

THEMATIC AUDIT

# ASSET AND LEASE MANAGEMENT IN UN WOMEN



# INTERNAL AUDIT REPORT

# ASSET AND LEASE MANAGEMENT IN UN WOMEN



## **INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)**

Internal Audit Service (IAS)

UN WOMEN

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# EXECUTIVE SUMMARY

## Audit objective, scope and background

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted an internal audit of UN Women's asset and lease management. The main objective of the audit was to assess governance, risk management and compliance with regard to asset and lease management to ensure that (a) **assets are properly recorded, safeguarded, transferred and disposed of**; and (b) **leases and leasehold-related improvements are effectively managed across the Entity**.

UN Women spends significant funds on acquisition of fixed assets, both at headquarters and in its field offices ((US\$ 2.9 million was purchased and recorded as fixed assets during 2020 as per UN Women's financial report and audited financial statements for the year ended 31 December 2020 [financial statements]<sup>1</sup>). UN Women undertakes lease agreements to rent building and common premises across the world for its offices (expenditure for rents, leases and utilities amounted to US\$ 20.9 million in 2020 and US\$ 21.1 million in 2019 according to the respective financial statements). In addition to capital assets, UN Women spends a considerable amount on the procurement of non-capital assets<sup>2</sup> which are not capitalized (US\$ 4.4 million and US\$ 3.5 million non-capitalized assets were expensed in 2020 and 2019, respectively, as per Atlas report [AAA])<sup>3</sup>. The assets and supplies procured for or by partners from UN Women funds in 2020 amounted to US\$ 13.4 million, according to the Transferred Assets and Supplies catalogue in Atlas.

The audit covers all assets and lease agreements between 1 January 2019 and 31 December 2020.

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<sup>1</sup> This reflects only the assets owned by the Entity. According to UN Women's accounting policy, project assets that are not controlled by UN Women are expensed as incurred.

## Scope limitations

The **audit excluded vehicles and equipment rented by UN Women** (unaudited trial balance for 2020 US\$ 1.1 million). **IAS conducted limited testing on assets purchased by programme partners, which UN Women does not control.**

Due to the COVID-19 pandemic, most headquarters and field office personnel were working from home; therefore, all communications were managed remotely including for this audit.

Moreover, the audit did not cover the environmental aspects of asset and lease management. A Joint Inspection Unit review of mainstreaming environmental sustainability across United Nations system organizations recommended "*The executive heads of the United Nations system organizations that have not yet done so should, by the end of 2022, task procurement offices with incorporating specific provisions for integrating environmental sustainability considerations into procurement policies, procedures, manuals, and guidelines, including through the relevant inter-agency mechanisms, as necessary.*" As part of updating the asset (and lease) and vehicle policies, IAS invites management to include environmentally friendly provisions.

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

## Audit opinion and overall audit rating

IAS noted the following progress related to UN Women's management of assets and leases:

- All assets and lease certifications are stored on the Facilities and Administrative Services (FAS) SharePoint and offices can access and upload their assets and lease certifications directly on SharePoint, which can easily be reviewed and accessed

<sup>2</sup> Between US\$ 500 and US\$ 1,000.

<sup>3</sup> Include expenses incurred by UN Women Programme partners

at any time.

- Since the start of the COVID-19 pandemic when most personnel have been working remotely, FAS, in collaboration with the Information Systems and Telecommunications Section (IST), has reverted to online verification of laptops, which has been successful.
- UN Women developed a database, the Lease Management System (LMS), which functions as a corporate document repository for all signed lease agreements and memorandums of understanding with other United Nations entities for common premises. Offices are required to enter all lease agreements and amendments in LMS. As headquarters lease focal point, FAS is responsible for guiding the lease documentation package through all clearance levels, including serving as the liaison between headquarters and the requesting field office.
- As per the updated database of leases, as of 17 March 2021, UN Women had a total of completed **125 leases, 42 of which were direct** (commercial leases), and **67 leases were completed sub-leasing** memorandums of understanding with other United Nations entities. **Sixteen premises** were provided to UN Women as in-kind contributions. This suggests that more than 50 per cent of leases are in common premises, which is in line with ongoing United Nations reforms.

IAS assessed the state of governance, policy framework, risk management and controls for UN Women's management of assets and leases as **Some Improvement Needed** meaning that *"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 area.* However, **management of assets purchased for or by programme partners** requires **major improvement** in terms of ensuring recording, completeness of data, accountability and regular monitoring by offices.

It is pertinent to note that even with limited resources and centralized business process ownership, the FAS asset and lease management team has established a reasonably sound and effective control mechanism, in addition to as well as providing timely and efficient support to field offices whenever required. The overall assessment of **Some Improvement Needed** was mainly due to improvements needed in the following areas:

#### Asset management

- Updating the Asset Management Policy considering requirements of the upcoming Enterprise Resource Planning (ERP) system (Quantum), feedback from field offices and the issues identified in this audit. IAS acknowledges that FAS was working on the policy update at the time of this audit.
- Enhancing the accountability and responsibilities of asset management focal points and their supervisors both in Country and Regional Offices by including standardized asset and lease management duties and accountabilities in job descriptions and subsequently in individual performance evaluation.
- Enhancing the capacity of asset management focal points through regular formal end-to-end process training, including mandatory certifications before personnel take up the role.
- Enhancing oversight and completeness, accuracy and reliability of data related to non-capital assets as well as ensuring safeguards to protect non-capital assets.
- Increasing oversight of assets in the custody of programme partners.
- Enhancing oversight over coverage of local insurance for vehicles at field level.

#### Lease and leasehold improvements

- Close monitoring by the Division of Management and Administration (DMA) of the decision-making process for headquarters office space considering value for money in the long term and the changes in working arrangements brought about by the COVID-19 pandemic and new ways of working. Ensuring the completeness, accuracy, and integration/interfacing of LMS with the ERP system.
- Reducing post-facto submissions and introduce a culture of holding people accountable when deadlines are not met.
- Streamlining the lease approval process, especially when offices are entering into new leases.
- Ensuring leases are signed for significant periods of time, wherever feasible keeping into account the programme rational and security situation.

## Recommendations

IAS made 10 recommendations for actions mainly by FAS, other DMA and PSMU sections. One recommendation was ranked as High priority and nine as Medium priority.

The High priority recommendation means that *“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.”* The recommendation is raised for DMA to ensure enforcement and accountability of “Asset Sale and Donation Procedure “as well as “Information Security Guidance Procedure “.

