

ASSESSMENT OF THE INDEPENDENCE OF THE UN-WOMEN INTERNAL AUDIT SERVICE (IAS)

of the Independent Evaluation and Audit Services (IEAS)

19 AUGUST 2022 – Closed session with the Executive Board

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INTRODUCTION



Executive Board decision 2022/5

On 22 June 2022, the Executive Board provided the decision 2022/5 that request for:

- (i) independence assessment of IAS,
- (ii) suggestions and pathways on how to further strengthen the independence,
- (iii) closed informal briefing to the EB.



Assessment of independence

- This paper addresses the Executive Board decision request in the form of a self-assessment by IAS of its independence against principles developed by an internationally recognized independent audit body and supported by publicly and internally available documentation.



UN-Women's internal audit function

- The UN-Women internal audit function was created in 2018 with the full support of UN-Women management and the Executive Board. The UN-Women Internal Audit Service (IAS) was placed together with the Independent Evaluation Service (IES) (formerly the Independent Evaluation Office) in the new Independent Evaluation and Audit Services (IEAS) headed by a Director, IEAS. IEAS and IAS are fully governed by their individual Charters.

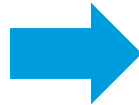
METHODOLOGY

INTOSAI eight independence principles were used to assess IAS independence.

The International Organization of Supreme Audit Institutions (INTOSAI) to support Supreme Audit Institutions (SAIs) is an intergovernmental organization whose objectives include: setting standards for public sector auditing; promoting good national governance; and fostering the exchange of ideas, knowledge and experiences.

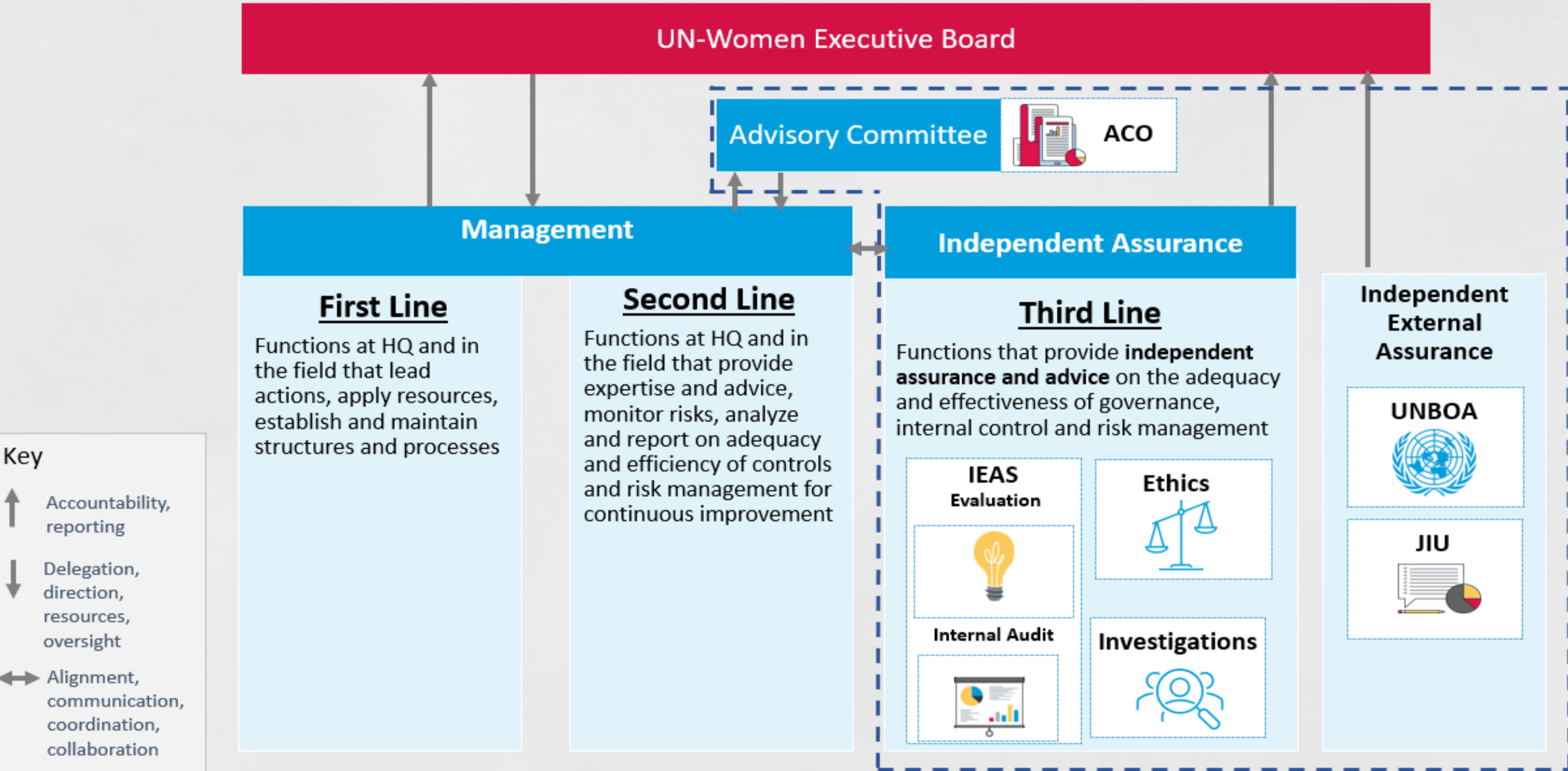
Assessment was done against key papers.

