INTERNAL AUDIT REPORT UN WOMEN COUNTRY OFFICE IN ETHIOPIA

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INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)
Internal Audit Service (IAS)
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EXECUTIVE SUMMARY

Audit objective, scope and background

UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted <u>a remote</u> internal audit of the UN Women Country Office in Ethiopia between October and December 2021. The Country Office merged with a Liaison Office for African regional bodies (the African Union [AU] and United Nations Economic Commission for Africa [UNECA]) in 2015 and operates under one business unit.

The objectives of the audit were to assess the adequacy and effectiveness of the governance arrangements, risk management and control processes relating to the following areas and subareas:

- **Strategic priorities, programme planning and implementation:** strategic positioning, priorities setting, programme and project management, management of programme partners, coordination of gender mainstreaming, advocacy and resource mobilization.

- **Governance, risk management and internal controls:** office structure and delegation of authority, control environment, risk management, data quality, internal control framework, and implementation of prior oversight recommendations.

- **Operations:** management of procurement, human resources (HR), finance and budget, information and communication technology (ICT), travel, assets, and safety and security.

The audit covered the state of governance, risk management and internal controls, based on a sample of Country Office activities primarily from 1 January 2019 to 31 August 2021. However, some areas were reviewed up to 31 December 2021. Atlas-recorded expenditure for the Country Office totalled US$ 8.80 million in 2019, US$ 8.8

million in 2020 and 4.62 million as at June 2021.

Remote audit implies inherent risks in physical observations and inspection, for example IAS could not visit the projects and interview beneficiaries, nor reviewed full supporting documents of partners' advance liquidation.

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

Audit opinion and overall audit rating

IAS assessed the overall state of governance, risk management and internal controls in the Country Office as **Satisfactory** meaning that *"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"*.

Based on a sample of transactions, processes and projects reviewed and stakeholder interviews, IAS found the following areas generally **satisfactory**:

- **Strategic priorities, programme planning and implementation**: understanding the role and responsibility of the Country Office, coordinating the work on gender mainstreaming and advocacy efforts; identifying the strategic priorities and mobilizing resources, actively managing its project portfolio and designing projects. Key factors of success observed by IAS relate to longer-term support of the Strategic Note by several donors. This allowed the office to develop and sustain its capacity and partnership. Other success factors were adequate leadership and capacity of national personnel. This allowed the Country Office to enhance its visibility based on its comparative advantages, position itself as a reliable partner and a strong advocate for gender equality and empowerment of

women. In spite of several challenges that affected its priorities implementation such as pandemic and prolonged humanitarian crisis, external stakeholders interviewed agreed about the Country Office's comparative advantages, visibility and position. Moreover, the office leadership did not shy away from identifying improvements during regular assessments and mid-term reviews.

- **Governance, risk management and internal controls:** the Country Office has established an adequate control environment, but it would need to improve compliance on mandatory trainings on fraud awareness and ethics and integrity.

- **Operations**: the Country Office has established adequate controls over HR; has effective financial management and budgeting processes; satisfactory controls of information and communication technology.

IAS identified areas of **some improvement needed** in:

- **Strategic priorities, programme planning and implementation**: the Country Office needed to better align its outcome and output indicators; develop and monitor key underlying strategies such as resource mobilization and communication and advocacy; enhance quality of corporate reporting in Results Management System, project portfolio implementation arrangements. Moreover, a significantly slowed down delivery during 2021 was an area of concern that should be closely monitored and addressed through project management tools, meetings, individual accountability.

- **Governance, risk management and internal controls**: the Country Office needed to ensure the necessary human resources are in place in a timely manner to deliver on strategic priorities; strengthen risk management; update the delegation of authority and internal control framework; and sustain implementation of relevant oversight recommendations.

- **Operations**: the Country Office needed to strengthen its procurement management and ensure its assets and assets transferred to third-party are properly safeguarded and accounted for.

IAS identified areas of **major improvement needed** in:

- **Strategic priorities, programme planning and implementation**: IAS agrees with management actions to separate the Liaison Office from the Country Office because of its very different nature that absorbs significant time and efforts, while sharing the operational support for both offices. The Term of Reference for Liaison Office should include all the programmatic interventions and funding, provided by headquarters, to liaison with African regional bodies to ensure their relevance, sustainability, cost-effectiveness and accountability. The staffing structure needs to be revisited after the Liaison Office's strategy and Terms of Reference have been prepared to ensure that the Liaison Office has the right staffing level to deliver its mandate.

IAS highlights an emerging risk of leadership vacuum after all three senior managers have rotated out of the Country Office (Deputy and Representative of the Country Office and Head of Liaison Offices), which in current challenging times is a critical risk that might negatively affect results achieved and reputation built. The timely recruitment of suitable candidates in all three positions is a must for a country like Ethiopia.

IAS made 12 recommendations and provided further advisory notes to address the areas requiring improvement. Four recommendations were ranked as High priority and eight as Medium priority.

The four High (Critical) priority recommendations mean 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."* These were addressed to the Country Office and Regional Office and related to addressing the following:

- Recommendation 2: During Strategic Note implementation, the Country Representative to (a) Streamline the linkages between the Strategic Note's outcomes, outputs and results, clarifying their relationship and reducing the number of indicators; (b) Closely monitor the effectiveness of the resource mobilization strategy and modify the Strategic Note at mid-year review if resource mobilization is found to be less effective.

- Recommendation 3: The Country Representative to enhance the monitoring and evaluation function and strengthen Country Office's monitoring, data collection and validation and reporting frameworks.

- Recommendation 4: The ESARO Regional Director to finalize the action plan for Liaison Office separation, which should also include integration of all programmatic interventions and funding related to liaison with African regional bodies to ensure their relevance, sustainability, cost-effectiveness and accountability, communicating its new Terms of Reference to all headquarters sections, advising them to channel related funding and interventions through the Liaison Office. The staffing structure should be revisited after the Liaison Office strategy and Terms of Reference have been prepared to ensure that it has the right staffing level to deliver on its mandate.

- Recommendation 7: Country Representative to ensure (a) The Country Office implements its HR strategy to deliver on the new Strategic Note, including the new areas targeted in the Strategic Note, mapping the skills and seniority needed to deliver with current staffing and capacity; (b) Recruitment plans are implemented for all vacant positions to ensure necessary expertise are available in house to deliver on existing portfolio and to develop its project pipeline.

The eight 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 were addressed to the Country Office and focused on: developing a dedicated coordination strategy for the Country Office with key objectives aligned with the UN Country Team Gender Scorecard recommendations; strengthening existing project portfolio and projects in pipeline, timely and result-focused donor reporting, obtaining their feedback; strengthening programme partner management, particularly capacity building monitoring and communications; strengthening the risk management process by embedding risk management in the Country Office's decision-making and programme cycle; reinforcing awareness of the internal control framework policy and establishing a mechanism to ensure close monitoring of agreed actions from oversight reports; improving the procurement process and accountability through coordinated procurement planning, establishing new long-term agreements, provision of training to vendors on e-procurement and regular market surveys; enhancing travel management workflow in terms of planning, value for money and efficiencies; and ensuring the Country Office's assets are properly safeguarded and accounted for by

analysing fully depreciated assets, conducting an inventory of those assets in use by partners and meeting corporate deadlines of asset certifications.

Management comments and action plans

The Country Office and relevant organizational units accepted the above recommendations and provided action plans included in this report. Management comments have been taken into account in this report, where appropriate.

Low priority issues are not included in this report but were discussed directly with management.

Lisa Sutton

Lisa Sutton, Director
Independent Evaluation and Audit Services

ACRONYMS AND ABBREVIATIONS

AU	African Union
AWP	Annual Work Plan
BOS	Business Operations Strategy
CPE	Country Portfolio Evaluation
DRF	Development Results Framework
ERM	UN Women's corporate platform for Enterprise Risk Management
ERP	Enterprise Resource Planning
EVAW	Elimination of Violence Against Women
FTA	Fixed-term Appointment
GTG	Gender Theme Group
IAS	Internal Audit Service
ICT	Information and Communication Technology
IEAS	Independent Evaluation and Audit Services
OEEF	Organizational Efficiency and Effectiveness Framework
OP III	Ethiopia One United Nations Programme III
PSEA	Protection Against Sexual Exploitation and Abuse
RMS	Results Management System
SC	Service Contract
SSA	Special Service Agreement
ToR	Terms of Reference
UNCT	United Nations Country Team
UNCT-SWAP	United Nations Country Team System-Wide Action Plan
UNECA	United Nations Economic Commission for Africa
UNIFEM	United Nations Development Fund for Women
UNSDCF	United Nations Sustainable Development Cooperation Framework
UNV	United Nations Volunteer
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women

I. BACKGROUND

About the Country Office

The UN Women Ethiopia Country Office has been in operation since 2012 and is responsible for delivering normative, operational and coordination work in support of gender equality and empowerment of women. The Country Office merged with a Liaison Office for African regional bodies (AU and UNECA) in 2015 and operates under one business unit. The 2017–2020 Strategic Note outlines the Country Office's aims and approaches in supporting Ethiopia's efforts to fulfil its commitments to advancing gender equality and empowering women and girls, including their enjoyment of human rights. The 2017–2020 Strategic Note focused primarily on:

- women's leadership and political participation;
- women's economic empowerment;
- the elimination of violence against women and girls; and
- accountability to gender commitments.

The Strategic Note was implemented through financial and technical support to national and regional government and civil society organizations (CSOs), including through joint programmes and collaboration with academia, the media, faith-based organizations, United Nations agencies and other stakeholders.

The recently approved Strategic Note 2021–2025 focuses on the same priorities and is aligned with United Nations Sustainable Development Cooperation Framework (UNSDCF), the Sustainable Development Goals (SDGs) and UN Women's Strategic Plan.

