

REGIONAL OFFICE AUDIT

INTERNAL AUDIT REPORT
UN WOMEN REGIONAL OFFICE FOR
EUROPE AND CENTRAL ASIA



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EXECUTIVE SUMMARY

Audit objective and scope

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted an internal audit of the UN Women Regional Office for Europe and Central Asia from April to May 2023.

UN Women management is responsible for adequately designing and effectively maintaining governance, risk management and control processes to ensure that UN Women's objectives are achieved. IAS is responsible for independently assessing the adequacy and effectiveness of these systems and processes.

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

- **Regional oversight and support:** active and adequate fulfilment of responsibilities to support (technically and operationally), monitor and oversee the field offices in the region.
- **Strategic priorities, programmes and project management:** strategic positioning, priorities setting, coordination of gender mainstreaming, advocacy and resource mobilization, programme and project management, management of programme partners.
- **Governance, risk management and internal control system:** office structure and delegations of authority, control environment, risk management, data quality and implementation of recommendations from prior oversight reports.
- **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 Regional Office activities related to strategic priorities and programme. For operations controls, the sample covered transactions from 1 January 2021 to 31 December 2022. Atlas-recorded expenditure for the Regional Office totalled US\$ 7.1 million and US\$ 7.6 million in 2021 and 2022, respectively.

Scope limitations: IAS excluded Quantum ERP related transactions from January to April 2023 and related controls due to lack of reporting tools and because Quantum ERP related processes had not been fully operationalized in April 2023.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors.

As part of its regular audit procedures, IAS conducted an anonymous survey of ECARO personnel with 66 per cent (27 out of 41) response rate. Moreover, IAS included some questions within the ECARO functional review survey and used the responses for its conclusion triangulation (17 responses were received). The results of both surveys have been incorporated throughout the report where relevant.

Audit opinion and overall audit rating

IAS acknowledges several achievements and good practices. For example, ECARO has a clear vision and strategy of both regional coordination and supporting field offices in the region, which it actively implements. Moreover, 94 per cent of the field offices surveyed were satisfied with the oversight and support provided by ECARO on coordination, and 88 per cent were satisfied with the oversight and support provided by ECARO on normative and intergovernmental engagement work. ECARO was also proactive in developing its Strategic Note for 2022–2025 with the extensive consultations and took the lead in developing and implementing the regional UN Business Operations Strategy which should be continued by its new leadership.

IAS assessed the overall state of governance, risk management and internal controls in

the Regional 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.”*

IAS identified the following areas for enhancement to consolidate good practices and lessons learned, and advance the Regional Office’s mandate and priorities:

- **Strategic priorities, programme planning and implementation:** IAS assessed that positioning, advocacy, coordination, strategic priorities planning, field programme oversight and implementation were generally satisfactory, with some areas for improvement in implementation and monitoring of results, project design and programme partners management. Monitoring appeared fragmented, the resource mobilization strategy has not been fully operationalized and lessons from the results framework and reporting on previous the Strategic Note need to be considered for its current Strategic Note implementation cycle. Moreover, the reporting requirements for use of funds from National Committees and core funds related to Ukraine humanitarian crisis response need improvements.
- **Governance, risk management and internal controls:** Based on the audit work performed, risk management, ethics and working environment, data management and internal control framework compliance (as of 31 December 2022 or pre-Quantum ERP roll-out), and implementation of previous oversight recommendations were rated as generally satisfactory. ECARO has an effective filing system which helped ECARO to address audit queries within a short turnaround time. Some areas for enhancement related to an ongoing functional review of ECARO and its field offices, and risk management practices. ECARO’s personnel surveyed by IAS provided important feedback on bottlenecks, working environment, moreover, the risk registers need to expand some root causes and related mitigating actions.
- **Operations:** Controls in HR were satisfactory but needed minor enhancements. Payments, budget management, accounting and assets were also generally satisfactory. Controls for travel management were adequate and effective but should improve value-for-money of some expenditures. ECARO is committed to effective security management. ICT needed some improvement in ICT posture,

reducing vulnerabilities and ensuring a cost-effective approach to the ICT-related strategy to fit programme needs.

IAS made 8 recommendations to address the areas for improvement, all ranked as medium priority, 1 of which is to headquarters. The 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 are focused on enhancing governance and implementation of ECARO’s monitoring and reporting function; implementing and monitoring effectiveness of its resource mobilization; strengthening design and implementation of programmes and projects; enhancing internal communication and coordination, improving its risk management; aligning procurement strategy with its programmatic needs and improving its ICT posture in terms of fit for programmatic purposes and security vulnerabilities. One corporate recommendation is focused on clarifying expectation for the use and reporting of funds from National Committees. IAS also raised several advisory notes for consideration of ECARO’s team and provided inputs for its functional analysis without raising an audit recommendation.

Management comments and action plan

The Regional Director and the offices in headquarters accepted the above recommendations and provided action plans which are included in this report. Implementation of some of the recommendations has already begun. Management comments and additional information provided 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, and actions have been initiated to address them.