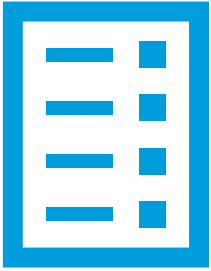
Assessment was done against key policies and procedures but also assessed their practical implementation. Assessment against each principle includes a link to the supporting evidence.



INTOSAI Principle 1 Existence and application of an appropriate and effective constitutional/statutory/legal framework	INTOSAI Principle 2 Independence of IAS head and members, including security of tenure and legal immunity in the normal discharge of their duties
INTOSAI Principle 3 Sufficiently broad mandate and full discretion in the discharge of IAS functions	INTOSAI Principle 4 Unrestricted access to information
INTOSAI Principle 5 Right and obligation to report on IAS work	INTOSAI Principle 6 Freedom to decide the content and timing of audit reports and to publish and disseminate them
INTOSAI Principle 7 Existence of effective follow-up mechanisms on audit recommendations	INTOSAI Principle 8 Financial and managerial/ administrative autonomy and the availability of appropriate resources

UN WOMEN'S THREE LEVELS OF DEFENSE





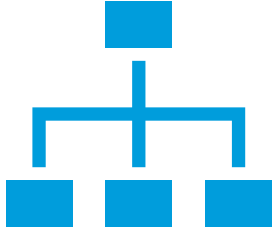
CONCLUSION 1

IEAS and IAS have adequate Charters that clearly state the mandate of IAS as an assurance provider.

PRINCIPLE 1

The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework.

- **Key legal frameworks are IEAS, and IAS Charters.** These are considered official corporate policies and are recorded in UN-Women's Policy, Procedure and Guidance.
- However **Financial Rules and Regulations need to be updated.**
- De facto, IAS enjoys full organizational independence and full access to people, systems and information.
- Any limitations are reported in individual audit reports and in annual reports.
- IAS has direct access to the Advisory Committee on Oversight and the Executive Board.



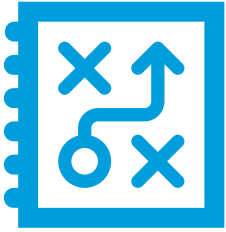
PRINCIPLE 2

The independence of IAS head and members, including security of tenure and legal immunity in the normal discharge of their duties

CONCLUSION 2

The independence of Director, IEAS and IEAS personnel are protected through application of the IEAS Charter.

