ANNUAL REPORT ON INTERNAL AUDIT AND INVESTIGATION ACTIVITIES

1 January – 31 December 2021
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→ Key audit issues identified in 2021

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INTERNAL AUDIT SERVICE SUMMARY OF WORK - 2021

SOURCES OF EVIDENCE FOR ANNUAL OVERALL OPINION

**AUDIT PLAN**
2021 risk-based audit plan and its implementation

**AUDIT ENGAGEMENT**
Individual audit and advisory engagement results and ratings

**PROGRESS MADE BY MANAGEMENT**
Actions addressing audit recommendations

**UNBOA’S WORK**
Work conducted by the United Nations Board of Auditors

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14 AUDIT AND ADVISORY REVIEWS COMPLETED

7 Individual office audits

5 Thematic audits and assessments

2 Advisory reports

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**ADVISORY ACTIVITIES**
- Commenting on draft policies and procedures
- Harmonization of the annual report template
- Adviser on Management Teams meetings
- Regular interactions with Evaluation team (two joint CPE+A)
- Observer in new SP development and work planning groups

**IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**

89% of 2019 recommendations addressed by management

80% of 2020 recommendations addressed by management

19 All except 19 recommendations issued prior to Dec 2020 were closed as of 11 March 2022.

**SCOPE LIMITATIONS**
- Meetings with some office personnel of some audited entities were carried out virtually.
- Project site visits, including physical meetings with counterparts/local beneficiaries, were not conducted.
- Physical verification of assets and inventory was not performed.
- Physical inspection of security and ICT were not reviewed on site.
IAS INDIVIDUAL ENGAGEMENT AUDIT OPINIONS - 2021

Distribution of audit ratings by region and thematic area

- **14** Audit and advisory reviews
  - **3** Satisfactory
  - **5** Some Improvement Needed
  - **3** Major Improvement Needed

**Thematic/headquarters**
- Third-party risk management for outsourced services
- Assets and lease management
- Anti-Fraud Programme (Level 2)
- Communications and Advocacy Function
- Individual Consultancy Management

Countries:
- Serbia
- Palestine
- Democratic Republic of the Congo
- Ethiopia
- Tajikistan
- Pakistan
- Meta-synthesis of field office audits

Audit Ratings:
- Satisfactory
- Some Improvement Needed
- Major Improvement Needed
SOME IMPROVEMENTS NEEDED

IAS’ overall opinion is that the Entity’s governance, risk management and control processes were generally established and functioning but needed some improvement.

ANNUAL OVERALL OPINION

IAS notes the efforts UN-Women has made to enhance governance and risk management in 2021 such as the Business Review Committee, the new work planning process and the Quarterly Business Reviews.

Overall risks that require UN Women management attention:

→ further enhance corporate oversight mechanisms (aka “second line of defence”)
→ improve management absorption capacity to implement oversight recommendations and enhance accountability to revise the existing processes to plan for the recommended actions
→ strengthen capacity, particularly in the field, both in terms of staffing and skills
→ demonstrate managerial accountability for risk management and related systems of internal control through preparing an annual Statement of Internal Controls

Note: Opinion excludes third party services. Some scope limits in 2021 due to remote audits.
### Key Issues Identified in 2021 by Functional Area