The nine Medium (Important) priority recommendations mean that *“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 address findings related to the need to: update the Asset Management Policy; increase accountability and responsibility of asset management focal points at Country and Regional Offices; enhance capacity of asset management focal points; increase oversight, completeness and accuracy of data for non-capital assets as well as proper safeguards and regular verifications; enhance oversight of assets in programme partner custody; ensure vehicles in field offices have local insurance in place; reduce the time lag between asset acquisition and interface with the system; reduce post-facto submission of leases; ensure completeness of LMS and integration with the new ERP system (Quantum); streamline the lease approval process and remove key bottlenecks; and ensure leases are signed for significant periods of time wherever feasible and take into account programmatic interventions.

## Management comments and action plan

Management comments have been considered in this report, where appropriate.

Management agreed to the recommendations and provided action plans which are included in this report.



Lisa Sutton, Director  
**Independent Evaluation and Audit Services**

# ACRONYMS AND ABBREVIATIONS

<b>AAA</b>	Account Activity Analysis
<b>DMA</b>	Division of Management and Administration
<b>ERP</b>	Enterprise Resource Planning
<b>FAS</b>	Facilities and Administration Section of the Division of Management and Administration
<b>FMS</b>	Financial Management Section
<b>IAS</b>	Internal Audit Service
<b>IEAS</b>	Independent Evaluation and Audit Services
<b>IST</b>	Information Systems and Telecommunications Section
<b>LMS</b>	Lease Management System
<b>PMD</b>	Performance Management and Development
<b>PSMU</b>	Programme Support Management Unit
<b>UNDP</b>	United Nations Development Programme
<b>UN Women</b>	United Nations Entity for Gender Equality and the Empowerment of Women

# I. INTRODUCTION

Due to the nature of UN Women's operations across the world, the Entity spends significant funds on the acquisition of fixed (or capitalized) assets both at headquarters and in its field offices (US\$ 2.9 million was purchased and recorded as fixed assets during 2020 as per UN Women's 2020 financial statements). Similarly, UN Women undertakes lease agreements to rent buildings and common premises across the world for its offices (expenditure for rents, leases and utilities amounted to US\$ 20.9 million in 2020 and US\$ 21.1 million in 2019 according to the financial statements<sup>4</sup>. In addition to capitalized assets, UN Women spends a considerable amount on procurement of assets that are not capitalized but directly expensed, which bear a potential inherent risk of loss, misuse or abuse if not adequately protected and monitored (US\$ 4.4 million and US\$ 3.5 million non-capitalized assets were expensed in 2020 and 2019, respectively, as per Atlas report [AAA])<sup>5</sup>. According to summary of accounts from the Transferred Assets and Supplies catalogue in Atlas for the year ended 31 December 2020, assets procured for or by partners from UN Women funds amounted to US\$ 13.4 million.

During its annual risk assessment and identification of audit topics for its 2021 risk-based audit plan, the Internal Audit Service (IAS) identified the end-to-end process for assets and lease management as a potentially significant area in terms of materiality, inherent and reputational risks, that requires an adequate system of controls. Therefore, IAS decided to conduct a thematic audit on asset and lease management.

# II. BACKGROUND

UN Women has an Asset Management Policy for the day-to-day management, use and disposal of UN Women assets that describes the roles, responsibilities and processes to be followed for effective management of assets and leases within UN Women.

<sup>4</sup> These figures may include rent and utilities by partners, however the UN Women financial statements consolidate these expenditures with the ones incurred by UN Women.

Two sections – the Facilities and Administration Section (FAS) and the Financial Management Section (FMS) – are mainly involved in asset management and monitoring (i.e., the business process owners).

FAS is responsible for the application and consistent administration of UN Women asset management, with delegated authority to approve all disposals, write-offs and “basic additions” in accordance with the Delegation of Authority Policy. The Asset Management Policy also covers leases and leasehold improvements, while lease negotiations are conducted through the procurement process.

The accounting side of asset management is managed by FMS to ensure proper recording and interfacing of assets between accounts payable and the assets management module of Atlas.

The process is mainly decentralized in the field, but a FAS team manages headquarters assets centrally. To facilitate the process, FAS invested in automating the asset and lease management system; however it is not yet fully clear how this will be incorporated into Quantum, the new Enterprise Resource Planning (ERP) system.

As per data shared by FAS, in 2020 FAS managed and provided support for more than:

- 6,700 assets globally.
- 300 assets-related transactions.
- 100 lease cases.
- 20 training courses.

## Assets and low-value attractive items

According to the Asset Management Policy, capital assets are defined as assets above US\$ 1,000 which are depreciated based on their useful lives. Non-capital assets are assets between US\$ 500 – US\$ 1,000 which are registered in the Asset management sub-module but are expensed immediately. Transferred assets are assets or other items to be used by a third party, expensed immediately.

IAS summarized the information on capital assets and non-capital assets using the

<sup>5</sup> Include expenses incurred by UN Women Programme partners



2020, 2019 and 2018 audited financial statements.

**Table 1 Summary of Capital and Non-Capital assets**

Year	2018	2019	2020
	Thousands of US\$		
Cost, gross (note 12/11)	27,454	29,396	30,913
Accumulated depreciation (note 12/11)	(16,435)	(17,668)	(19,310)
Additions (note 12/11)	3,671	4,277	2,949
Retirements, gross	(940)	(1,957)	(955)
Fully depreciated but still in use (note 12/11)	4,500	5,400	5,500
Loss (note 24)	(264)	(400)	(40)
Non-capital assets expensed (AAA report)	3,027	3,454	4,378

Source: as per audited Financial Statements, 2020, 2019 and 2018. Note 12 on Property, plant, and equipment in the 2019 financial statements and Note 11 - in 2020 financial statement.

#### **Assets purchased by Programme Partners:**

The Asset Management Policy states that all assets procured on behalf of UN Women programme partners should immediately be expensed using the “transferred assets” option in the UN Women procurement catalogue.

According to UN Women partner agreements:

- The Partner shall be responsible for the care, security, maintenance and physical inventory of the Property.
- The Partner, unless self-insured, shall maintain insurance for the Property. Upon request, the Partner shall produce documentary evidence of such insurance including self-insurance.
- The Partner shall place UN Women markings on the Property in consultation with UN Women.
- In cases of damage, theft or other losses of the Property, the Partner shall provide UN Women with a comprehensive report, including a police report, where appropriate, and any other evidence giving full details of the events leading to the loss of the Property.