- The Executive Director decides on appointment and removal of Director, IEAS based on advice of the Advisory Committee on Oversight. **To ensure security of tenure the current director's contract was approved for 4 years.**
- **IEAS personnel are protected** by having reporting lines, contract extensions and staff performance management decided by IEAS management.
- Director IEAS reports administratively and functionally to the Executive Director without prejudice to operational independence.



CONCLUSION 3


























IAS has a sufficient mandate, well communicated in its Charter and maintains full discretion to execute its mandate. IAS has been able to provide assurance and advisory services to UN-Women without impairments to its independence.

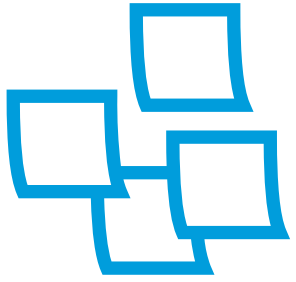
PRINCIPLE 3

A sufficiently broad mandate and full discretion in the discharge of IAS functions.

- The IEAS mandate is sufficiently broad and **provides independent evaluation and internal audit assurance as well as advisory services** on UN-Women's strategies, programmes, governance, risk management, controls, and business systems and processes.
- IEAS Director is responsible for submitting a **risk-based internal audit plan for review** and approval, at least annually, to the Executive Director, upon consultation with the Advisory Committee on Oversight and the Executive Board.
- In practice, IAS implements its mandate through **its independent risk assessment** which is used as a key basis for its long-term audit strategy and its workplans. This ensures that IAS' strategy and plans are independently constructed but relevant to UN-Women's strategic priorities, aligned with key risks, coordinated with other oversight bodies, integrated and sequential, and deliver added value and advice.

THEMATIC REVIEWS CONDUCTED BY IAS 2019–2021

THEMATIC REVIEWS	2019	2020	2021
 Risk management and control framework	 Risk management maturity		
	 Ethics & Integrity		
		 Policy Cycle management	
			 Outsourced service providers
			 Anti-Fraud Programme
 Programme and Project cycle	 Implementing partner management		
	 Project Cycle management		
		 Trust funds management	
		 Management of donor requirements	
		 Support to IES: FPIs	
		 Spotlight Risk Assessment	
 Functional	 Travel management		
		 Detail assignment management	
		 Coordination governance	
			 Management of consultants
			 Assets and Lease management
			 Security Management
			 Communications
			 Procurement of services
 Information Security		 Cybersecurity	
			 ERP rollout assessment



CONCLUSION 4

IAS has unlimited access to information, systems and people, and protects the confidentiality of the information obtained during the course of its engagements.

PRINCIPLE 4

Unrestricted access to information.

- IAS has full, free and unrestricted access to the premises, records, documents, electronic data and any other information relating to vendors, implementing partners and/or other third parties.
- Director, IEAS, has **full, free and unrestricted access to the Chairperson of the Executive Board** (in a manner consistent with the Rules of Procedure of the UN-Women Executive Board), the Chairperson of the Advisory Committee on Oversight and the United Nations Board of Auditors.
- **The right of all staff and personnel to communicate confidentially** with, and provide information to, IEAS without fear of reprisal shall be guaranteed by the Executive Director.
- No scope limitations reported concerned IAS' right to access but rather operational challenges in accessing certain stakeholders during some audits, or the absence of effective filing systems at times.
- IAS had access to the Executive Board on several occasions.



CONCLUSION 5

IAS freely reports at informal and formal sessions of the Executive Board, without senior management interference.

PRINCIPLE 5

The right and obligation to report on IAS work.