As of 12 January 2022, according to the OneApp HR dashboard, the Country Office employed 24 personnel with fixed-term appointments (FTAs); engaged 9 individuals on service contracts (SCs); 30 consultants on Special Service Agreements (SSAs); and 3 United Nations Volunteers (UNVs).

Annual financial budget implementation for the 2017–2020 Strategic Note was between 88 and 96 per cent, while by the year-end 2021 it dropped to 67 per cent reportedly mainly due to COVID pandemic and protracted crisis in the country, after rephasing a part of the 2021 budget in August 2021 by US$ 4.5 million to 2022.

Table 1 - Trend of budget versus delivery for 2017–2021

	2017	2018	2019	2020	2021
DRF budget target, US$	2,543,842	4,224,991	9,993,727	6,651,407	11,659,553
DRF actual budget, US$	1,519,835	3,836,452	6,765,783	6,464,967	7,993,674
DRF expenditure, US$	1,215,483	3,226,718	6,515,383	5,753,926	5,378,746
Financial implementation rate, %	80%	84%	96%	89%	67%
OEEF budget target, US$	2,920,917	2,672,332	3,674,802	3,062,082	3,471,967
OEEF actual budget, US$	2,237,269	1,955,286	3,164,191	2,365,677	3,359,656
OEEF expenditure, US$	2,137,016	2,025,402	2,759,955	2,805,839	2,797,093
Financial implementation rate, %	96%	104%	87%	119%	83%
Unmapped Actual Budget US$	102,926	69,206	49,241	141,855	208,255
Unmapped Actual Expenditure US$	43,202	119,990	94,853	151,217	215,104
Financial implementation rate, %	42%	173%	193%	107%	103%
Overall Financial implementation %	88%	92%	94%	97%	73%

Source: Project Delivery Dashboard (3 March 2022) and RMS Dashboard in OneApp.

According to Country Office project delivery reports, the office managed 53 projects during 2018– 2021, with a total budget of US$ 28 million from 30 donors. including:

- Bilateral funding for the Strategic Note from 2018 to 2021 (approximately US$ 12 million) mainly funded by three donors.
- Multi-Donor Trust Fund (MDTF) funding for three projects (US$ 1 million).
- Other funding from a number of bilateral donors US$ 15 million.

Atlas-recorded expenditure for the Country Office totalled US$ 8.80 million in 2019, US$ 8.8 million in 2020 and US$ 4.62 million as at June 2021. Overall, this consisted of staff costs (19 per cent); other personnel costs (24 per cent); procurement of goods and services (14 per cent); maintenance, utilities and common services (5 per cent); personnel travel (7 per cent); training and hospitality costs, including external participant travel (16 per cent); and support cost charges (10 per cent). Five per cent of the total expenditure was incurred through liquidation of advances or reimbursements to programme partners.

II. AUDIT RESULTS

A. Strategic priorities, programme planning and implementation

This audit section covered the Country Office's positioning; advocacy and coordination; strategic priorities development and implementation; monitoring and reporting; field programme management; and individual project cycle phases based on sampled projects. Overall, the Country Office established and followed a process in developing and implementing its priorities, supported by advocacy, communications and coordination efforts. Key factors of success that IAS observed relate to longer-term support of the Strategic Note by several donors. This allowed the Country Office to develop and sustain its capacity and partnerships without spending time and efforts on mobilizing individual project funding. Other success factors were adequate leadership and the capacity of national personnel. This allowed the Country Office to enhance its visibility based on its comparative advantages; position itself as a reliable partner for its stakeholders; and be a strong advocate for gender equality and the empowerment of women. Despite several challenges that affected implementation of its priorities (such as the COVID-19 pandemic and prolonged crisis), the external stakeholders interviewed had a positive consensus about the Country Office's comparative advantages, visibility, and position. Moreover, Country Office leadership did not shy away from identifying improvements (regular project assessments as expected in the project documents and the Strategic Note mid-term review were conducted) and learned from past lessons. This is a sign of governance maturity.

Based on the audit work performed, IAS assessed that Country Office's UN system (and other partners) coordination in gender mainstreaming and advocacy and communications were satisfactory; while planning and implementation of priorities, strengthening governance for the Liaison Office, in addition to project and programme partner management needed improvements as reported below. The Country Office adequately leads coordination of gender equality and the empowerment of women in the country using key thematic groups; proactively advocates in the UN Country Team (UNCT) and UNSDCF, supporting the government and CSOs, and coordinating donor efforts.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 1: The Country Office could further enhance its management of stakeholders' divergent expectations through stronger advocacy and communications

Country Office management understood the role and responsibilities of UN Women in the country, and identified and managed stakeholders' expectations. In particular, Country Office management applied different communication and advocacy strategies to explain the role of UN Women to its stakeholders in the country; took the opportunity from its commissioned Country Portfolio Evaluation to establish a consultative process, to identify the lessons learned from implementation of the previous Strategic Note and

to develop the new Strategic Note for 2021–2025. Country Office management was aware of the key expectations expressed by external stakeholders during the interviews for this audit. Moreover, IAS agreed with the commissioned Country Portfolio Evaluation's conclusions that the Country Office responded well to shifting conditions and capacities, including political transition, conflict and insecurity, and the global COVID-19 pandemic.

The external stakeholders interviewed by IAS provided valuable feedback on good practices and areas for improvement that Country Office management could exploit in its efforts to further enhance processes and build on current achievements. Some observations are repeated throughout the report, in particular observations 2, 3, 4, 6, 7 and 8.

- Country Office efforts in communications and advocacy were noticed by many stakeholders, making the office more visible and a stronger advocate for gender equality and the empowerment of women. IAS notes that one of the success factors was the establishment of a communications team to organize advocacy and communication campaigns and activities engaging different communications channels. A number of knowledge products were available for partners and the public. However, it was noted that these products have not been always publicized at local and regional levels.
- The Country Office appeared less visible to some donors, who were not sufficiently briefed or even approached, despite their priorities including gender equality and the empowerment of women. Suggestions were made by some stakeholders interviewed by IAS to approach those donors who pursue gender equality and the empowerment of women but had yet to support the Country Office so the Country Office could demonstrate their Theory of Change and results, for example inviting to annual report discussions. Moreover, coordination between UN agencies needs to be enhanced in terms of joint programmes and inherent issues with overlapping activities.
- Many stakeholders considered the Country Office a good technical and strategic partner due to its experts in gender equality and the empowerment of women with skilled national staff. The Country Office's technical and results-based management capacity in developing project proposals needs to be enhanced. IAS suggests contacting regional and headquarters policy officers for technical quality assurance and backstopping.
- A longer-term partnership strategy rather than short-term partner agreements would enhance relationships with key partners and provide for longer lasting impact, similar to the strategies adopted by UNICEF and UNFPA. Exploring partnerships with the private sector should be considered in order to enhance gender equality and the empowerment of women and protect the rights of women working in the private sector.
- There are expectations by some stakeholders to align the Country Office priorities with emerging and changing national priorities and support in achieving them. In particular, Women's Economic Empowerment interventions were mentioned by one interviewee for scale up, as only working on systems and policies does not bring

sustainable results in meeting the international commitment. Other areas for attention were Women, Peace and Security and Gender in Humanitarian Action, which need to be elevated in the Country Office's strategic priorities and supported at corporate level.
- There was a need to improve reporting on results (outcome level), including longer-term change, rather than activity-based reporting. For example, there was a heavy emphasis on training and capacity building activities without measuring the impact. After five years' operating under Strategic Note funding, donors expect the Country Office to generate impact-related data, e.g.: regular updates on the progress of individual projects or thematic areas, including result-focused financial reports; comparison of planned with actual results and costs, and budget utilization; and the opportunity to provide feedback, and following up on recommendations. The gap between implementation and reporting was quite long. This was raised by several donors and IAS believes it may become an issue if not addressed in a timely manner. Having regular and open communication with donors about challenges has been recommended.

Advisory Note:

IAS invites Country Office management to take into consideration the summaries of key conclusions from discussions with external stakeholders and to address them during Strategic Note implementation and in the to-be-developed Communications and Advocacy Strategy.

Observation 2: The Country Office's UN system (and other stakeholders) coordination efforts could be enhanced to ensure more strategic and impactful coordination

Scope limitation: due to clash of schedule, IAS was not able to meet with the Regional Coordinator to discuss the coordination aspects.

The Country Office has dedicated resources for coordination and leads or participates in various forums focused on gender equality and empowerment of women, among them the Donor Group on Gender Equality, Gender Equality Sector Working Group (for

national institutions), CSO Advisory Group and plans for activation of the Gender in Humanitarian Action. This expands to co-chairing the national Protection Against Sexual Exploitation and Abuse (PSEA) Network. Moreover, the Country Office is an active contributor to UNSDCF implementation working groups. While there is no dedicated output or outcome on gender equality and the empowerment of women in the new UNSDCF, gender was fully mainstreamed in the framework. As such, the UNCT Gender Theme Group is now an advisory group.

Approaching partners through different dedicated to gender equality groups and platforms and coordinating gender equality and the empowerment of women has shown to be a successful approach in the current context which creates a conducive environment for collaborative among different types of stakeholders. The inherent challenge is the need for adequate resources (in number and seniority) to lead and participate in different forums, with potential risk of duplications or silos. The Country Office needs to monitor the effectiveness of current forums and explore any possibilities for streamlining them.

The UNCT System-Wide Action Plan (SWAP) Gender Scorecard Exercise was conducted in 2019 to assess the status of UNCT commitments towards the action plan. The exercise identified several areas for improvement where UNCT was rated as approaching or meeting minimum requirements. IAS findings from the interviews and review of documentation echo the findings in the Gender Scorecard report, including the need to enhance the approach to joint programmes in terms of planning, implementation, monitoring and evaluation, allocation, tracking and monitoring of sufficient funding for gender equality and the empowerment of women, coordinating partnerships and interventions to avoid overlaps and cover gaps. Several recommendations were assigned to the UN Women in Ethiopia as a responsible agency.