As per Account Activity Analysis (AAA) report of UN Women spent following amounts on assets transferred to third parties:

**Table 2 - Transferred assets to third parties, in US\$**

Account Description	2019	2020
Furniture	1,193,424	1,193,531
Transportation equipment	244,709	381,255
Office equipment	3,769,962	4,324,378
Computer hardware and software	662,567	1,082,479
Publication and promotions	843,561	954,640
Medical products	56,674	1,532,271
Communication equipment	893,287	1,042,839
Stationery other office supplies	2,540,930	2,474,843
Fuel, petroleum and other oils	278,539	230,883
Security related goods and materials	260,257	211,517
Total	10,743,911	13,428,637

Source: AAA report filtered by the transferred assets and supplies catalogue

#### **Leases**

The Asset Management Policy defines two types of leases: operating and finance leases. In practice, UN Women only engages in operating leases for its premises. Lease negotiations follow the Contract Management and Procurement Policy.

Lease management is a centralized process at UN Women. In July 2019, FAS introduced the Lease Management System (LMS) in One App to help to support the approval process by having a complete audit trail, and ensure all new leases, amendments, renewals and terminations are recorded and overseen centrally. All new leases, sub-leases, and memorandums of understanding with other United Nations agencies and amendments to them should be submitted through LMS by the requesting office. All leases with commercial organizations and vendors are known as direct leases, whereas sub-letting a common space from another United Nations entity is a memorandum of understanding.

FAS reviews and endorses the documents for signature by the proper approving authority according to the delegation of authority: leases greater than US\$ 500,000 require approval by the Deputy Executive Director, whereas leases less than US\$ 500,000 require approval by the Director of the Division of Management and Administration (DMA). In case of renewals, where the only change is the duration of the lease term, lease agreements up to US\$ 100,000 can be signed by Heads of Offices, and agreements up to US\$ 200,000 can be signed by Regional Directors.

Total expenditures on rents, rates and utilities according to the UN Women 2020

financial statements amounted to US\$ 20.9 million (2019: 21.1 million). These figures include expenditures incurred on utilities as well as rent expenditure charged by programme partners.

Rent and related expenditure for UN Women's headquarters premises for 2020 is estimated to be approximately **US\$ 5.4 million**. UN Women headquarters staff is slowly returning coming back at the office, but management is planning to consider alternate options while renewing the current lease. This includes a reduction of office space or rent after current lease expires in March 2022.

According to the 2020 financial statements (note 11) the capitalized leasehold improvements accumulated as of 31 December 2020 equal to US\$ 3.156 million. This includes amounts spent on renovation of office premises occupied by UN Women in different countries and regions.

### III. AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

The main objective of the audit was to assess **governance, risk management and compliance with regard to asset and lease management to ensure that (a)** assets are properly recorded, safeguarded, transferred and disposed of; and **(b)** leases and leasehold-related improvements are effectively managed across the Entity. Due to the COVID-19 pandemic, most headquarters and field office personnel were working from home at the time of this audit; therefore, all communications for this audit were managed remotely.

#### Scope

IAS covered the following areas:

1. Adequacy of existing policies, procedures, governance arrangements, tools and systems as a necessary infrastructure for effective compliance and risk management.
2. Compliance with existing policies and procedures (controls to address risks) to ensure that the asset and lease life cycles are effectively managed.

The audit covered all assets and leases entered between 1 January 2019 and 31 December 2020. IAS used the assets in service report, the AAA report for low-value items, the lease database for all leases and LMS for its review and to select a sample size.

#### Scope limitations

The audit excluded vehicles and other equipment **rented by UN Women** (unaudited trial balance for 2020 US\$ 1.1 million). **IAS conducted a limited testing of assets purchased by programme partners, which UN Women does not control.** The audit did not cover whether individual assets were used for their intended purpose, including vehicles and related maintenance and other costs.

Moreover, the audit did not cover the environmental aspects of asset and lease management. A Joint Inspection Unit review of mainstreaming environmental sustainability across United Nations system organizations recommended, *"The executive heads of the United Nations system organizations that have not yet done so should, by the end of 2022, task procurement offices with incorporating specific provisions for integrating environmental sustainability considerations into procurement policies, procedures, manuals, and guidelines, including through the relevant inter-agency mechanisms, as necessary."* As part of updating the asset (and lease) and vehicle policies, IAS invites management to include environmentally friendly provisions.

#### Methodology

The internal audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the IAS audit programme.

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

The audit also reviewed samples of assets, leases and leasehold improvements to check compliance with existing policies and procedures, the root causes of non-compliance, and areas for improvement in internal controls.

## IV. AUDIT RESULTS

### Overall assessment and achievements

Based on its review of governance arrangements; policies and procedures; discussions with stakeholders at headquarters and field offices; and review of documentation sampled for this audit, IAS assessed that the governance arrangements, risk management practices and controls were generally established with some areas requiring improvements. Issues identified during this exercise do not significantly affect the achievement of the objectives of the audited area. The FAS asset and lease management team has established a reasonably sound and effective control mechanism in addition to providing timely and efficient support to field offices whenever required, despite having limited resources.

The key results of audit testing were as follows:

- Testing of a selected sample of acquired assets did not show any material issues. However, 3 of 14 offices (representing US\$ 693,000 of US\$ 3.57 million) did not provide information prior to audit finalization (the West and Central Africa Regional Office, the Central African Republic Country Office and the Niger Country Office). Based on our sample of other offices, IAS don't find this lack of information to significantly impact the outcome of this report. Furthermore, these offices will be covered during IAS risk based internal audit plan for the year 2022.
- IAS selected a sample of transactions from different categories of disposals including asset disposal due to theft, donations to external parties, disposal through sale, retirement by sale, retirement by donation and retirement by scrap. A review of transactions did not show any material deviations from the policy, except for cases **where laptops were disposed of evidence of proper sanitation of UN Women computing equipment and data was not available in the majority of cases.**
- The IAS sample of offices for non-capital assets showed that offices were maintaining **records of non-capital assets in different forms and templates which resulted in varying degrees and accuracy** of information used for monitoring.

- IAS noted that offices have **different levels of understanding about the risks and their responsibilities around assets procured for or by programme partners; therefore, oversight controls of partner-related assets were not uniform** across the organization. Some offices believe that as these assets do not form part of their asset in service report, they are not responsible for keeping track or control of such assets.
- A test of a selected sample of leases showed they were materially in compliance with the established policies and established lease cycle. However, there is a need to reduce post-facto approvals, and there could be opportunities for streamlining the lease approval process for new leases.

FAS has been proactive in managing UN Women asset and lease requirements and, in coordination with the Information Systems and Telecommunications Section (IST), has developed solutions that are also helping UN Women perform critical functions during the COVID-19 pandemic.