<table>
<thead>
<tr>
<th>Issue</th>
<th>Score</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness and compliance with policies</td>
<td>14</td>
<td>10%</td>
</tr>
<tr>
<td>Strategic priorities implementation</td>
<td>14</td>
<td>9%</td>
</tr>
<tr>
<td>Organizational structure, authority, capacity and reporting lines</td>
<td>14</td>
<td>9%</td>
</tr>
<tr>
<td>Ethics, integrity and anti-fraud</td>
<td>14</td>
<td>9%</td>
</tr>
<tr>
<td>Project management</td>
<td>9</td>
<td>8%</td>
</tr>
<tr>
<td>Governance and oversight</td>
<td>5</td>
<td>8%</td>
</tr>
<tr>
<td>Human resources management</td>
<td>12</td>
<td>8%</td>
</tr>
<tr>
<td>Asset management</td>
<td>9</td>
<td>7%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>7</td>
<td>6%</td>
</tr>
<tr>
<td>Advocacy and Communications</td>
<td>7</td>
<td>6%</td>
</tr>
<tr>
<td>Procurement management</td>
<td>6</td>
<td>4%</td>
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<tr>
<td>Coordination of gender mainstreaming</td>
<td>5</td>
<td>3%</td>
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<tr>
<td>Financial management</td>
<td>4</td>
<td>3%</td>
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<tr>
<td>Data management</td>
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<tr>
<td>Safety and security management</td>
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<td>2%</td>
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<tr>
<td>Information Systems</td>
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<td>2%</td>
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<tr>
<td>Programme partner management</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Travel management</td>
<td>2</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Legend:**
- Red: High
- Orange: Medium
INVESTIGATIONS - 2021

Total allegations caseload in 2021: 54

Closed allegations: 40

Intake during 2021: 36

Closed after investigation: 20

Closed without investigation: 36

Carried over from 2020: 18

Carried over into 2022: 14

ALLEGATIONS INTAKE BY CATEGORY IN 2021

- Fraud and financial irregularities: 46% (n=17)
- Prohibited Conduct: 27% (n=10)
- Other misconduct: 22% (n=8)
- Sexual misconduct: 5% (n=2)
### Investigations in 2021

#### Source of Allegations
- 36 new allegations were received by OIOS via the hotline (53 per cent), by email (39 per cent) or others (8 per cent).
- Sources of allegations were undisclosed to IEAS (8 per cent), anonymous (3 per cent), UN personnel (56 per cent), referrals from UN entities (22 per cent) or an external party (11 per cent).

#### Cases Closed Without Investigation
- OIOS referred 11 of the cases (subject to consent by the complainant, where applicable) for management consideration and potential action by UN-Women (compared to 10 referred in 2020).

#### Cases Investigated & Closed in 2021
- 15 cases substantiated in 2021 compared to 4 in 2020.
- 5 cases unsubstantiated.

#### Cases Substantiated in 2021
- Abrasive management style.
- Irregularities in attendance records and in recruitment.
- Waste of resources by personnel.
- Forgery and falsification of documents.
- Vendor collusion, non-disclosure of conflict of interest.

#### Cases Carried Over to 2022
- As of March 2022, 3 of the 14 allegations carried over to 2022 were closed and 11 remained under investigation.
- Of the 3 allegations closed, 1 was closed after preliminary assessment (referred for potential management action by UN-Women) and 2 were closed after investigation (both unsubstantiated).

#### Internal Audit Service’s Anti-Fraud and Anti-Corruption Activities
- Launch of the first anti-corruption campaign on International Anti-Corruption Day (9 December).
- Support to discussions with other UN internal audit and investigations offices to develop harmonized language for donor agreements.
## Internal Audit Service | PLAN 2022

1. **Corporate work-planning, budgeting** and resource allocation

2. **Procurement** and contract management of institutional service providers (Carryforward from 2021)

3. **Safety** and **Security** (Carryforward from 2021)

4. New Strategic Initiatives: **GEF** (advisory)

5. **Change management** stock taking

6. **Environmental Management**

7. **Staff entitlements** and benefits

8. **Business Operations Strategy (BOS)** implementation – joint interagency audit

9. **UN Women field offices:**
   - Fiji MCO
   - Regional Office for Arab States
   - Yemen-Iraq Cluster risk assessment
   - West and Central Africa RO and Senegal
   - Central African Republic
   - Cote d’Ivoire
   - South Africa MCO
   - Papua New Guinea

10. Other emerging high risks or management **request(s)**

11. **Advisory support** in reviewing policy updates and attending and supporting working groups (e.g. ERP upgrade, HQ reintegration)

12. **External Quality Assessment of the Internal Audit Service** (requirement of the IIA)

13. Gender-responsive auditing training