As, overall, coordination represents one of the most significant and resource-consuming strategic priorities, the Country Office would strongly benefit from having a dedicated strategy, with allocated resources accountable for its success.

Recommendation 1 (Medium):

The Country Representative to develop a dedicated coordination strategy, with key

objectives aligned with UNCT Gender Scorecard recommendations and other strategic coordination efforts; assign accountability for its successful implementation and monitor it on a regular basis. The strategy needs to be included in the biennial workplan to ensure a dedicated placeholder for it in the workplanning and reporting process.

Observation 3: The Strategic Note result framework could be revisiting during its implementation and the office needs to formalize its key strategies including for resource mobilization and partnerships to implement its priorities

Strategies for implementation of priorities: In general, the Strategic Note was aligned with national and donor priorities on gender equality and the empowerment of women and the UNSDCF. The Strategic Note 2021–2025 was developed based on lessons learned from the commissioned Country Portfolio Evaluation, other reports and initiatives, was based on a participatory process with the Country Office's key external stakeholders. The review of the Strategic Note demonstrated that key lessons learned had been captured and the criteria and implementation approach for sustainability and an exit strategy had been defined. A high-level approach to resource mobilization, coordination and partnerships, communications and advocacy had been discussed. The Strategic Note process does not require a full package of these strategies, but the Country Office is expected to develop and roll out them during the first years of the new Strategic Note implementation.

The Country Office successfully mobilized resources: during 2017–2020 80 per cent of the total planned budget was mobilized to deliver the previous Strategic Note. Table 1 below illustrates the trend for 2017–2020 of planned versus actual budgets. The Strategic Note foresees that US$ 65 million will be required to implement its planned priorities: with more than US$ 38 million to be mobilized within the next four years; if an effective resource mobilization strategy is not developed and monitored for success, the feasibility of the Strategic Note will be at significant risk.

Moreover, these strategies are interdependent (i.e., the success of resource mobilization will depend on communication and advocacy efforts) and therefore need to be

coordinated in their implementation (see Observation 2 on coordination strategy). Without individual strategies for resource mobilization, coordination, communication and advocacy the Country Office might not be able to operationalize or implement its Strategic Note in the most cost-effective way.

Results framework in Strategic Note 2021–2025: IAS had some difficulty in finding a clear linkage between outcomes and outputs, and related indicators: the logic between outputs and related indicators could be better clarified. IAS conducted a sample analysis for Outcome 1 result framework and found that it is not always fully clear how the outcome and its indicators are cascaded into lower-level outputs and related indicators. The Country Office might have overlooked the mapping of its indicators, without which, the attribution of results versus outputs versus indicators would be impaired as well as the Strategic Note's evaluability and ability to measure expected change; the Country Office might experience difficulties in reporting on Strategic Note progress, which was specifically raised by stakeholders and partners. In reference to the previous Strategic Note, some stakeholders expressed the view that too much stress had been placed on outputs without mapping them to results, probably because of how the Strategic Note was conceptualized, focusing on the UN Women Strategic Plan result-framework rather than being tailored to the specific theory of change of the Country Office. As a result, reporting was heavily focused on activities and output indicators, without integrating these indicators to demonstrate the impact achieved. One of the lessons learned from the previous Strategic Note related to the large number of indicators annually reported to its donors.

One of the root causes of the Strategic Note's lack of mapping and evaluability is the lack of a strong and sustainable monitoring and evaluation function that would review the evaluability of the Strategic Note, annual workplans and programmes during their design; develop an effective monitoring and evaluation framework to ensure that all indicators are clearly interlinked, can be attributed and help measure results; and validate the data provided by the CO's partners and programme managers so reports clearly present progress against outcomes and related indicators.

There is no corporate guidance on the maximum number of indicators contained in a Strategic Note. The CO's new Strategic Note still has a significant number of outputs (16 in total) and indicators (72 in total) which, if the above linkages are streamlined, could be further reduced.

Recommendation 2 (High):

During implementation of the Strategic Note, the Country Representative to:

(a) Streamline the linkages between the Strategic Note's outcomes, outputs and results, clarifying the relationship and reducing the number of indicators.

(b) Closely monitor the effectiveness of the resource mobilization strategy and modify the Strategic Note at mid-year review if resource mobilization is found to be less effective.

Observation 4: Implementation of the Country Office's Strategic Note and Annual Work Plans need to be accelerated in terms of programmatic and financial delivery

Delivery on strategic priorities

The Country Office has made reasonable progress in implementing its Strategic Note and related Annual Work Plans. Country Office management followed a good practice of Strategic Note implementation and assessments, e.g. mid-term and project and Strategic Note assessments were conducted and the lessons learned have been incorporated into the new Strategic Note.

Annual financial budget implementation for the 2017–2021 SN was between 88 and 97 per cent; however, in 2021 implementation rate significantly dropped (see Table 1 in the Background section). The budget for 2021 was reduced by US$ 4.5 million (in August 2021) by rephasing it to 2022, otherwise budget implementation would be even lower as the budget to implement would have been higher.

Several potential root causes could be attributed to the slow delivery in 2021: (a) protracted conflict and crisis which absorbed the government's attention from its gender equality priorities; (b) the continuing COVID-19 health crisis and related remote

working; (c) Regional Spotlight Initiative had a slow start (budget in the Project Delivery Report amounted to US$ 909,000 for 2021 but US$ 3.7 million for the project duration); (d) high vacancy rate; and (e) limited geographic presence within the country. While donors understood the challenges with budget utilization (such as ongoing crises, frequent changes in government partners), this should be improved to the extent possible, aligned with results (cost-effectiveness is respected), regularly monitored and adjusted where possible, otherwise, there is a risk of results not being achieved and reduced funding in the future.

Monitoring

Issue 3 highlighted the need for a strong and sustainable monitoring and evaluation function and associated framework to monitor, collect and validate Country Office data. The commissioned Country Portfolio Evaluation also reported issues with the monitoring and evaluation system and reporting processes that require significant improvement and a shift in approach, including more realistic data collection for indicators; more robust reflection and analysis of how activities and inputs contribute to outputs and outcomes; and more attention and analysis of cumulative changes over the Strategic Note cycle. A majority of the external stakeholders interviewed, mentioned monitoring and evaluation as an area for improvement both in terms of methodologies and capacity (staff turnover).

Reporting on strategic priorities

As mentioned above, reporting was heavy due to many indicators. Several stakeholders commented on the importance of improving reporting. One challenge during implementation, reporting and monitoring relates to mixed funding and differences in reporting requirements (the need for corporate guidance on how to report on direct Strategic Note funding versus individual project non-core funding has already been raised in the 2019 IAS audit report on the Afghanistan Country Office[1]). While Strategic Note donors expect reporting on Strategic Note implementation, project-related donors have specific reporting requirements. The 2020 IAS thematic audit on Compliance with Donor Requirements highlighted the lack of a corporate system to report on result-focused cost

reporting,[2] and this requirement is expected to be addressed in UN Women's new Enterprise Resource Planning (ERP). See Recommendation 2 on streamlining reporting during implementation of the Country Office's new Strategic Note.

The quarterly monitoring report for 3rd quarters of 2020 and 2021 in RMS have not been submitted or was submitted with a delay. Annual corporate reporting by the Country Office would benefit from defining baselines and annual milestones, as well as definitions behind reporting its progress. The detailed review of those outputs showed that:

- Baselines were not available for 27 per cent of 113 Development Results Framework (DRF) indicators in 2020 annual reporting. The new Strategic Note includes annualized targets and the baseline years, which is a good practice. The office could add a baseline data as well to have all elements at hand.

- Annual milestones were not always available. These are usually useful to understand the progress made by the office in a particular reporting year.

- The status categories were used inconsistently, so reporting on progress might be misleading. For example, in some cases no progress was indicated or 0 per cent progress was rated as significant or some progress. In other cases, more than 50 per cent progress was reported as some progress, while in others as significant.

- In the third quarter monitoring report in RMS 110 of 345 activities had "no status".

Data collection and validation

The Country Office primarily worked through programme partners and relied on their data collection for reporting purposes. IAS observed that the Country Office did not always have a strong data collection and validation process to ensure the accuracy and robustness of data. This was in part due to the absence of a monitoring and evaluation specialist during 2021 and the number and geographical spread of programme partners.

In order to have more streamlined data collection and management throughout the implementation, the Country Office management is exploring the possibility of hiring a

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[1] https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/About%20Us/Accountability/Audit-reports/2019/UN-Women-audit-report-2019-001-AfghanistanCO-en.pdf

[2] https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/About%20Us/Accountability/Audit-reports/2020/UN-Women-audit-report-2020-009-Compliance-with-donor-requirements-en.pdf

National Monitoring and Reporting Specialist or an International UN Volunteer to further enhance the function and redistribute the pressure from only one M&E Officer that the Country Office has been relying on.

Recommendation 3 (High):

The Country Representative to enhance the monitoring and evaluation function and strengthen the Country Office's monitoring, data collection and validation, and reporting frameworks. In particular,

(a) The monitoring and evaluation function and project management should provide quality control for project result-frameworks during project design so they are clearly linked to the Strategic Note results-framework.

(b) The monitoring and evaluation function should revise its monitoring framework so it provides an overarching continuous framework for all stakeholders involved in monitoring by mapping "Who does What, When and How", e.g. donors, partners, programme team and the monitoring and evaluation function itself to expand data collection and validation on key activities, outputs and outcomes and reduce the gaps in unmonitored issues.

(c) The results-framework should include baselines, annual targets and methodology for a consistent rating of progress against the targets.

(d) The monitoring and evaluation function should establish a process to periodically validate sample data reported by programme teams which, in turn, need to validate programme partner reports for accuracy and completeness, by field monitoring activities (e.g., spot-checks, post-implementation reviews, impact assessments, contacting a sample of beneficiaries for feedback, etc.).