IAS acknowledges the support of FAS during the assignment and notes the following positive aspects:

- Most asset and lease certifications are stored on the FAS SharePoint, and offices can access and upload their assets and lease certifications directly onto SharePoint, which can easily be reviewed and accessed at any time.
- Since the start of the COVID-19 pandemic, during which most personnel have been working remotely, FAS, in collaboration with IST, has reverted to online verification of laptops, which has been successful.
- FAS developed the LMS, which functions as a corporate document repository for all signed lease agreements and memorandums of understanding with other United Nations entities for common premises.
- More than 50 per cent of current leases are memorandums of understanding with other United Nations entities where UN Women is located in common premises, which is in line with ongoing United Nations reforms.

## Asset management

### Issue 1: Need for an updated Asset Management Policy, taking into account requirements of Quantum

As noted in the Background section, UN Women has an Asset Management Policy outlining the day-to-day management, use and disposal of UN Women assets. It also defines the roles and responsibilities for asset management. However, the policy expired in December 2019 and needs to be updated to reflect changing circumstances, especially as UN Women is changing from the Atlas to the Quantum ERP system, which may impact existing policy and procedures.

The IAS review of the Asset Management Policy, interviews with field colleagues and audit testing indicated that more guidance is required in the updated policy on:

- Accountability and recording for non-capital assets.
- Enhanced controls over assets in the custody of programme partners.
- Renting of UN Women vehicles to other United Nations agencies if the vehicle is not being used for a certain number of days. IAS was informed that FAS is in discussion with the World Food Programme on the development of a vehicle management system.
- Replacement of laptops and smart phones and keeping a stock of laptops at Regional Office level to be used in case of any emerging needs.
- Disposal of armoured vehicles, body armour and security equipment.

Non-alignment of Vehicle Management Policy and Procurement Policy was noted. As per the current Vehicle Management Policy, if the vehicle to be purchased is above US\$ 38,000 a prior approval of Director, DMA is required before initiating a procurement exercise. After the said approval is obtained the normal procurement process will follow. However, the Procurement Policy does not refer to the Vehicle Management Policy and the US\$ 38,000 threshold. The above-mentioned threshold will not apply in cases of armoured vehicles which are covered under separate Long-Term Agreement administered by the United Nations Department of Safety and Security. FAS should consider aligning this policy with standard delegation of authority procurement,

unless there are specific risks to procurement of vehicles that necessitate additional mitigating controls, such as pre-approval for armoured vehicles by the Safety and Security Section and other risks.

In the absence of an updated policy, there is a risk of inconsistent practices due to different possible interpretations.

IAS was informed that FAS has started working on the policy revision and has been collecting feedback from field offices to make the necessary changes. However, FAS is also waiting for the new asset management module in Quantum to be finalized before any policy revisions are made to ensure that any changes in controls from Quantum are fully captured in the Asset Management Policy.

#### Recommendation 1 (Medium):

FAS, in collaboration with other business process owners contributing to the Asset Management Policy (e.g. Procurement, Programme Support Management Unit (PSMU), Finance, Security and IST), to update the existing policy in line with to Quantum rollout, incorporating feedback received from field offices, this audit report and controls in Quantum.

The Vehicles Management Policy should be aligned with the Asset Management Policy and standard procurement delegations of authority, unless there are specific risks to the procurement of vehicles that necessitate additional mitigating controls to be provided in the relevant policies. In this case, centralization of approval for all purchased vehicles could be considered as well.

### Issue 2: Absence of dedicated asset focal points resulting in delays in the submission of certification documents for assets and leases

The asset and lease management function is not sufficiently professionalized at Regional and Country Office level, as asset management responsibilities are delegated to different personnel ranging from IT, procurement and finance associates with no standard background, role and accountability for asset management. While headquarters asset management is centralized, the responsibility of individual

managers for managing the assets of their headquarters unit might not be clearly understood, and information for ensuring compliance for individual headquarters units is not available at individual unit level.

As part of the audit, IAS conducted interviews with 20 offices including Regional and Country Offices. Asset management duties/terms of reference were not included in the job descriptions and performance evaluation of some personnel who were managing such duties on top of their existing, formally assigned roles.

At Regional Office level, the asset focal point and regional operations managers have only an advisory role, they provide guidance during mid-year and annual physical counts and certifications, but there are no formal oversight responsibilities over the asset and lease functions of the offices under their domain. As a result, country offices must revert to headquarters for all guidance on policies and procedures.

The absence of clear roles and accountability for the first line defence, i.e. personnel responsible for managing assets and their supervisors, and not including Regional Offices in the second line of defence structure increases the risk of non-compliance with the Asset Management Policy and impacts the authority of FAS to hold personnel accountable. The IAS review of documents suggested that **of the 12 offices sampled to verify if certification records were submitted within the stipulated corporate deadline, 8 offices, or almost 67 per cent of the selected sample, submitted documents after the deadline. This was despite rigorous follow-up by the FAS team.**

Regarding headquarters assets, the Atlas asset-related (In service) reports maintained by the United Nations Development Programme (UNDP) do not allow the custodian to be added to the system, which significantly limits reporting and notifications to headquarters managers. Prior to the COVID-19 pandemic this was mitigated by FAS completing physical verifications. However, during the pandemic the verification of headquarters-owned assets was hampered by system limitations. As Atlas maintenance is outsourced to UNDP, it is not possible for UN Women to modify the system to fit its needs. Previous requests to UNDP were not successful. Therefore, it is not possible to run a report by custodian and inform the respective managers that their team has not provided the necessary data. While the location is available in the in-service report, it is not always useful for monitoring due to the frequent internal movements of custodians

at headquarters. IAS strongly suggests communicating these limitations to UNDP as a user requirement for the new system.

Delays in the submission of certification records result in overall delays of physical verification exercises, as well as the updating of assets in the in-service reports if required at global level.

### Recommendation 2 (Medium):

FAS to use the opportunity in revising the Asset Management Policy to introduce the three lines of defence concept, including clear responsibilities for personnel assigned to asset and lease management, their supervisors and Regional Offices. In particular:

The accountability and responsibility of Regional Offices in terms of assets and leases in their regions should be clarified (second line of defence), including quality assurance of the data submitted by Country Offices during bi-annual certifications. FAS, as business policy owner, should be responsible for any policy-related advice, approval of policy exceptions, corporate training and monitoring of the effectiveness of the policy at the corporate level.

The new policy should provide key performance indicators for asset management as part of accountability for focal points and their supervisors, e.g. timely submission of certification and other compliance requirements.

Standard job descriptions should also be developed to guide managers and personnel managing assets and leases, along with performance indicators to hold personnel accountable. In the meantime, duties related to the management of assets and leases should be included in the performance evaluation of the asset focal points.