- IAS is responsible for (a) submitting an **annual and periodic summary report of IAS activities**, including a summary of significant audit findings; implementation status of recommendations; and confirmation of the organizational independence of IAS activities to the UN-Women Executive Board and the Advisory Committee on Oversight, (b) expressing an **annual assurance opinion on the adequacy and effectiveness of governance, risk management and control** in achieving UN-Women's objectives based on the audits issued during the reporting period.
- To operationalize this principle, IAS submits an annual report to the Executive Board and periodic summary reports of IAS activities to the Advisory Committee on Oversight.
- IAS publishes all its individual audit reports:
<https://www.unwomen.org/en/about-us/accountability/audit/internal-audit-reports>
- IAS publishes briefs of some of its advisory reviews on its website and their summaries in its annual report.



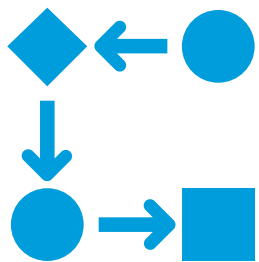
CONCLUSION 6

IAS has the freedom to decide on the content of its reports. Audit reports are published by default within 30 days of issuance, unless deemed sensitive. The key highlights of sensitive reports are included in IAS annual reports.

PRINCIPLE 6

The freedom to decide the content and timing of audit reports and to publish and disseminate them.

- IAS publishes all final audit reports on the IEAS public website, except for reports containing confidential or sensitive information. Since 2018, only one audit report has not been published (the cybersecurity management due to its high sensitivity).
- Final reports for advisory engagements are generally not published, unless decided by management; however, some advisory assignments are published in the form of briefs either internally or externally and they are summarized in IAS annual reports.
- If agreement on audit conclusions is not reached, IAS has the freedom to maintain its conclusions, clearly stating management's position and explaining the reasons for its audit conclusions. Such situations mainly occur because of IAS and management's different perceptions on governance, risk management or resources needed.



CONCLUSION 7

The follow-up of IAS recommendations is an effective mechanism. Management provides a formal response to the Annual Report on Internal Audit and Investigation, including on the status of implementation of IAS recommendations.

PRINCIPLE 7

The existence of effective follow-up mechanisms on audit recommendations.

- IAS maintains all recommendations issued in its automated TeamMate database, which includes management action plans.
- IAS monitors implementation of recommendations on a quarterly basis. Management is responsible for responding to recommendations from IAS and for implementing agreed actions.
- IAS periodically reports on recommendations not effectively implemented or overdue to the Business Review Committee, Advisory Committee on Oversight and the Executive Board.
- If a critical recommendation is not accepted by management, it will be escalated to UN-Women senior management and the Advisory Committee on Oversight. The Director, IEAS may decide to escalate any critical recommendations to the Executive Board.



CONCLUSION 8

IAS has sufficient resources to implement its risk-based annual audit plan. IAS has the freedom to utilize the resources without interference from UN-Women management.

PRINCIPLE 8

Financial and managerial/administrative autonomy and the availability of appropriate human, material and monetary resources.

- > IAS' budget approval follows UN-Women corporate planning and budgeting processes.
- > Usually, the same amount of funding is provided to IAS each year, which is used to implement IAS workplans (5 staff salary and US\$447,000 for non-staff expenditure).
- > So far, resources have been sufficient to implement the IAS risk-based audit workplans to cover the audit cycle in 6-7 years for high-risk items.

ASSESSMENT OF THE INDEPENDENCE OF THE INVESTIGATION FUNCTION

UN-Women personnel have a responsibility to report allegations of wrongdoing to UN-OIOS or their immediate supervisor



Independent external investigation service provider

UN-Women engages an external investigation service provider, currently the United Nations Office of Internal Oversight Services (UN-OIOS). UN-OIOS is fully independent of UN-Women and is governed by its own mandate and policy. UN-OIOS has full authority to initiate investigations without Executive Head or any other approval. UN-Women management has no role in the quality assurance of investigation reports produced by UN-OIOS.