See also Observation 6 and Recommendation 6 on reporting.

Observation 5: Need to complete the separation of the Liaison Office from the Country Office, and finalize its Terms of Reference, governance and resources

The Liaison Office for African regional bodies (AU and UNECA) merged with the Country Office in Ethiopia in 2015. Since then, the Liaison Office has been operating under the supervision of the Country Office Representative; was included in the Country Office Strategic Note and its workplans as a liaison unit; the budget was consolidated as one for both offices to reflect the Country Office's dual mandate. The Liaison Office has been supporting intergovernmental processes (such Beijing+25 review, Africa Commission on the Status of Women, AU gender equality and the empowerment of women strategy etc.), developing regional knowledge products and holding regional advocacy forums. Seconding UN Women personnel to the AU and supporting them in implementing regional projects was mentioned as an important contribution. The Liaison Office was part of the UN Liaison Team that was established in 2011 in Addis Ababa to enable UN agencies accredited to the AU to work in collaboration with UNECA to promote strategic engagement between the AU and the UN. Tri-partite collaboration between the Liaison Office, UNECA and AU is being developed and institutionalized.

The Liaison Office aimed to have a very distinct role and reporting lines, to serve all three UN Women Regional Offices in Africa (ESARO, WCARO, and ASRO); however, this has not been successful defined and implemented. Moreover, some programmes on regional body coordination and liaison have been implemented at the corporate level without the involvement of the Liaison Office in Ethiopia. For example, the African Women Leadership Programme (AWLP) was delegated to the (now former) Representative in the Democratic Republic of Congo (DRC) who was appointed as a special adviser to the Executive Director dealing with AWL network. This significantly complicated the effectiveness of programme implementation, as the Representative in DRC had no clear reporting line to the Liaison Office in Ethiopia, nor to the WCARO Regional Director. This represents a risk to the integrity and credibility of the Liaison Office's role and reputation, as well as to strategic relevance, coherence, coordination and cost-effectiveness of the programme and issues with managerial accountability.

Both ESARO's new Regional Director and Country Office management acknowledged these issues with the Liaison Office and proposed changes to its governance. Country Office management has prepared a business case for splitting two business units and has already presented a separate Strategic Note for only Country Office strategic priorities to the Peer Review Group. Clear Terms of Reference for the Liaison Office are planned, representing expectations of all three Regional Offices in Africa, with the ESARO Regional

Director delegated to represent all three regional directors. IAS advises the ESARO Regional Director to take stock of all programmes and funding for liaison with African regional bodies and integrate them within the Liaison Office, advising headquarters sections to channel their funding of liaison activities strictly through the Liaison Office so there is a single point of accountability and coherence.

Some stakeholders interviewed by IAS commented on the need to enhance Liaison Office capacity in terms of sustainability, skillset, and seniority. UN and AU coordination in gender equality and the empowerment of women was also raised as an area for enhancement.

Another area requiring close monitoring is the regional Spotlight project, implementation of which was significantly delayed due to challenges encountered during the project's design and approval: the time frame is challenging compared to the programme's ambitions for example. Therefore, regular project briefings and close monitoring of the workplan are essential to understand the challenges and delays, and to develop a mitigation plan. Stakeholders commented that the Liaison Office has the skills, capacity and knowledge required for the programme implementation and coordination with UNDP, UNFPA and others; however, some activities have faced significant delays (e.g. CSO Reference Group establishment).

At the date of this report, the head of the Liaison Office was moved to work in another field office. If this position is not filled in a timely manner, the risk of further delays to the Spotlight Initiative will significantly increase.

IAS fully supports the commissioned Country Portfolio Evaluation's recommendation to undertake an assessment of the role, resourcing, institutional structure, strategies and results of the Liaison Unit in Ethiopia.

Recommendation 4 (High):

The ESARO Regional Director to finalize the action plan for Liaison Office separation, which should also include integration of all programmatic interventions and funding related to liaison with African regional bodies to ensure their relevance, sustainability, cost-effectiveness and accountability, communicating its new Terms of Reference to all headquarters sections, advising them to channel any related funding and

interventions through the Liaison Office. The staffing structure should be revisited after the Liaison Office strategy and Terms of Reference have been prepared to ensure that it has a right staffing level to deliver on its mandate.

Observation 6: Need to strengthen project portfolio management

As mentioned in the Background section, the Country Office had developed a large programme portfolio funded by a range of donors, several supporting the Strategic Note. This mixed funding entails complying with different donor requirements in terms of managing, reporting and monitoring. The portfolio is organized by themes led by senior national officers. IAS' sample review of project documents and discussion with key donors indicated that the Country Office is managing its project portfolio satisfactorily . Each project had inception documents, defined objectives, workplans linked to the Strategic Note/Annual Work Plans and a detailed budget. Review of the organizational structure and discussion with personnel and stakeholders revealed that, in general, projects had appropriate management and personnel structures based on project objectives and needs.

Programme specialist positions for women's economic empowerment and national planning were vacant as of finalization of this report. IAS has been informed that the new Strategic Note suggests merging two positions to provide leadership to both themes because they have quite similar results to influence national economic development policies and advocate for financing for gender equality through mainstreaming gender into national development plans. .

 The new Strategic Note is expected to expand into new interventions like climate change and disaster risk reduction which means the Country Office needs to effectively plan its programmatic resources and organize its portfolio management to deliver on the new priorities added to the existing mandate.

LEADS management tool not fully utilized

The LEADS application should be used to identify, develop and monitor new programmatic funding opportunities as they arise. This is useful for the Country Office to understand the effectiveness of the project pipeline in terms of resource mobilization

and analysis of unsuccessful proposals, and for the Regional Office and headquarters for monitoring and support purposes. However, the Country Office did not fully utilize the OneApp LEADS application to record and monitor new funding opportunities, and IAS' review revealed no recent projects had been added in the LEADS application.

Donor reporting

According to the OneApp Reporting Commitment Dashboard, as of 12 January 2022, the Country Office had 70 reporting commitments from 2019 to 2021: 51 were submitted on time and 19 (27 per cent) were submitted with delay, mainly in 2020. IAS observed that the Country Office has made significant improvement in the timely submission of its reports and only one report was submitted with a delay in 2021. IAS would like to emphasize that this good progress should be maintained.

As mentioned above, several stakeholders stated that UN Women needs to improve capturing and reporting on the results achieved and the impact of its programmes, which IAS confirmed through its review of progress reports submitted to donors. The issues raised could affect the Country Office's ability to demonstrate the expected impact of its interventions and miss opportunities to validate and adjust the chosen implementation modalities if those are not fully effective to lead to the agreed outcomes and the sustainability of programmes.

Developing expertise in proposal and programme development

As mentioned in Observation 1, some stakeholders interviewed mentioned that UN Women could enhance its ability to develop detailed and solid project proposals and submit them on timely basis. In one case, the Country Office had been asked to develop a project proposal but could not deliver it on time.

Robust and effective communication

Some stakeholders mentioned that the Country Office needed to be more robust and proactive in its communication of project progress and results. Some stakeholders required multiple follow-ups to obtain the required information. UN Women's programmatic and financial information and reporting on result-focused spending also needs to be aligned with planned results and agreed budget.

Project delivery

Financial implementation in 2021 dropped significantly and some funding had to be rephased. The potential key causes are discussed in Observation 3. In particular, the project delivery report as of 14 December 2021, noted that except for two projects all projects were suffering in terms of budget delivery. This is partially linked to the COVID-19 pandemic and the prolonged crisis, and partially to the Country Office's capacity as noted by Country Portfolio Evaluation. The Country Office has managed to increase funding consistently over the last four years but 2021 demonstrated the challenges in maintaining delivery by engaging a sufficient and efficient workforce to deliver on key projects.

IAS' review also noted the following:

- Several key positions at programme specialist level have been vacant for a significantly long period of time. The programme specialist for national planning and budgeting has been vacant for quite a long time and is managed by a programme analyst and a consultant on SSA. The Country Office made several recruitment attempts to identify suitable candidates without success.

- Risks/issues identified during field monitoring were not always captured for later follow-up (i.e. if and how they were resolved) which reduces the effectiveness of monitoring and dilutes accountability.

- The activity analysis report showed significant over and under spend within line items that may indicate inadequate planning or budget management.

While project teams met regularly, issues with accelerated implementation were not effectively addressed during 2021. The Country Office would benefit from dashboards for each theme and related projects that show programmatic and financial implementation.

Recommendation 5 (Medium):

The Country Representative to strengthen project portfolio management, in particular to:
 (a) Enhance funding pipeline and ongoing portfolio management by assigning formal

accountability to portfolio and project managers and request that they timely update the LEADS system for project in the pipeline, e.g. documenting accountability in their Terms of Reference or Performance Management and Development.

(b) Ensure donor-related requests specially relating to concept notes and project proposal development are given due importance and the necessary skills are available to develop project proposals.

(c) Submit timely and results-focused donor reports and obtain donors' feedback on the reports submitted. In addition, ensure donor requests in terms of project progress and financial data are addressed in a timely manner.

(d) Set up a process to ensure that project risk assessments and monitoring missions include measures to identify delays in implementation in a timely manner; are properly handled; and resolutions are well documented.

(e) Monitor project spending in line with agreed budgets.

See also Observation 5 on governance and Recommendation 7 on recruitment plans acceleration

Observation 7: Programme partners should be managed holistically in terms of capacity building, sustainability and monitoring

As per the OneApp PGAMS Dashboard as of 14 January 2021, the Country Office had 45 partner agreements with 34 partners worth US$ 11.64 million. Sixty-nine per cent of partner agreements were with local CSOs; 30 per cent with government entities, while only 1 per cent were with international non-governmental organizations (NGOs). Partner advance aging analysis as of 7 December 2021 showed that US$ 31,600 of US$ 1.9 million of total advances had been outstanding for over seven months and not liquidated.