### Issue 3: Need to ensure the continuity and capacity of asset management focal points and buyers

There is a need to invest in capacity building for asset management focal points in field offices. Offices expressed concern that when assigned the role, asset focal points do not usually receive specific training on asset and lease management, although bi-annual

webinars and training are conducted on asset verifications and certifications. The asset focal points expressed the need for more training and capacity building on end-to-end asset management processes.

FAS commented that while it provides training, focal points are often reassigned and there is a turnover of focal points, who are often non-staff personnel. Furthermore, in some cases FAS observed that not all focal points complete the training, which is recommended but not mandatory.

A dedicated training webpage is available on the asset management cycle (latest post from 2019) as well as training on the annual and bi-annual asset and lease verification exercises. However, formal certification and capacity building for asset management focal points is lacking. In addition, it appears that offices do not show a keen interest in attending webinars hosted by FAS, and attendance is quite low. Reportedly, webinars for the 2019 Year End Asset and Lease Certification were attended by only 32 offices, 59 offices did not attend.

To ensure the continuity and capacity of focal points, IAS suggests that the revised Asset Management Policy provide guidance on who should be an asset and lease focal point (i.e. it is highly recommended that fixed-term staff are assigned to this function), and that FAS create a mandatory training course for all asset and lease focal points prior to assigning them to this function.

There were cases, in which post-facto approvals were required through the headquarters Procurement Review Committee (PRC) when offices failed to comply with provisions in the Vehicle Management Policy for the procurement of vehicles.

There were instances where adjustments had to be made in the general ledger, which can be attributed to lack of training. On average four–five adjustments per month were required to capitalize assets which were wrongly charged to non-capital assets. The main reasons for adjustments were:

- Incorrect entries by individuals authorized as buyers at the time of generating electronic requisitions, which results in capital assets being wrongly classified as non-capital assets. It later affects the Atlas reports of non-capital assets

which are incomplete and have to be replaced with manual spreadsheets in order to monitor non-capital assets.

- Use of account code 74965 (Low Value Equipment), which is a clearing account to record transactions that should be attributed to asset accounts. As a result FMS has to manually clear and classify those transactions.

FAS and FMS have already developed a procure-to-pay training course for buyers and asset focal points; however, it has yet to be supported / approved by the Procurement Section for promulgation.

### Recommendation 3 (Medium):

FAS to:

- (a) Include a requirement in the Asset Management Policy for the professionalization of the asset and lease focal points , i.e. the function to be allocated to a staff position, where possible; a standard job description with expected performance indicators and performance evaluation; and mandated certification before taking on the role.
- (b) In collaboration with the Procurement Section and FMS, promulgate a customized training course for buyers on UN Women’s Asset Management Policy and capitalization limits.
- (c) Escalate the regular absence of offices from capacity building events to senior management (RDs/Divisional Directors).

### Issue 4: Need to enhance the oversight and protection through a completeness, accuracy and reliability of non-capital asset data

As stated in the Background section (Table 1), according to the UN Women AAA report for 2018-2020, UN Women spent more than US\$ 10.8 million on non-capital assets, portion of which was spent by its partners.

According to the Asset Management Policy “*there is no certification requirement for*



*Non-Capital Assets (assets between \$500 and \$1,000) however, the Head of Office must ensure that Non-Capital Assets are properly safeguarded and accounted for by the custodians."*

The audit revealed that offices are maintaining records of non-capital assets in varying ways. IAS noted that there were no clear guidelines on non-capital assets records in the Asset Management Policy which was confirmed by the offices IAS interviewed. A review of records pertaining to non-capital assets showed that offices were not clear about their roles and responsibilities for non-capital assets. Some offices maintain records in Excel and others continue to use Atlas. As it is not mandatory to conduct a physical verification of such assets, offices do not perform verifications on a regular basis.

A review also showed that some capital items were listed as non-capital assets and therefore not capitalized. A designated catalogue is specifically used to procure non-capital assets between US\$ 500 and US\$ 999. However, during procurement, offices make mistakes in selecting the right catalogue (see also Issue 3), resulting in incorrect data in the system.

FAS expects that Quantum will include specific automated controls at the data entry stage with a mandatory field for capital or non-capital assets, resulting in the provision of correct and up-to-date reports on non-capital assets.

Low-value, attractive non-capital assets are not an insignificant part of UN Women expenditure and include smart phones, monitors, cameras, laptops, tyres and other items, which may be more attractive and susceptible to potential theft or fraud. In relation to allegations of misappropriation or misuse of assets, the United Nations Office of Internal Oversight Services, UN Women's investigations provider, recommended that controls over managing non-capital assets be enhanced by:

- Tighter control and recording of deliveries of equipment and storage.
- Reviewing property storage, with preventative measures put in place to avoid future property losses.

Management should address these recommendations when non-capital asset management is enhanced.

#### **Recommendation 4 (Medium):**

FAS, in consultation with Finance and IST, to:

- (a) Devise guidelines for offices to record and safeguard non-capital assets, including accountability for custodianship, regular inventory and reporting of losses from lost or stolen items.
- (b) Ensure that Quantum has built-in controls at the data entry level, which would help segregate non-capital and capital assets according to the UN Women Asset Management Policy.
- (c) Advise all offices to keep records in a uniform manner in a centralized database (Atlas, Excel) to enhance accountability and provide a dollar value of all non-capital assets in UN Women custody at any time.

#### **Issue 5: Oversight of assets procured by or for programme partners**

In order to implement projects, UN Women programme partners may procure assets, including both capital and non-capital items. At times, UN Women procures assets on behalf of partners and then transfers them to partners. The Table 2 in the Background section shows the assets transferred to the third parties, which for 2019 and 2020 amounted to US\$10.7 million and US\$13.4 million, respectively. The assets purchased by UN Women on behalf of partners and by partners might be higher as the offices do not always use correctly the procurement catalogues and can charge this category of assets to other types of procurement catalogues.

As assets under the control of programme partners are not the property of UN Women, it was agreed between FAS, FMS, PSMU and Legal Office that these assets should not be managed by FAS. The Asset Management Policy does not provide detailed guidance on how to monitor assets transferred to partners (see Issue 1 on policy revision). The partner agreements put emphasis on the accountability and responsibility attached to assets held by partners, and project managers are ultimately responsible for ensuring that assets in the custody of partners their respective projects are complete, regularly verified and tracked.

IAS consulted with a number of offices during this audit to ascertain if there were established protocols to verify the existence and completeness of assets with programme partners. It was noted that in general no such protocols have been established at the field office level to ensure assets are present and used for their intended purpose throughout the duration of the project. Furthermore, no procedure is in place to ensure that such assets and property are marked with UN Women markings. The offices did not have a list of the assets transferred to the partners and believed that they are not in a position to monitor and ensure completeness of such assets because assets do not belong to UN Women and are not in the custody of UN Women. Offices do not verify that high-value assets in the custody of partners are insured by partners (where practical) in case of any unforeseen events to cover against the risk of loss.

