS, the audit covered selected systems, processes and activities of the Division from 1 January to 31 December 2017. Where changes were noted between 2017 and the time of the audit, audit tests of selected systems and processes were extended to 31 July 2018. In 2017, the Division recorded programme and management expenses of approximately US\$ 0.9 million. This is the first audit of the Division since UN Women was established.

IAS followed the *International Standards for the Professional Practice of Internal Auditing* in conducting this audit.

Overall audit rating

IAS assessed the Division as **Partially Satisfactory (Some Improvement Needed)**, meaning “*the assessed governance arrangements, risk management practices and control processes 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.*” The rating was mainly due to improvements needed in identification of risk, selection of partners, financial management and delay in liquidation of advances to partners.

Good practices

- In 2017, the Division coordinated the partnership between the International Labour Organisation (ILO), Organisation for Economic Cooperation and Development (OECD) and UN Women for the creation of the Equal Pay International Coalition (EPIC) that gave high visibility to advocacy for equal pay for work of equal value between genders.
- The Division supported the work of the Civil Society Advisory Group in El Salvador with catalytic funds towards a national advocacy campaign to end violence against women, which has given UN Women significant recognition in the country with minimal financial investment.

Key recommendations: Total = 4, none high priority, 4 medium priority

The audit did not result in any high (critical) priority recommendations. IAS made four medium (important) priority recommendations, meaning, “*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 proactively manage risk, document selection processes for partners, monitor the timely liquidation of cash advances to partners, and improve the Division’s financial management.

IAS categorized the audit recommendations according to the internal control objectives stated in the UN Women Internal Control Framework:

Internal Control Objectives	Recommendation No.	Priority Rating
Operational (strategic and operating objectives, effectiveness and efficiency, safeguarding of resources)	1, 2	Medium
Financial (safety and maintenance of records and preparation of reliable financial and operational information)	3	Medium
Compliance (regulations and rules, policies and procedures)	4	Medium

Management comments and action plan

The Director of the Division accepted all of the recommendations and plans, or is 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 the Division and actions have been initiated to address them.



Lisa Sutton
Director
Independent Evaluation and Audit Services

I. About the Civil Society Division

UN Women aims to ensure effective partnerships between the organization and major stakeholders (civil society, private sector, and regional and international organizations) in order to drive more effective and efficient UN system coordination and strategic partnerships on gender equality and women's empowerment.

UN Women Civil Society Division:

- Works towards a strengthened enabling environment for gender equality at the UN and other global and regional policy-making spaces. This includes supporting feminist movement building by creating spaces and platforms for knowledge exchange, history sharing, networking and good practice sharing between civil society and Member States at the Commission on Status of Women (CSW) and other intergovernmental processes. The Division provides substantive support to CSW in all aspects of its work, including facilitating active participation of NGOs as these organizations are critical to the work of CSW.
- Aims to continue to develop and implement a number of effective partnership initiatives with women's rights organizations and other social justice actors on Sustainable Development Goal (SDG) implementation at the global, regional and country (including community and grassroots) level. It aims to convene the Executive Director's Civil Society Advisory Group (CSAG) to develop strategies for strengthening enabling environments for civil society activism for gender equality, and develop joint advocacy strategies with CSAGs and Country Offices on strengthening laws and policies on gender equality in line with SDG implementation. The aim behind creating CSAGs at global, regional and national levels was to help fuel this dynamism and to establish a mechanism of regular consultations between civil society leaders and UN Women to strengthen institutional partnerships.
- Manages the Yvonne Hebert Award Programme which funds the participation of ECOSOC-accredited NGO representatives who have not previously attended a CSW session to learn about intergovernmental processes.

II. Good practices

The audit identified the following good practices:

Partnering for creation of Equal Pay International Coalition (EPIC)

In 2017, the Division coordinated the partnership between ILO, OECD and UN Women for the creation of the Equal Pay International Coalition (EPIC), that gave high visibility to advocacy for equal pay for work of equal value between genders to Member States, trade unions, the corporate sector and civil society. This is an example where the Division has leveraged its mandate to bring the partnership, advocacy and policy spaces together, which resulted in concrete commitments by the various stakeholders in ensuring a commitment to equal pay within their respective sectors.

Catalytic funding towards a national advocacy campaign to end violence against women

The Division supported the work of the CSAG in El Salvador with catalytic funds towards a national advocacy campaign to end violence against women in the country. The campaign was launched during the 16 Days of Activism and was focused on raising awareness among young women to end femicides. With a minimal amount of catalytic funds from the Division, significant advocacy was achieved with the involvement of various sectors of society in the campaign, including artists and civil society leaders. This could be replicated in other countries as a strategy for achieving large-scale impact with minimal financial investment.