IEAS role in coordinating investigation-related matters

Since 2019, the Director, IEAS has been the designated official responsible within UN-Women for coordinating investigation-related matters. During 2020–2021, the Director, IEAS, Chief IAS and Audit Specialist (P4) spent between 10–30 per cent of their time on investigation matters in carrying out this role.



Budget for investigation-related matters

UN-OIOS bills UN-Women on a cost-recovery basis for investigations completed. IAS used its internal audit budget to recruit a UN Volunteer to support work in this area, including IAS' ability to provide proactive integrity and counter-fraud efforts and raise awareness of how to handle potential misconduct.

CONCLUSIONS ON THE EXECUTIVE BOARD DECISIONS

How and when to report to and brief the Executive Board:

IAS has full, free and unrestricted access to the Chairperson of the Executive Board. IAS submits an annual report of audit and investigation activities and makes periodic reports to the Advisory Committee on Oversight. IAS freely reports at each of the informal and formal sessions of the Executive Board, without senior management interference.

The scope of audits and investigations:

- The Director, IEAS is responsible for preparing a long-term audit strategy and risk-based internal audit workplan at least annually for the review and approval of the Executive Director, upon consultation with the Advisory Committee on Oversight and Executive Board.
- IAS determines the scope of audits and advisory engagements **independent from senior management** after the engagement objectives have been established and sets the boundaries of the engagements and scope exclusions.
- Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys **full independence during its investigations**.

What and who to audit or investigate:

The audit strategy and workplans are independently prepared by IAS based on its own risk assessment and IAS has full freedom to determine what and who to audit.

IAS has full, free and unrestricted access to the personnel, premises, records, documents, electronic data and any other information relating to vendors, implementing partners and/or other third parties.

Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys full independence during its investigations.

CONCLUSIONS ON THE EXECUTIVE BOARD DECISIONS

What assessments to make:

IAS uses its independent risk assessment of all functions, processes, headquarters units and field offices to select topics for assurance or advisory engagements.

Identification of new and emerging risks comes from the Director, IEAS, Chief IAS and IAS personnel, discussions with the Advisory Committee on Oversight and management, review of client risk registers and other relevant documents.

Investigations are outsourced to UN-OIOS; therefore, as an external entity it enjoys full independence during its investigations.

How to utilize available funds:

The audit strategy and workplans are independently prepared by IAS based on its own risk assessment and IAS has full freedom to determine what and who to audit.

IAS relationship with UN-OIOS:

the Director, IEAS, with the support of two IAS staff, continued to carry out the role of Responsible Official for receiving and transmitting investigation information and reports; coordinating and monitoring implementation of other reports; and for directing referrals, recommendations and requests for information, data and cost-recovery from UN-OIOS.

SUGGESTIONS AND PATHWAYS TO FURTHER STRENGTHEN IAS INDEPENDENCE



IAS-related provisions in the Financial Rules and Regulations

IAS to draft and present to the Executive Board, the IAS-related provisions in the Financial Rules and Regulations for Executive Board review and approval.



Boosting IEAS' investigation support role

UN-Women Executive Management to provide a sustainable solution to boosting IEAS' investigation support role, so that IEAS can conduct inspections, proactive integrity assessments in high-risk areas and lessons learned from investigations, anti-fraud prevention initiatives, etc.



Reinforcement of culture of accountability

The Executive Board, in contributing to a culture of accountability, may be able to better appreciate and use the results reported by IAS (in individual audit reports, and in the Annual Report on Internal Audit and Investigation) to guide UN-Women in the effective and efficient implementation of its mandate. While this would not directly enhance the independence of IAS, it would help reinforce a view of IAS' effectiveness, which in turn could help to ensure that sufficient resources continue to be provided for IAS to continue its service effectively.

Conclusion



The Director IEAS reaffirms that the UN-Women **internal audit and investigation functions enjoy functional and operational independence**. Notwithstanding this, as noted above, there are potential pathways that could **further enhance the independence of IAS to ensure continued integrity and objectivity**.

THANK YOU