Controls relating to the Country Office management of programme partners and use of proper contractual instruments were reasonable but would also benefit from addressing the following issues noted during the audit.

The Country Office engages with a number of programme partners which include both national and international NGOs, Universities and private sectors. The new Strategic Note

also gives the Country Office the opportunity to work and explore new areas of programming such as climate change and disaster risk reduction. IAS' review noted that the Country Office has plans to develop a long-term partnership strategy for several partners. Some stakeholders mentioned that a longer-term partnership strategy rather than short-term partner agreements would enhance relationships with key partners and have longer lasting impact. At the same time, working with the same partners consistently may also create dependency on UN Women funding for the long-term sustainability of the programme partner.

Capacity assessments should identify gaps in a partner's capabilities and should prepare the Country Office to take on such partners considering the office's capacity to manage and regularly monitor their work. IAS' review of documents showed that although the Country Office conducts field visits, experience sharing meetings and provision of technical assistance, the Country Office did not systematically develop and follow up on programme partners' capacity development plans.

IAS noted that follow up on agreed actions arising from monitoring visits of programme partners was also not carried out in a systematic manner.

Recommendation 6 (Medium):

The Country Representative to ensure that the Country Office adopts a holistic approach and develops a long-term partnership strategy to cater for its programming needs which covers strengthening the capacity, sustainability and monitoring of its programme partners by examining opportunities for the longer-term sustainability of the partner through:

a) Incorporating partners' capacity/gaps and risk profile in monitoring plans and subsequently addressing, monitoring, and reporting on them during implementation.

b) Ensuring programme partners are informed of the project's progress and key issues with project results to take a proactive approach to project management.

B. Governance, risk management and internal controls

See Background section for the key statistics on budget, delivery, and personnel.

The UN Women office in Ethiopia is in a shared compound within the UNDP RSCA Building with compliant security features. There are no other field project offices.

IAS reviewed the internal control system and environment, office structure, risk management, management of oversight recommendations and data management processes. The office staffing appeared reasonable given the size and nature of its project portfolio and support needs; however, some of the new strategic priorities need dedicated, qualified personnel to deliver on the upcoming challenging priorities. The office structure in terms of business continuity and loss of institutional knowledge could be an issue due to reliance on short-term consultants and service contractors.

Based on audit sample testing, the Country Office complied with its Internal Control Framework, and data in the systems reflected transactions, except for issues with quarterly and annual reporting (see Observation 3). At the time of audit, and considering the limitations of remote auditing, IAS found the tone-at-the-top in the Country Office to be satisfactory.

The Deputy Representative and the Head of Liaison Office recently moved to other duty stations and the current Country Representative is due for rotation. This senior leadership succession needs to be managed in a timely manner as it bears a high inherent risk for business continuity and sustainability of the Country Office's achievements.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 8: Office structure, capacity, personnel roles, and responsibilities require attention

The Country Office is one of UN Women's biggest offices in terms of funding and number of staff, having additional responsibility for managing a Liaison Office function in addition to the fully fledged representation. The thematic areas are headed by national officers at NOC level. There is a dedicated monitoring and evaluation post (which however had staff turnover) as well as a Communications team. While a longer-term HR strategy has not yet been developed, additional staffing needs have already been identified and will be addressed when the planned resources are mobilized. The Country Office's structure appeared reasonable compared to funding allocations. As per the Ethiopia Country Office staff list of November 2021, the Programme section had 51 personnel (78 per cent of total personnel); while Operations had 14 personnel (22 per cent of total personnel). In 2021, almost 70 per cent of total funding (US$ 8.1 million) was allocated to DRF, most of which was non-core funding of projects, and the remaining 30 per cent was OEEF (US$ 3.4 million). However, the Operations section has only nine key personnel involved in processing operations, which is already showing some signs of stress and would be further stretched if the country field programme continues to grow (as is planned in the Strategic Note 2021–2025).

In the new Strategic Note, the Country Office has identified new areas of work such as climate change, disaster risk reduction and environmental sustainability. Therefore, the Country Office needs to clearly plan and ensure that it has relevant expertise available to deliver on its mandate. For such a large office with a very complex local situation, the Country Office could benefit from a dedicated or combined with other functions, Strategic Planning and Coordination Specialist, who could lead the UN and other partners coordination, as a cross-cutting area for all thematic interventions, as well as be responsible for programme/project development and liaising with the donors for advocating for UN Women concept notes.

The Country Office relied heavily on short-term consultants and service contractors, with the latter performing at times some staff functions. As of November 2021, the Country Office employed 31 individuals on SSAs, 7 individuals on SCs and 2 UNVs of a total 65 personnel: 60 per cent of the workforce. External stakeholders believed that the Country Office was not short-staffed, but rather there were some technical skills, seniority, and capacity issues in some programmatic areas, for example in terms of proposal writing.

The Country Representative at the time of the audit had served the Country Office for a considerable period and is due for rotation; the Deputy Representative and the Head of Liaison Office have already moved to new roles; therefore, there is a possible risk of a leadership gap if new leadership with the right profile are not recruited in a timely manner. This issue was raised by the external stakeholders interviewed as a high risk to the Country Office's business continuity.

Twenty-eight positions were vacant in the Country Office's organization chart, which requires attention as some of these positions are of critical importance to Country Office priorities, such as programme specialists for women's economic empowerment and national planning. There is an increased risk that the Operations team of nine core personnel involved in transaction processing might be overstretched and therefore not meet the growing demand to implement the US$ 10 million annual field programme.

Country office management reported that for 2022-23 biennial workplan, new positions were identified for recruitment and some functions that were performed by consultants were planned to become staff positions. A recruitment plan was developed and processes are underway to fill the vacant positions by early second quarter 2022. This will also include strengthening of operations team.

Recommendation 7 (High):

The Country Representative to ensure:

(a)   The Country Office implements its HR strategy to deliver on its new Strategic Note, including the new areas targeted in the Strategic Note, mapping the skills and seniority needed to deliver with current staffing and capacity.

(b)   Recruitment plans are implemented for all vacant funded positions so that the necessary expertise is available in house to deliver on the existing portfolio and to develop its project pipeline. The capacity of the Operations team should be assessed, monitored and addressed if needed.

Observation 9: Strengthening risk management processes

The Country Office's risk register is robust, with 15 identified risks in various areas. However, the root causes identified for each risk were not always precise, especially for internal risks. This in turn rendered mitigation actions of limited application or responsiveness, i.e., some were either reactive or passive, rather than proactive or preventive in addressing the identified risks.

For example, for project delivery risks the root cause of improper planning had not been identified. For project fraud risks, lack of training or awareness had not been identified as a root cause although the corrective action talks about provision of training. Potential for falsified reporting is identified as a potential root cause in project fraud, but no mitigation action was identified.

Some key risks – having two offices with different roles within the same business unit; reporting requirements for earmarked and unearmarked funds that could be difficult to separate or insufficient for donors; an emerging crisis and protracted conflict which might impact UN Women's development initiatives as well as divert attention of donors – were not yet reflected in the Country Office's risk register. Overall, management recognized these risks and had acted (business case for separating Liaison Office was submitted to the Business Review Committee, etc.) but the risk register had not been updated to reflect them. This would help regional and headquarters management to be aware of risks facing the Country office. The COVID-19 pandemic related risks have been incorporated in the risk register but not with reference to programme delivery.

At the Country Office, procurement (a highly inherent risk) was mostly conducted over the period of 2019-2021 through micro purchasing (71 per cent of total purchase orders were below US$ 5,000). This presents a potential risk that should also be carefully monitored.

Recommendation 8 (Medium):

The Country Representative to:

(a) Reinforce and embed risk management culture through its regular discussions at project and management meetings.

(b) The risk register should be developed jointly with key managers to accompany the biennial workplans and should be reviewed by the management team on a regular basis for its completeness and effectiveness.

(c) Assign clear accountability for risk management in manager and leads' Terms of Reference and Performance Management and Development and monitor performance while retaining overall risk owner accountability.

Observation 10: Improvements needed in the Internal Control Framework

The Internal Control Framework was last updated in March 2021. All key personnel were issued with appropriate Delegation of Authority; however, there are some issues to be rectified as follows:

- The Deputy Country Representative and Head of Liaison Office positions are currently vacant therefore the Internal Control Framework needs to be updated accordingly.

- Four personnel were designated as Buyer and given the related Delegation of Authority, including one service contract holder. According to management the exception for granting a non-staff personnel a buyer responsibility was to ensure the other buyers are not overloaded.

- There was no mechanism to track procurement and other operational transactions and determine the lead time for each transaction to identify potential bottlenecks and their causes. The office has engaged the Regional Office to start implementation of service management through the Global Service Tracker effective February 2022.

- The Country Office has consistently missed corporate deadlines for submission of asset certifications and quarterly monitoring reports. For example, the 2021 mid-year asset certification was submitted after a delay of almost one month.

The Country Office needs to work on addressing recommendations from project assessments and evaluations conducted recently.

The personnel survey conducted by IAS revealed that there were no perceptions of major issues with the control environment, 14 of 17 respondents believed they were aware of their responsibilities to report allegations of wrongdoing; a majority believed that Country Office senior management team leads by example; personnel are well informed about the long-term strategy of the office; and there is sufficient internal information available to personnel to perform their roles.

However, there is a need to improve ethics and fraud awareness through regular refresher courses. Country Office data on mandatory training suggests that only 58 per cent of personnel have completed the fraud awareness training, and only 55 per cent of personnel have completed training on ethics and integrity.

The office submitted a host country agreement to the government but there has been delays in its signature. IAS advises the office to continue following up on the new host country agreement.