In the absence of complete records of assets in the custody of partners, it can be more difficult to ensure the assets are safe and are being used for their intended purposes, especially in situations where there is turnover of partners' personnel.

### **Recommendation 5 (Medium):**

While awaiting for the Assets Management Policy revision in terms of strengthening controls over the assets transferred to UN Women's partners (see recommendation 1), PSMU, while developing monitoring procedures, to include requirements for field offices with regard to verification of programme partner assets as part of regular monitoring.

### **Issue 6: Guidance should be provided to Country Offices to ensure local insurance is in place, particularly for vehicles**

UN Women uses the global insurance policy of the United Nations Secretariat to cover its premises and assets at headquarters and field offices to mitigate the risk of loss in

case of natural disasters.

UN Women also avails the services of following insurances through the United Nations Secretariat:

- Global Property Insurance Policy, which covers premises and related equipment within UN Women premises across the globe.
- Headquarters Terrorism Insurance Policy, which covers locations only within US territories.
- Global Auto Insurance Policy, which covers third-party damage to UN Women vehicles around the globe.

UN Women field offices rely on the global insurance policies to cover the risks associated with property and vehicles. Discussions with offices revealed that many do not have local insurance for vehicles as recommended by the Global Insurance Policy and FAS. During an internal audit of the Pakistan Country Office, this finding was confirmed.<sup>6</sup>The global insurance policy covers only damages to third-party vehicles in case of an accident involving a UN Women vehicle, but not a damage to a UN Women vehicle, an accident / mishap may result in significant financial loss to the organization in absence of local insurance.

### **Recommendation 6 (Medium)**

FAS to:

- (a) Update the Asset Management Policy to include oversight of local insurance in the roles and responsibilities of Regional Offices.
- (b) Ensure that Regional Offices submit an annual compliance statement with insurance requirements in their region.

Another option to ensure compliance with local insurance requirements is to add this to the safety and security annual certification. While not under the Security and Safety Service mandate, this still represents an important element in safety and security management.

<sup>6</sup> In places where worldwide policy operates on Excess (XS)/Difference in Condition (DIC) basis, field offices should ensure that all vehicles in the country are locally insured at all times.



## Issue 7: Need to ensure compliance with data privacy and confidentiality

UN Women disposed of a considerable number of laptops and computers in 2019 and 2020. Some of the laptops, tablets and phones were not capitalized, and the proper disposal process was not followed, while this type of equipment may contain sensitive and personal identifiable information about UN Women personnel and beneficiaries.

According to the asset sales and donation procedure, *“The relevant office removes all data (including corporate and personal information) and programs from hard disks on all PCs to be sold.”*

In addition, the Information Security Guidance provides, *“All removable media containing sensitive data must be disposed of in a manner such that data is rendered unreadable. Appropriate disposal methods may include, but are not limited to, bulk eraser device or actual physical destruction of the media.”*

A review of disposal documents suggested that, with the exception of two cases, such evidence was missing. Assets were donated to programme partners or sold to individual buyers without proof that sensitive data had been erased from the equipment.

This could result in sensitive data not being adequately protected, which could cause harm to UN Women and/or its beneficiaries.

### Recommendation 7 (High)

DMA to ensure enforcement and accountability of the Assets Sales and Donation Procedure as well as Information Security Guidance.

DMA to check on a sample basis compliance with the provisions of the above two procedures before disposal of equipment.

## Lease management

### Issue 8: Opportunities to streamline the process for new lease approvals

Some of the offices IAS interviewed expressed concern about duplication of efforts and the amount of time spent processing new leases, especially when opening new field offices. IAS reviewed the process and its sample showed mixed results. In some cases, the process was unnecessarily long, but in others it was efficient. The lease approval process deviates from the standard procurement process, while lease agreement negotiations fall under the Contract and Procurement Policy and LMS was set up to mirror the Procurement Policy.<sup>7</sup> In particular, the delegation of authority for leases differs from that for the standard procurement of goods and services as any lease agreement should be signed either by the Director, DMA or the Deputy Executive Director (*UN Coordination, Partnerships, Resources and Sustainability*). This results in a hybrid, multilayer approval process that does not always align existing controls with risks.

#### Advisory Note

IAS does not make a recommendation on this issue. However, IAS advises management to monitor the timeline for the end-to-end lease approval process to see if it could be streamlined, including the earlier engagement of FAS and other contributing units.

<sup>7</sup> The procurement functions of UN Women include all actions necessary for the acquisition, purchase or lease of property, including construction, goods, real estate and services.

### Issue 9: Headquarters lease and the way forward

Since the start of the COVID-19 pandemic in March 2020, there has been a shift in working patterns, with UN Women headquarters and field office staff working remotely for over a year.

Headquarters staff are slowly returning to work, with a minimum of two days mandatory presence in the office for each staff member starting from 11 November 2021.

UN Women spends a considerable amount of money every year on rent and related expenses for its headquarters premises in New York (approximately US\$ 5.4 million). A ten-year lease term for the headquarters premises is due to expire in the first quarter of 2022. Considering the impact of the COVID-19 pandemic, and that a full return to the office may not be fully possible or in line with new ways of working, various options for a cost-effective lease were being considered.

IAS was informed that UN Women is in a very advanced stage of the decision-making process and is likely to opt for reduced space that would allow for new work modalities, including alternating personnel presence at the office for most functions.

#### Advisory Note

Without raising a recommendation, IAS suggests that DMA closely monitor the decision-making process for headquarters office space considering best value for money in the long term and the changes in working arrangements brought about by the COVID-19 pandemic and new ways of working.

### Issue 10: Post-facto submissions of leases and renewals

IAS observed that even though LMS sends notifications to the individuals concerned before a lease is about to expire, 3 of 15 leases (20 per cent) that IAS sampled for review

were not processed in a timely manner due to various reasons and justifications, and post-facto approvals and signatures were therefore required.

As at 21 January 2022, the LMS dashboard showed that 28 of the 150 active leases were approved post facto. Twenty-one of these post-facto approvals, with a total agreement value of over US\$ 1.64 million, had already been approved, while the remaining seven were at different stages of the approval process.

Some of the reasons mentioned in the submissions for post-facto approvals were turnover of operations managers and moving from common premises, which could have easily been avoided through proactive planning. The issue of lack of accountability for asset and lease management focal points has already been discussed (Issue 2) and provides another reason for the number of post-facto lease approvals.