III. Audit results

Based on the sample of transactions and processes reviewed, IAS noted satisfactory performance in the following areas:

- (a) Governance and strategic management: The Division had established structures and tools for governance and strategic management. With the support of the Director, the Division was actively engaged with civil society representatives, donors, academia and other strategic partners to propagate the voice of women, including those from the most marginalized communities.
- (b) Operation. General Administration: Systems and procedures for general administration were adequate.

IAS made the following recommendations of medium priority.

Medium priority recommendations, arranged according to significance:

The Director ensures the Civil Society Division:

- (a) Proactively manage risks by recording them in its risk register in a timely manner, and assess and manage these risks appropriately (Recommendation 1).
- (b) Properly document the partner selection process (Recommendation 2).
- (c) Thoroughly review its financial management/budgeting tasks and assess the capacity of human resource available to perform these technical tasks. This will enable the Division to plan and follow up on critical financial matters, and advances to grantees which is a high-risk area (Recommendation 3).
- (d) Actively follow up on advances given to partners so that these are liquidated on a timely basis. This would minimize the risk of long overdue advances and possibility of write-offs (Recommendation 4).

The detailed assessment is presented below, per audit area.

A. Governance and risk management

1. Risk management

Issue # 1 The Division's risk register needs to be updated proactively

The purpose of having a risk register is to have a system for identifying potential risks, to assess the likelihood of their occurrence and their impact on the achievement of the Division's objectives, and to adequately mitigate them. IAS observed that the risk register maintained didn't capture in full detail the identification, assessment and mitigating measures of the risks the Division is exposed to, especially in the context of dealing with its partners. IAS also observed that the risk register is not updated periodically.

Priority	Medium (Important)
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Recommendation 1:

The Director ensures the Division proactively manage risks by recording them in its risk register in a timely manner, and assess and manage these risks appropriately.

Management action plan:

The risk register is being updated and will be provided in January 2019.

Estimated completion date: 31 Jan 2019

Issue # 2 Selection of partners not properly documented

Civil society partners are essential to pursuing the Division and UN Women's objectives. The Division provides catalytic grants to various organizations around the world working on gender-related issues for the purpose of propagating the voice of women at different forums. The volume of the Division's resources entrusted to partners is significant taking into account its annual budget for 2017.

During 2017, US\$ 74,300 was disbursed to partners through project cooperation agreements (PCAs). Selection was based on strategic priorities and imperatives defined by the Annual Work Plan. The Division's partners are mainly recognized feminist organizations and networks engaged by the Division on specific activities in which the partners are either the lead organization or the most prominent voice to advance the gender equality agenda. Reportedly in these situations it is not always possible to engage in a competitive process. At the same time, IAS could not find documentation justifying the selection process.

Priority Medium (Important)

Recommendation 2:

The Director ensures the Division properly document the partner selection process.

Management action plan:

The Division will ensure a strengthened documentation of the selection of partners for our programmatic activities and catalytic work.

Estimated completion date: 30 April 2019

B. Operations

1. Financial Management

Issue # 3 Absence of staff to ensure continuity in performing finance tasks

During 2017-2018 the Division was supported by a consultant responsible for financial tasks, but during 2017 these services were not available on a consistent basis. Currently an administrative assistant is managing the Division's finance related work and in her absence the Division has no capacity to undertake financial management tasks. During 2017 the Division made reallocations in the core budget from grants to support costs. However, in the absence of full-time finance/budget personnel, these allocations were not properly documented and supporting documentation/justifications of the need for such reallocations were not available.

Priority Medium (Important)

Recommendation 3:

The Director ensures the Division thoroughly review its financial management/budgeting tasks needed to support the Division's work and assess the capacity needed versus human resource available to perform these technical tasks, to enable the Division to plan and follow up on critical financial matters and advances to grantees.

Management action plan:

The Division has already put in place a fulltime Finance consultant to manage the budgeting tasks; it will also work with the Division of Management and Administration to ensure a fixed term finance staff member to be allocated to the Civil Society Division, especially in light of its expanded scope of work and budget size. Options will also be explored to cost-share a finance associate with another division if a fulltime staff member is not possible

Estimated completion date: 1 March 2019

Issue # 4 Delay in liquidation of advances

In PCAs between UN Women and its partners, "Any unspent funds shall be returned within two months of the termination of the present Agreement or the completion of the Project". A total amount of US\$ 74,300 was disbursed to four partners during 2017, who took a considerable amount of time to liquidate their advances, which exceeded six months in a couple of instances. Reportedly, the Division could not follow up on the advances in a timely manner due to the lack of internal financial capacity (see Issue 3).

Priority	Medium (Important)
Recommendation 4: The Director ensures the Division actively follow up on advances given to partners so that these are liquidated on a timely basis. This would minimize the risk of long overdue advances and possibility of write-offs.	
Management action plan: <i>An Action Plan will be developed to ensure that advances to partners are managed in an efficient manner with active follow ups with partners where there are potentials delays in them liquidating such advances.</i>	
Estimated completion date: 1 Feb 2019	

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 Country 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.