ANNUAL REPORT ON INTERNAL AUDIT AND INVESTIGATION ACTIVITIES

1 January – 31 December 2021
# INTERNAL AUDIT SERVICE SUMMARY OF WORK - 2021

## SOURCES OF EVIDENCE FOR ANNUAL OVERALL OPINION

<table>
<thead>
<tr>
<th>Audit Plan</th>
<th>Audit Engagement</th>
<th>Progress Made by Management</th>
<th>UNBOA’s Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 risk-based audit plan and its implementation</td>
<td>Individual audit and advisory engagement results and ratings</td>
<td>Actions addressing audit recommendations</td>
<td>Work conducted by the United Nations Board of Auditors</td>
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## Audit and Advisory Reviews Completed

- **14**
  - Individual office audits
  - Thematic audits and assessments
  - Advisory reports

## 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
- 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.

## Progress Made by Management

- 7 Individual office audits
- 5 Thematic audits and assessments
- 2 Advisory reports
IAS INDIVIDUAL ENGAGEMENT AUDIT OPINIONS - 2021

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

Distribution of audit ratings by region and thematic area:

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

Regions:
- Democratic Republic of the Congo
- Ethiopia
- Serbia
- Palestine
- Tajikistan
- Pakistan
- Meta-synthesis of field office audits
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.
**Effectiveness of policies and compliance:** enhancing corporate policy around individual consultants, asset management, and anti-fraud systems; improving compliance with policies.

**Development and implementation of Strategic Note priorities:** design and implementation of strong Strategic Notes

**Capacity, structure and skills:** matching resources to priorities

**Ethics, integrity and anti-fraud efforts:** Anti-Fraud Programme coordination, ethics culture

**Programme and project management:** project design, risk management, monitoring and reporting

**Governance arrangements:** articulating vision, direction and operationalization of strategies

**HR management:** consultancy policy, functional analysis and long-term HR strategies for Strategic Notes

**Risk management:** proactive risk management in projects and interventions.

**Communications:** organizational direction, prioritization and clear mandate

### RECURRENT ISSUES - 2021

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*High = High Priority, Medium = Medium Priority*
INVESTIGATIONS - 2021

Total allegations caseload in 2021: 54
Closed allegations: 40
Closed after investigation: 20
Closed without investigation: 36
Intake during 2021: 20
Prohibited Conduct: 27% (n=10)
Fraud and financial irregularities: 46% (n=17)
Other misconduct: 22% (n=8)
Sexual misconduct: 5% (n=2)
Carry over from 2020: 18
Carried over into 2022: 14
## INVESTIGATIONS IN 2021

<table>
<thead>
<tr>
<th>Case Type</th>
<th>Number</th>
<th>Details</th>
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<tbody>
<tr>
<td>Cases Closed Without Investigation</td>
<td>20</td>
<td>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).</td>
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<tr>
<td>Cases Investigated &amp; Closed in 2021</td>
<td>20</td>
<td>15 cases substantiated in 2021 compared to 4 in 2020. 5 cases unsubstantiated</td>
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<td>Cases Carried Over to 2022</td>
<td>14</td>
<td>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).</td>
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</table>

### 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).

### 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.
THANK YOU!