This also reveals a lack of accountability for missed deadlines and not signing agreements on a timely basis, which could result in UN Women occupying premises without a formal legal agreement. In the case of an unforeseen event during this time, UN Women may not be covered through a legally binding document to protect the Entity and its personnel occupying the premises. If a lease agreement is not renewed on a timely basis, the landlord may also engage in an agreement with another organization resulting in UN Women having to vacate the building and incur the administrative and financial costs of a move.

### Recommendation 8 (Medium):

FAS to:

- (a) Include accountability for the timely signing of leases in the individual performance evaluations of focal points and their supervisors and in the Asset Management Policy.
- (b) Escalate notifications to Regional Directors and, if no action is taken, report it to the Business Review Committee on a regular basis.
- (c) Consider including post-facto transactions as part of Country Office Accountability Tool (COAT) to ensure senior management is informed.

### Issue 11: Need to ensure completeness, accuracy and integration of LMS with the ERP system and other units

FAS launched the LMS in July 2019 to keep a centralized database of all leases entered into by UN Women field offices. Offices are required to enter all new leases/amendments in LMS for review by FAS. After this review, and if the necessary approvals are obtained, the lease is signed by the relevant authority (see Background section).

LMS is a stand-alone record management system that is not linked with Atlas modules. Therefore, data in LMS (e.g. lease agreement amounts) is not cross-referenced or validated. Another limitation of LMS is that ongoing leases, as of July 2019, were not required to be entered in the system. Therefore, FAS still needs to keep a manual record of all leases on its SharePoint for reference.

Because not all leases are entered in LMS and because it provides only a total agreement value but not yearly payments, it is not possible to generate a yearly value of rental expenditure incurred by UN Women to reconcile it with lease payments recorded in Atlas.

IAS identified discrepancies in the available data, for example:

- As per the FAS manual record on SharePoint, as at 17 March 2021, UN Women had **136 leases with a lease portfolio of almost US\$ 10.5 million**.
- The LMS dashboard on 4 February 2021 showed a total of 136 leases amounted to US\$10.65 million, of which 83 were active amounted to US\$ 5.43 million.
- According to the UN Women AAA report UN Women incurred US\$15.1 million for 2020 on rents and leases which exclude the expenditure charged by partners.

Data from different systems and manual records show that the rent and lease expenses for 2020 alone as per the AAA report were over US\$ 15 million, which is 50 per cent more than the total portfolio of leases presented in LMS or the FAS manual record.

There are justified discrepancies between the security system and LMS on locations per office. In the case of the security system, UN Women personnel presence is recorded as a location, while in LMS only the leased premises is recorded as such.

Owing to the absence of integration or interface between LMS and ERP; the lack of a mandate for offices to enter leases into LMS, and the inability to validate data with the safety and security portal for field office locations, there is a risk that reports generated from LMS for management information and decision-making are inaccurate and incomplete.

IAS was informed that currently there is no linkage functionality between LMS and Quantum. FAS has already started the process of upgrading LMS to include the option of uploading all historical leases. This will enable LMS to have a complete list of leases at any given time once all leases are uploaded.

### Recommendation 9 (Medium):

FAS, in collaboration with FMS and the Security and Safety Services, to:

- (a) Advocate integrating or interfacing LMS with Quantum to ensure consistency, completeness and accuracy of data across various platforms; and ensure all data is moved to LMS or another corporate database that requires minimal manual interference.
- (b) Validate the data with other available systems such database of Security Service.
- (c) Ensure that data in management reports are accurate and complete.

### Issue 12: Varying lease terms for different offices resulting in frequent security assessments and/or relocation costs

During the IAS review of lease agreements for different UN Women offices, it was noted that offices are entering into lease terms of varying lengths, ranging from three to five years.

UN Women spends a considerable amount of money on leasehold improvements every year to make its premises conducive to work. The leasehold improvements at the end of 2020 amounted to US\$ 3.156 million (2020 financial statements), which is significant

considering the size of UN Women assets.

**Table 3 - Leasehold improvements for 2017-2020**

As of 31 December:	2017	2018	2019	2020
Accumulated cost	2,367,000	2,768,000	3,137,000	3,156,000
Additions during the year		632,000	944,000	432,000

*Source: audited financial statements*

For each new lease or office relocation, UN Women may spend a significant amount of money and time to ensure the premises are suitable. It is often the case that because this aspect is not considered during the property search or that landlords have not agreed to cover such costs, including those related to any security improvements recommended by UNDSS.

Although signing a long-term lease is not always feasible because of budgetary constraints or the security situation, or desirable in some market or operational scenarios, engaging in short-term lease agreements creates an administrative burden on the organization and a potential financial burden in terms of leasehold improvements, additional security measures and the cost of relocations.

The UN Women standard lease agreement does not provide for an indicative or suggested time frame and does not require landlords to provide an immediately suitable working environment.

### Recommendation 10 (Medium):

FAS to encourage the use of longer term leases where operationally desirable and feasible and use existing provisions for flexible conditions to ensure that UN Women can move out of a property if required due to lack of resources.

The estimated costs of expected leasehold improvements should be included in the business case for moving to new premises.