Recommendation 9 (Medium):

The Country Representative to:

(a) Reinforce awareness of the Internal Control Framework Policy, as part of internal control, risk management, anti-fraud, and anti-corruption efforts.

(b) Establish mechanisms to ensure consistent and close monitoring of agreed actions from oversight reports.

(c) Establish performance indicators or lead times for processing of transactions, clearly stating the lead time for every kind of transaction.

(d) Follow up and obtain sign-off of the new host country agreement.

C. Operations

See the Background section for key statistics on HR and expenses.

During 2019-2021, according to the Atlas procurement report the Country Office processed 636 procurement related purchase orders amounting to US$ 4.9 million; 626 SSA related purchase order amounting to US$5.2 million and 985 travel related purchase orders amounting to US$994 000. The Country Office is Infosec compliance certified as per the June 2020 Infosec report.

IAS remotely reviewed controls over HR, finance and budget, ICT, travel, and safety and security which were assessed as satisfactory. Based on the audit sample, management has established adequate controls over HR management; IAS raised a low priority recommendation related to SSA selection enhancement, which was discussed with management during the audit.

The Country Office would benefit from a localized ticketing system to ensure that all ICT requests are raised and resolved in the system without overlap. The Business Continuity Plan was last tested in March 2020 during the COVID-19 outbreak. The Country Office is still in the process of launching the new Business Continuity and Crisis Management Application (BCCMA).

While security and safety controls were found to be satisfactory based on audit sample testing, IAS strongly advises that the Country Office mainstream security requirements in its projects and plan for security costs that may arise given the current situation in the country.

Based on a sample of transactions reviewed, IAS assessed that some controls needed improvement in procurement, asset management and travel. See below for more details on the key findings.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 11: Strengthening procurement-related controls

The Country Office has dedicated resources to manage the procurement and travel functions, which report to the operations manager. Over the period of 2019-2021, the Country Office mainly used low-value, micro purchasing (below US$ 5,000 – 71 per cent of all purchase orders raised or 17 per cent in monetary terms) which is allowed but is also the most relaxed solicitation method in terms of controls. While the Country Office followed the micro-purchasing guidelines and documented the process, it adds an administrative burden for operations staff in processing a huge volume of transactions and means that the Country Office does not benefit from economies of scale.

IAS sampled 21 procurement orders with values above US$5,000, three were Long Term Agreement, four received responses from only one bidder and were reviewed and approved by the Local Procurement Review Committee, two were direct contracting and the remaining had responses from more than three bidders. In addition, IAS' sample review of documentation showed some gaps from the Procurement and Contract Management Policy as follows:

- There was little evidence that the procurement plan had been actively used, mainly because of inadequate procurement planning controls. As of 16 December 2021, the amount spent on procurement in 2021 (US$ 4.1 million) was above (by US$ 1 million) the amount specified in the procurement plan (data from the OneApp dashboard).

- Procurement Strategy – in the new Strategic Note for 2021–2025 the Country Office stated that the target processing time for procurement would be seven days. The Country Office aims to track this new target through migration and use of the Global

Service Tracker, which will provide data analytics on procurement service delivery. The Country Office believes it will be able to achieve the seven days target period by using long-term agreements to reduce solicitation time and micro purchasing for items below US$ 5,000, which is the bulk of procurement transactions (see Recommendation 10). IAS notes that this target might be difficult to achieve for a procurement process involving Request for Quotation/Request for Proposal or Invitation to Bid – as the tendering process requires a minimum duration of 10-15 days as per procurement guidelines. These guidelines should not be sacrificed to meet the new seven-day processing time target.

- Most suppliers in Addis Ababa reportedly do not know how to use the E-procurement platform, which means the Country Office constantly must follow up to obtain responses from suppliers, causing delays in the procurement process. Additionally, market surveys are not conducted at frequent intervals resulting in an insufficient number of vendors and the vendor database not being up to date. It was not clear how the Country Office selects which vendors to participate in a bid, this is especially the case with hotel and stationery procurement.

- Procurement staffing overlapping with Programme Team – one of the buyers was a programme associate performing procurement functions. The other four buyers have CIPS qualifications and had necessary training, including on E-Procurement. IAS has been informed that in the 2023-24 biennial workplan, two procurement positions are planned for recruitment. Recruitment for one position is already completed and the second position (Procurement assistant) will be completed by second quarter 2022. Procurement tracking and monitoring – The Country Office does not perform procurement tracking and monitoring to understand how long each procurement process takes and improve upon it. The Country Office could use this data to demonstrate a need for capacity building of vendors, as well as its own improvement. This will be addressed when the Country Office implements a planned Global Service Tracker.

- The Country Office needs to ensure consistent use of generic email boxes for procurement. The samples reviewed showed that the generic email boxes were used inconsistently, with a preference shown for UN Women individual emails. Always, professionalism and an arm's length approach should be maintained when engaging with vendors. The E-Procurement platform provides necessary safeguards to minimize unnecessary contacts with vendors.

- The Country Office did not have long-term agreements for hotel services such as accommodation or conferencing facilities. Reportedly, this is because of the hyperinflation in the country and hotels cannot commit for fixed pricing. The CO plans to work with the UN Joint Procurement Working Group for the development of new LTAs on hotels, printing/publications and general supplies which will reduce the number of solicitation transactions hence reduce transaction costs.

Recommendation 10 (Medium):

The Country Representative to ensure that:

(a) Detailed procurement plans (on a three or six-month rolling basis) are prepared for the office and each project, and that the plans are proactively used by the procurement function to minimize the use of micro purchasing and direct contracting, where possible. The procurement plan should also be aligned with project plans, and project managers should be held accountable if there are significant deviations from the plan.

(b) Consider consolidating recurring procurement (e.g., office supplies, printing, hotels) and establish new long-term agreements to eliminate frequent small purchases through request for quotation.

(c) Conduct virtual training on E-procurement for vendors to enhance understanding of the system and how UN procurement works.

(d) Strengthen the procurement team by ensuring a stable workforce to carry out the function and ensure that adequate training and oversight are provided.

(e) Ensure consistent use of the planned procurement tracking and monitoring system and periodically report on improvements in the time taken to procure.

(f) If the E-procurement platform is not used, during advertisements of Terms of Reference create a generic office email with restricted access for receiving offers.

(g) Conduct regular market surveys and piggyback on updated vendor listing within

the UN agencies to ensure that there is increased competition.

(h)   Actively participate at UN Joint Procurement Working Group to identify LTAs for hotels and other services.

Observation 12: Strengthening asset management processes

The Country Office had general procedures in place to safeguard its assets, including asset tagging, inventory and disposal. IAS noted as a good practice that some non-capitalized assets were tagged. However, the following areas for improvement were noted:

- From the September 2021 Assets-in-Service Report, it appears that 27 per cent of assets are fully depreciated. Fully depreciated assets not in use by the Country Office face a risk of loss, while those in use need to be reported to the Facilities and Administration Service (FAS). The Country Office did not comply with the 2020 fully depreciated assets and Asset and Lease Certification exercise. The Country Office submitted the 2021 mid-year assets and lease certification past the deadline of 15 September 2021. Due to other competing priorities in operations the assets corporate requirements had to be de-prioritized.

- The Country Office does not maintain an inventory for assets with programme partners. During 2018–2021 assets worth approximately US$ 1.1 million was procured by or for programme partners.

- Thirteen computer monitors that were acquired on the same day (19 August 2020) are still sitting in the IT room as per the Non-Cap Assets Report as most of personnel were still working from home. The funds spent on unallocated and unused monitors do not represent value-for-money.

Note on limitation of scope – IAS performed the audit remotely and was therefore not able to conduct an in-person physical inventory count. IAS managed to use pictures of the assets sampled as an alternative procedure.

Recommendation 11 (Medium):

The Country Representative to ensure that:

(a)   An analysis is carried out and shared with FAS on all fully depreciated assets. The Country Office should also inform headquarters if the assets are still needed by the office or if they are not planned to be used if they are to be retired, disposed of, or donated.

(b)   The Country Office establishes an inventory for all assets with programme partners and a monitoring control to ensure that assets are safeguarded in compliance with UN Women policies, rules, and regulations.

(c)   The Country Office is responsive to corporate requirements and related deadlines for all asset exercises. If the Country Office is experiencing any challenges to communicate and escalate this promptly to FAS and Regional Office.

(d)   A needs assessment for assets is carried out prior to acquisition to avoid assets sitting idle with active users.

Observation 13: Strengthening the travel management process

The Country Office had general procedures in place which were implemented adequately to manage its travels needs. However, the following areas for improvement were noted:

- The total value of IAS' travel sample was 112,448: 60 per cent of the sample (amounting to US$ 67,152) related to exchange visits, launch missions or meetings. On following up with the various focal points of the exchange visits, IAS noted that some of the action points identified were implemented and some were ongoing. For those actions points that had not been started, the Country Office provided justifications which were reasonable. However, the post-mission action points from two missions had not yet been implemented because of delayed recruitment process and the impact of COVID-19. Without close post-mission monitoring controls, programme teams maybe be incurring travel costs without showing the value derived from the travel which can lead to budget strains, results not delivered, and reputational risks.

- Close to 45 per cent of travel expenses related to external meeting participants; who had not signed legal waivers. As per the travel policy P.2.7.2 (b) of "Duty Travel", for non-UN Women personnel, the following paragraph must be included in the invitation letter, or the traveller must accept the risks and limitations on liabilities as laid out in the Legal Waiver – Release of Liability non-UN personnel travellers. Without legal waivers, there is an increased risk to the Country Office as it may be deemed liable for any incident involving the non-UN participants.

- The travel process was still conducted manually and is quite fragmented between different teams in the Country Office as the Atlas travel module is not yet in use in the field. This leads to inefficiencies due to the manual nature of the travel process: liquidation of travel advances was processed using a manual F-10 form and by attaching supporting documents to the corresponding voucher. This is outside of the Country Office's control and IAS expect this will be resolved after the new ERP system roll out. However, the Country Office could revisit its travel workflow to ensure that travels are planned, authorized, result-oriented and workflow is efficient.