## V. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Issue	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
Issue 1 Need for an updated asset management policy, taking into account requirements of Quantum	Recommendation 1 FAS, in collaboration with other business process owners contributing to the Asset Management Policy (e.g. Procurement, Programme Support Management Unit (PSMU), Finance, Security and IST), to update the existing policy in line with to Quantum rollout, incorporating feedback received from field offices, this audit report and controls in Quantum. The Vehicles Management Policy should be aligned with the Asset Management Policy and standard procurement delegations of authority, unless there are specific risks to the procurement of vehicles that necessitate additional mitigating controls to be provided in the relevant policies. In this case, centralization of approval for all purchased vehicles could be considered as well.	FAS	Medium	New updated Asset Management Policy will address the recommendation accordingly once Quantum ERP system is developed and fully implemented.	12/31/2023
Issue 2 Absence of dedicated asset focal points resulting in delays in the submission of certification documents for assets and leases	Recommendation 2 FAS to use the opportunity in revising the Asset Management Policy to introduce the three lines of defence concept, including clear responsibilities for personnel assigned to asset and lease management, their supervisors and Regional Offices. In particular: The accountability and responsibility of Regional Offices in terms of assets and leases in their regions should be clarified (second line of defence), including quality assurance of the data submitted by Country Offices during bi-annual certifications. FAS, as business policy owner, should be responsible for any policy-related advice, approval of policy exceptions, corporate training and monitoring of the effectiveness of the policy at the corporate level. The new policy should provide key performance indicators for asset management as part of accountability for focal points and their supervisors, e.g. timely submission of certification and other compliance requirements. Standard job descriptions should also be developed to guide managers and personnel managing assets and leases, along with performance indicators to hold personnel accountable. In the meantime, duties related to the management of assets and leases should be included in the performance evaluation of the asset focal points.	FAS	Medium	New updated Asset Management Policy will address the recommendation accordingly once Quantum ERP system is developed and fully implemented. Changes on the Certification and reporting to be included into the Policy. Roles and responsibilities of AFP and OMs to be amended through the Asset management Policy.	12/31/2023
Issue 3 Need to ensure the sustainability and capacity of asset management focal points and buyers	Recommendation 3 FAS to: a) Include a requirement in the Asset Management Policy for the professionalization of the asset and lease focal points, i.e. the function to be allocated to a staff position, where possible; a standard job description with expected performance indicators and performance evaluation; and mandated certification before taking on the role. b) In collaboration with the Procurement Section and FMS, promulgate a customized training course for buyers on UN Women's Asset Management Policy and capitalization limits. c) Escalate the regular absence of offices from capacity building events to senior management (RDs/Divisional Directors).	FAS	Medium	New updated Asset Management Policy will address the recommendation accordingly once Quantum ERP system is developed and fully implemented. Mandatory Asset Management training to be developed and provided to Offices. Asset training "Procure-to-pay" to be delivered for buyers.	12/31/2023
Issue 4 Need to enhance the oversight and completeness, accuracy and reliability of non-capital asset data	Recommendation 4 FAS, in consultation with Finance and IST, to: a) Devise guidelines for offices to record and safeguard non-capital assets, including accountability for custodianship, regular inventory and reporting of losses from lost or stolen items. b) Ensure that Quantum has built-in controls at the data entry level, which would help segregate non-capital and capital assets according to the UN Women Asset Management Policy. c) Advise all offices to keep records in a uniform manner in a centralized database (Atlas, Excel) to enhance accountability and provide a dollar value of all non-capital assets in UN Women custody at any time.	FAS	Medium	New updated Asset Management Policy will address the recommendation accordingly once Quantum ERP system is developed and fully implemented.	12/31/2023
Issue 5 Oversight of assets procured by or for programme partners	Recommendation 5 While awaiting for the Assets Management Policy revision in terms of strengthening controls over the assets transferred to UN Women's partners (see recommendation 1), PSMU, while developing monitoring procedures, to include requirements for field offices with regard to verification of programme partner assets as part of regular monitoring.	PSMU	Medium	Actions, deliverables, and timelines are to be provided by PSMU.	12/31/2022
Issue 6 Guidance should be provided to Country Offices to ensure local insurance is in place, particularly for vehicles.	Recommendation 6 FAS to: (a) Update the Asset Management Policy to include oversight of local insurance in the roles and responsibilities of Regional Offices. (b) Ensure that Regional Offices submit an annual compliance statement with insurance requirements in their region. (c) Another option to ensure compliance with local insurance requirements is to add this to the safety and security annual certification. While not under the Security and Safety Service mandate, this still represents an important element in safety and security management.	FAS	Medium	Requirements on the oversight and reporting of local insurance to be included to the Regional Offices roles and responsibilities in Asset Management Policy.	12/31/2023
Issue 7 Need to ensure compliance with data privacy and confidentiality	Recommendation 7 DMA to ensure enforcement and accountability of the Assets Sales and Donation Procedure as well as Information Security Guidance. DMA to check on a sample basis compliance with the provisions of the above two procedures before disposal of equipment.	DMA (IST, FAS)	High	DMA to ensure enforcement and accountability of "assets sales and donation procedure" as well as "information security guidance procedure".  DMA to check on test basis if provisions of above two procedures have been complied with before disposal of equipment.	<b>12/31/2023</b>
Issue 10 Post-facto submissions of leases and renewals	Recommendation 8 FAS to: a) Include accountability for the timely signing of leases in the individual performance evaluations of focal points and their supervisors and in the Asset Management Policy. b) Escalate notifications to Regional Directors and, if no action is taken, report it to the Business Review Committee on a regular basis. c) Consider including post-facto transactions as part of Country Office Accountability Tool (COAT) to ensure senior management is informed.	FAS	Medium	The proposed post-facto policy/procedure will no longer be going ahead as it is expected that individual policies will include a section related to the management of exceptions to policies (which include post-facto cases), as included in section 7 of our revised policy template and section 6 of our revised procedure template  The update of the current Asset Management Policy will include the actions in the relevant section of the new template as per the recommendation that describes how post-facto cases will be managed.	12/31/2023
Issue 11	Recommendation 9	FAS, Security & Safety	Medium	Update the format on the Lease system to ensure that the accurate data is captured by all locations and ensure that Lease details are in	12/31/2022

Issue	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
Need to ensure completeness, accuracy and integration of LMS with ERP system and other units	FAS, in collaboration with FMS and the Security and Safety Services, to: (a) Advocate integrating or interfacing LMS with Quantum to ensure consistency, completeness and accuracy of data across various platforms; and ensure all data is moved to LMS or another corporate database that requires minimal manual interference. (b) Validate the data with other available systems such database of Security Service. (c) Ensure that data in management reports are accurate and complete.	Services		conformity with UN Women Master data. This will help the organization know all details of office locations globally in one report.  Upgrade the reporting Dashboard – the dashboard will have the option to download the underlining data to excel to produce more tailored reporting for management.	
Issue 12  Varying lease terms for different offices resulting in frequent security assessments and/or relocation costs	Recommendation 10  FAS to encourage the use of longer term leases where operationally desirable and feasible and use existing provisions for flexible conditions to ensure that UN Women can move out of a property if required due to lack of resources.  The estimated costs of expected leasehold improvements should be included in the business case for moving to new premises.	FAS	Medium	Lease Agreement standard template to be preferably used when engaging the new premises.  The Business case to be added with the requested information on expected leasehold improvements.	12/31/2022

# ANNEX 1: DEFINITIONS OF AUDIT TERMS, RATINGS AND PRIORITIES

## A. AUDIT RATINGS

<b>Satisfactory</b>	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.
<b>Some Improvement Needed</b>	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.
<b>Major Improvement Needed</b>	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.
<b>Unsatisfactory</b>	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

<b>High (Critical)</b>	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.
<b>Medium (Important)</b>	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.
<b>Low</b>	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 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.

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DEDICATED TO GENDER EQUALITY AND THE  
EMPOWERMENT OF WOMEN. A GLOBAL  
CHAMPION FOR WOMEN AND GIRLS, UN  
WOMEN WAS ESTABLISHED TO ACCELERATE  
PROGRESS ON MEETING THEIR NEEDS  
WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.



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