Recommendation 12 (Medium):

The Country Representative to ensure that:

(a) Post-mission reporting and monitoring is in place to demonstrate value derived from all travel.

(b) All non-UN participants sign the legal waivers and accept the risks and limitations on liabilities as laid out in the Legal Waiver – Release of Liability non-UN person-nel travellers.

Observation 14: Monitoring implementation of the Business Operations Strategy 2.0

The UNCT in Ethiopia has continuously strived to expand common business operations and achieve significant cost efficiencies and quality enhancements through the simplification and harmonization of UNCT Ethiopia's business operations. The Business Operations Strategy (BOS) 2.0 (2020-2025) was developed through the BOS online platform on 1 July 2020. The BOS 2.0 in Ethiopia is built around six pillars reflecting the common service lines of procurement services, finance services, HACT services, human resources and common premises services, business continuity management and common information and communication technology and legal services. IAS reviewed the linkages between the UNSDCF 2020–2025 and BOS 2.0 (2020–2025) which show that the BOS aims to increase and improve sustainable development practices to achieve the SDGs.

Some of the common services observed as being utilized by the Country Office include:

- Common procurement services – there was evidence on the use of long-term agreements by the Country Office. However, see Recommendation 10 on how this process could be improved.
- Human Resources and Common Premises Services – advertisement of job openings was made on the UNDP site; however, joint rosters or recruitment has not yet been fully utilized. An example of Common Premises Services was that the Country Office is in a shared compound with other UN agencies.
- Common Information and Communications Technology Services – UNDP maintains a local server for Active Directory local VLAN purposes. UNDP is also included as part of the Country Office's disaster risk plan.

While there is a BOS 2.0 implementation plan, the following Key Performance Indicators could be proactively explored by the Country Office:

- Harmonize the Daily Subsistence Allowance rates of Government appointed officials/civil servants and other stakeholders who are travelling to different localities within the country for project monitoring, follow-up, review meetings and training/ workshops.
- Develop a joint Business Continuity Plan for the UN and include the UN organizations that have recently arrived in Ethiopia.
- Harmonize foreign currency exchange dealings with the National Bank of Ethiopia and Commercial Bank of Ethiopia to obtain the most favourable foreign currency exchange rate for the UN.

- Establish a common approach for an exemption from tax for procurement of goods and services at the country level and a harmonized approach to submit and receive tax refunds.
- Establish and manage a central database for vendors. Collection of vendor information and uploading it in the Information and Knowledge Management platform is required.

Advisory Note

The Country Representative needs to proactively explore and monitor the BOS 2.0 Key Performance Indicators to achieve the effectiveness and efficiencies planned.

III. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Issue	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
Issue 2: The Country Office's UN system (and other stakeholders) co-ordination efforts could be enhanced to ensure more strategic and im-pactful coordination	Recommendation 1 The Country Representative to develop a dedicated coordination strategy, with key objectives aligned with UNCT Gender Scorecard recommendations and other strategic coordination efforts; assign accountability for its successful implementation and monitor it on a regular basis. The strategy needs to be included in the biennial workplan to ensure a dedicated placeholder for it in the work planning and reporting process.	UN Women Ethiopia	Medium	• Through BWP 2022-2023 in its activity (1.1.2.26 Follow-up and support the effective mainstreaming of gender and the implementation of the UNCT SWAP GE Scorecard Report Recommendations and action plan in alignment to the UNSDCF including undertaking advocacy and capacity building programmes for UNCT gender focal points) , UN Women intends to revitalize the dialogue and advocacy within the UNCT on how best GEWE can be adequately mainstreamed throughout the implementation of the UNSDCF 2021-2025. • UN Women will advocate with UN RCO and mobilize the Inter-Agency Assessment Team to conduct an the UNCT SWAP Annual Progress assessment for 2022 to review the implementation of the action plan and recommend any necessary adjustment including but not limited to developing and implementing a coordination strategy aligned with the UNCT Gender Scorecard • With the recent launch and rollout of the UNSDG GTG Standards & Procedures, the Country Representative will use the new guidelines to advocate for a revitalization of a full-fledged GTG with clear roles, responsibilities as well as accountability framework that limit any overlap with other Working Groups or ad hoc groups on Gender such as Gender Results Group, Humanitarian Gender Technical Working Groups. Include the coordination strategy in the biennial work plan during the next phase of revision	March-April 2022 Oct-Dec 2022 Jan-Feb 2023
Issue 3: The Strategic Note result framework could be revisiting during its implementation and the office needs to formalize its key strategies including for resource mobilization and partnerships to imple-ment its priorities	Recommendation 2 During implementation of the Strategic Note, the Country Representative to: (a) Streamline the linkages between the Strategic Note's outcomes, outputs, and results, clarifying the rela-tionship and reducing the number of indicators. (b) Closely monitor the effectiveness of the resource mobilization strategy and modify the Strategic Note at mid-year review if resource mobilization is found to be less effective.	UN Women Ethiopia	High	SN linkages a) ECO to internalize the SN during the retreat in March 2022 unpacking the relations of its results chain. Each team to share a strategic path for 2021-2025 for its thematic unit under the overall SN framework. Additionally, going forward each programme unit will be required to show contribution to output and outcome indicators for each activity to be undertaken as part of the BWP 2022-2023. The Deputy Country Representative will lead this quality assurance function throughout the implementation b) ECO has no dedicated Resource Mobilization specialist, the function currently falls under the portfolio of M&E. Providing the large typology of the office and the strategy to sustain and grow, a potential recruitment of IUNV RM specialist could be explored to ensure a RM strategy for 2021-2025 is strengthened and implemented The Mid-Term Review of the SN 2022-2025 will be concurrent with its Resource Mobilization Strategy which may recommend revising the RM strategy. Otherwise, the RM Strategy review in the first year may be too early with less convincing evidence to back up adjustments	March-Dec 2022 Dec 2023-Feb2024
Issue 4: Implementation of the Country Office's Strategic Note and An-nual Work Plans need to be accelerated in terms of programmatic and financial delivery	Recommendation 3 The Country Representative to enhance the monitoring and evaluation function and strengthen the Country Office's monitoring, data collection and validation, and reporting frameworks. In particular, (a) The monitoring and evaluation function and project management should provide quality control for project result-frameworks during project design, so they are clearly linked to the Strategic Note results-framework. (b) The monitoring and evaluation function should revise its monitoring framework, so it provides an overarching continuous framework for all stakeholders involved in monitoring by mapping "Who does What, When and How", e.g., donors, partners, programme team and the monitoring and evaluation function itself to expand data collection and validation on key activities, outputs and outcomes and reduce the gaps in unmonitored issues. (c) The results-framework should include baselines, annual targets, and methodology for a consistent rating of progress against the targets. (d) The monitoring and evaluation function should establish a process to periodically validate sample data reported by programme teams which, in turn, need to validate programme partner reports for accuracy and completeness, by field monitoring activities (e.g., spot-checks, post-implementation reviews, impact assessments, contacting a sample of beneficiaries, etc.).	UN Women	High	RBM suggestion on recommendation a) • All programme teams to complete the UN Women RBM self-paced online course consisting of 10 modules., approximately 30 hours. • EMT to allow a day/half day during each week for staff to complete the RBM online course. This can be monitored via setting up a training calendar • ECO to have one day practical workshop on RBM and Monitoring for results application, once the online course has been completed by all staff M&E Framework (from recommendation **b** to **d**) • The overarching PMF for the DRR and OEEF of the SN 2021-20025 to be developed by Q2 2022 and internalized • PMF to be internalized for all ongoing projects/programmes. Programme staff capacity to be increased on the application of PMF • Both DRF and OEEF includes baselines. Targets and milestone, for the unset baselines and targets, most the UNSDCF related indicators, ECO to finalize it by Q2 2022 • M&E to internalize spot-checks, post-implementation reviews, impact assessments, contacting a sample of beneficiaries based on the internal reports (q reports) and extremal reports summitted by programme staff • M&E function to set up a depository of M&E tools which can be used to track SN indicators	Dec.2022 June 2022
Issue 5: Need to com-plete the separation of the Liaison Office from the Country Office, and finalize its Terms of Ref-erence, governance, and resources	Recommendation 4 The ESARO Regional Director to finalize the action plan for Liaison Office separation, which should also include integration of all programmatic interventions and funding related to liaison with African regional bodies to ensure their relevance, sustainability, cost-effectiveness and accountability, communicating its new Terms of Reference to all headquarters sections, advising them to channel any related funding and interventions through the Liaison Office. The staffing structure should be revisited after the Liaison Office strategy and Terms of Reference have been prepared to ensure that it has a right staffing level to deliver on its mandate.	ESARO	High	As part of the creation of a separate Liaison presence, the Liaison Office is in the process of developing a Strategic Note (2022-2025) which will commence in March 2022. As part of the preparatory process, an initial consultation is proposed to take place between the Liaison Office and ESARO Regional Director to be followed up by Regional Offices and the Liaison Office under the leadership of ESARO Regional Director to define the action plan, TOR and broad priority areas for the new presence. The partner consultations will also inform the internal UN Women strategy development and finalisation of decisions on the structure and staffing of the Liaison Office.	December 2022
Issue 6: Need to strengthen project port-folio management	Recommendation 5 The Country Representative to strengthen project portfolio management, to: (a) Enhance funding pipeline and ongoing portfolio management by assigning formal accountability to portfolio and project managers and request that they timely update the LEADS system for project in the pipeline,	UN Women Ethiopia	Medium	a) Each thematic results team to nominate a LEADS focal point to be trained who will be responsible for real time updating of LEADS and liaising with M&E officer on updating of DAMS. These areas will be included in the responsible staff Performance Management and Development plans	March –April 2022

Issue	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
	e.g., documenting accountability in their Terms of Reference or Performance Management and Development. (b) Ensure donor-related requests specially relating to concept notes and project proposal development are given due importance and the necessary skills are available to develop project proposals. (c) Submit timely and results-focused donor reports and obtain donors' feedback on the reports submitted. In addition, ensure donor requests in terms of project progress and financial data are addressed in a timely manner. (d) Set up a process to ensure that project risk assessments and monitoring missions include measures to identify delays in implementation in a timely manner; are properly handled; and resolutions are well documented. (e) Monitor project spending in line with agreed budgets.			b) The office donor relations focal point (M&E Office) has been nominated by the country Representative and already started working on this area with special attention. Enhanced quality assurance throughout the development of new project proposals and concept notes will be instated under the leadership of the Deputy Country Representative with the support of the Monitoring, Evaluation and Reporting Officer. For all new projects/programme documents to be developed this year (for Leadership and Governance; EVAWG and WEE) the office will ensure there is adequate capacity and expertise and if necessary, contract external resource persons if not available internally for new programmatic areas that require specialization which cannot be found among the current workforce. c) Through the nominated office donor relations, a systematic logbook of donor requests will be set up and screened by the management and timely actioned. Donor reporting is following the corporate donor reporting guidelines including quality assurance and the donor's feedback on the submitted report is always sought from the submission email. ECO in coordination with ESARO will roll out the reporting workshop . ECO staff would significantly benefit from reporting for results workshop, after all staff completed the RBM online course d) During this critical period of covid-19 and protracted conflict, the project risks log will be updated and reviewed on quarterly basis to ensure that the risk assessment is regularly informing planning and implementation e) Project Managers will be trained on Budget management but with the expected rollout of the new ERP /Quantum to replace ATLAS, the training will be scheduled to happen within the quarter following the rollout of the new system	Feb-Dec 2022 March 2022 May 2022 June 2022 Sept 2022
Issue 7: Programme partners should be managed holistically in terms of capacity building, sustainability, and monitoring	Recommendation 6 The Country Representative to ensure that the Country Office adopts a holistic approach and develops a long-term partnership strategy to cater for its programming needs which covers strengthening the capacity, sustainability and monitoring of its programme partners by examining opportunities for the longer-term sustainability of the partner through: a) Incorporating partners' capacity/gaps and risk profile in monitoring plans and subsequently addressing, monitoring, and reporting on them during implementation. b) Ensuring programme partners are informed of the project's progress and key issues with project results to take a proactive approach to project management.	UN Women Ethiopia	Medium	a. The risk profile from the risk-based capacity assessment conducted during the new partners' selection will be determining each partner's capacity development and learning needs and plan. The partners' risk-based capacity development plan will be reviewed. b. Refer to management action plan on issue 4 b) about Mid-year multi-stakeholders results review meetings to enforce accountability to results for the country office units and partners.	June 2022
Issue 8: Office structure, capacity, personnel roles, and responsibilities require attention	Recommendation 7 The Country Representative to ensure: (a) The Country Office implements its HR strategy to deliver on its new Strategic Note, including the new areas targeted in the Strategic Note, mapping the skills and seniority needed to deliver with current staffing and capacity. (b) Recruitment plans are implemented for all vacant funded positions so that the necessary expertise is available in house to deliver on the existing portfolio and to develop its project pipeline. The capacity of the Operations team should be assessed, monitored and addressed if needed.	UN Women Ethiopia	High	a. The CO will develop an HR strategy to facilitate the recruitment and retention of talent to support the implementation of the new Strategic Note. b. As part of the Strategic Note development, the CO performed a staff needs assessment and identified personnel needs for the implementation of the SN. This process also resulted in creation of staff positions effective 2022 and recruitment processes are underway to fill the positions. Filling of vacant positions that are funded will be completed by end of April 2022.	August 2022 April 2022
Issue 9: Strengthening risk management processes	Recommendation 8 The Country Representative to: (a) Reinforce and embed risk management culture through its regular discussions at project and management meetings. (b) The risk register should be developed jointly with key managers to accompany the biennial workplans and should be reviewed by the management team on a regular basis for its completeness and effectiveness. (c) Assign clear accountability for risk management in manager and leads' Terms of Reference and Performance Management and Development and monitor performance while retaining overall risk owner accountability.	UN Women Ethiopia	Medium	a) Regular risk management reviews to be conducted and reports presented to project management and senior management teams for discussion. b) b) The CO risk register is developed and reviewed by a team from different thematic areas and operations and cleared by head of office. A quality assurance review is done by RO after which the risk register is revised based on the RO review and recommendations. It is then updated and uploaded on Oneapp for head of office approval. c) Terms of reference for staff with accountabilities for risk management will be reviewed and updated accordingly. The relevant staff may also consider incorporating the risk management accountabilities in the Performance Management and Development	August 2022
Issue 10: Improvements needed in the Internal Control Framework	Recommendation 9 The Country Representative to: (a) Reinforce awareness of the Internal Control Framework Policy, as part of internal control, risk management, anti-fraud, and anti-corruption efforts. (b) Establish mechanisms to ensure consistent and close monitoring of agreed actions from oversight reports. (c) Establish performance indicators or lead times for processing of transactions, clearly stating the lead time for every kind of transaction. (d) Follow up and obtain sign-off of the new host country agreement.	UN Women Ethiopia	Medium	a) The CO will include in the staff learning and development learning sessions on the Internal Control Framework Policy, as part of internal control, risk management, anti-fraud and anti-corruption b) Enhance reporting and tracking of oversight reports through a tracking tool c) The internal transaction processing lead times will be updated and monitored for continuous service improvement. The CO will from February 2022 implement the Global Service Tracker for tracking of operations services including Finance, Procurement, ICT. d) Management will continue to engage the Government of Ethiopia for the renewal of the host county agreement.	Dec 2022 June 2022 July 2022
Issue 11: Strengthening procurement-related controls	Recommendation 10 The Country Representative to ensure that: (a) Detailed procurement plans (on a three or six-month rolling basis) are prepared for the office and each project, and that the plans are proactively used by the procurement function to minimize the use of micro purchasing and direct contracting, where possible. The procurement plan should also be aligned with project plans, and project managers should be held accountable if there are significant deviations from the plan. (b) Consider consolidating recurring procurement (e.g., office supplies, printing, hotels) and establish new long-term agreements to eliminate frequent small purchases through request for quotation.	UN Women Ethiopia	Medium	a) Develop detailed 6 months procurement plans to identify procurement requirements and develop procurement strategy to provide the services including possibility for consolidating the requirements. b) CO to work with the UN Joint Procurement Working Group to develop new and additional LTAs on hotels/conference services and printing/publications. c) Provide training to existing vendors on use of E-Procurement system and general procurement processes for UN Women. d) Recruit additional staff for the procurement team and ensure training is provided including CIPS certification for procurement staff and selected programme managers. e) Implement procurement service management through the global Service Tracker for continuous service improvement. f) Create a shared email for procurement team to use for communications with vendors for transactions not done on E-Procurement system	May 2022 June 2023 June 2022 Dec 2022 June 2022

Issue	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
	(c) Conduct virtual training on E-procurement for vendors to enhance understanding of the system and how UN procurement works.				February 2022
	(d) Strengthen the procurement team by ensuring a stable workforce to carry out the function and ensure that adequate training and oversight are provided.				
	(e) Ensure consistent use of the planned procurement tracking and monitoring system and periodically report on improvements in the time taken to procure.				
	(f) If the E-procurement platform is not used, during advertisements of Terms of Reference create a generic office email with restricted access for receiving offers.				
	(g) Conduct regular market surveys and piggyback on updated vendor listing within the UN agencies to ensure that there is increased competition.				
	(h) Actively participate at UN Joint Procurement Working Group to identify LTAs for hotels and other services.				
Issue 12: Strengthening asset management pro-cesses	Recommendation 11 The Country Representative to ensure that: (a) An analysis is carried out and shared with FAS on all fully depreciated assets. The Country Office should also inform headquarters if the assets are still needed by the office or if they are not planned to be used if they are to be retired, disposed of, or donated. (b) The Country Office establishes an inventory for all assets with programme partners and a monitoring control to ensure that assets are safeguarded in compliance with UN Women policies, rules, and regulations. (c) The Country Office is responsive to corporate requirements and related deadlines for all asset exercises. If the Country Office is experiencing any challenges to communicate and escalate this promptly to FAS and Regional Office. (d) A needs assessment for assets is carried out prior to acquisition to avoid assets sitting idle with active users.	UN Women Ethiopia	Medium	a) Finalise the review of all fully depreciated assets that are not needed and arrange for disposal according to the asset management policies. b) Follow up with all programme partners for inventory of assets/equipment and provide training on inventory management and reporting. c) Review terms of reference and distribution of roles for the operations team and designate dedicated staff for asset management roles	June 2022 June 2022 June 2022
Issue 13: Strengthening the travel management process	Recommendation 12 The Country Representative to ensure that: (a) Post-mission reporting and monitoring is in place to demonstrate value derived from all travel. (b) All non-UN participants sign the legal waivers and accept the risks and limitations on liabilities as laid out in the Legal Waiver – Release of Liability non-UN personnel travellers.	UN Women Ethiopia	Medium	a) Back to office mission report requirement to be set up. A Result oriented mission report template to be shared for use by all staff Develop and include mission reports on checklist of documents for processing travel transactions. b) Develop checklist of required documents for travel processes including signing of legal waivers for non-UN participants/travellers	 February 2022

Annex 1: 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.
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.
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 act 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.

UN WOMEN IS THE UN ORGANIZATION 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 ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals is a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.

UN WOMEN

GENERATION EQUALITY

220 East 42nd Street
New York, New York 10017, USA
Tel: 212-906-6400
Fax: 212-906-6705

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