Lisa Sutton, Director
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ACRONYMS AND ABBREVIATIONS

DRF	Development Results Framework
ECARO	Europe and Central Asia Regional Office
ERM	UN Women’s corporate platform for Enterprise Risk Management
IAS	Internal Audit Service
IB	Institutional Budget
ICT	Information and Communication Technology
IEAS	Independent Evaluation and Audit Services
IST	Information System and Telecommunication Section
KPI	Key Performance Indicator
NRA	Non-Resident Agency
OEEF	Organizational Efficiency and Effectiveness Framework
RMS	Results Management System
SSA	Special Service Agreement
ToR	Terms of Reference
UNICEF	United Nations International Children's Emergency Fund
UNV	United Nations Volunteer
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WHO	World Health Organization

I. BACKGROUND

The UN Women Europe and Central Asia Regional Office (ECARO) has been located in Türkiye since 2014¹. ECARO covers Country Offices in 12 countries/territories² in the Europe and Central Asia region across three subregions (Western Balkans and Türkiye, Eastern Europe and South Caucasus, and Central Asia). It also serves as a member of UN Country Teams in five countries³ where UN Women is a Non-Resident Agency (NRA). Four of countries are classified as low-middle income and the rest as upper middle-income, while also experiencing political and economic transition, conflicts, natural disasters, migration and refugee crisis, and other challenges.

According to its Strategic Note for 2022–2025, ECARO mainly focuses on four transformative areas of change: 1) advancing implementation and financing of evidence-based normative frameworks and policies; 2) ensuring that women and girls fully and equally participate in leadership and decision-making processes and benefit from gender-responsive governance; 3) ensuring that women and girls live a life free from all forms of discrimination, violence and harmful social norms; and 4) enabling the UN system to demonstrate greater accountability to advance progress on gender equality and women's empowerment. ECARO continues its normative work to address gender equality pushback and the existing gap between political commitment and financing these commitments, supporting the Commission on the Status of Women and Sustainable Development Goal Voluntary National Reviews, and other international commitments. The Generation Equality Forum has been prioritized as a multistakeholder platform.

UN system coordination is supported through Issue Based Coalitions and the UN Business Operations Strategy. Operational areas of work continue in ending violence against women; women, peace and security; gender-responsive humanitarian action; disaster risk reduction and resilience; gender-responsive governance and budgeting;

¹ <https://eca.unwomen.org/en/where-we-are-0#:~:text=The%20UN%20Women%20Europe%20and,%2C%20Kyrgyzstan%2C%20Moldova%20and%20Ukraine.>

and gender data while exploring new areas including digitalization and climate change. ECARO has committed to provide targeted and demand-driven support and advice to field offices to bring added expertise and value on the ground.

The current Biennial Workplan covers the period of 2022–2023 and ECARO expects to have a self-assessment of its progress to adjust its next workplan, if needed. The 2022–2023 Biennial Workplan included 4 Outcomes under the Development Results Framework (DRF) with 14 outputs and 34 indicators. It also included 13 Outputs under the Organizational Efficiency and Effectiveness Framework (OEEF), with some repetition in each of five areas of work (Regional Office, support to Country Offices, Programme Presence Offices, NRAs and others).

As of 20 March 2023, according to the RMS Biennial Workplan Position Detail report, ECARO employed 22 personnel with fixed-term appointments and 1 on Temporary Assignment (P3 Humanitarian Action); engaged 9 individuals on service contracts; 6 consultants on Special Service Agreements (SSAs); and 3 United Nations Volunteers. At the end of March 2023, ECARO had five vacant positions: HR business Partner (P4, Extra-Budgetary, on hold), Procurement Associate (G7, IB, in progress), Comms Specialist (NOC, Institutional Budget [IB], on hold), two Finance Analysts (P2 and NOB, IB and Non-Core, in progress), while four recruitments have been finalized for a Programme Specialist, Women's Entrepreneurship Acceleration (P3, Non-Core) and Humanitarian Specialist (P3, Non-Core), Deputy Regional Director (P5, IB, completed), Programme Specialist/ Partnership, Intergovernmental and Normative Engagement (P4, Core, selected completed).

² Albania, Bosnia and Herzegovina, Georgia, Kazakhstan, Kosovo (UNSCR 1244), Kyrgyzstan, Republic of Moldova, North Macedonia, Serbia, Tajikistan, Türkiye and Ukraine.

³ Armenia, Azerbaijan, Belarus and Uzbekistan (where UN Women is a signatory of the UN Sustainable Development Cooperation Framework [UNSDCF]) and Montenegro (where UN Women intends to be a signatory of the new UNSDCF).

ECARO's budget and expenditure are summarized in Table 1.

Table 1. Office target and actual budget, expenditures and implementation rates

DRF	2018	2019	2020	2021	2022
Resources Requirements	2,036,075	2,931,660	4,887,781	7,706,496	5,853,984
Budget (\$)	3,420,693	3,402,085	4,166,036	4,092,186	5,365,240
Resource mobilization rate	168%	116%	85%	53%	92%
Delivery (\$)	3,598,362	3,355,299	3,401,462	4,726,630	4,502,683
Financial implementation rate	105%	99%	82%	116%	84%
OEEF	2018	2019	2020	2021	2022
Resources Requirements	3,629,668	3,481,659	3,024,093	2,963,285	3,310,168
Budget (\$)	3,503,708	3,211,171	2,931,236	2,149,677	3,293,272
Resource mobilization rate	97%	92%	97%	73%	99%
Delivery (\$)	2,746,135	3,078,412	2,566,556	2,140,890	3,018,977
Financial implementation rate	78%	96%	88%	100%	92%
Total	2018	2019	2020	2021	2022
Total Resources Requirements	5,665,743	6,413,319	7,911,874	10,669,781	9,164,152
Total Actual Budget	6,924,401	6,613,257	7,097,272	6,241,862	8,658,512
Resource mobilization rate	122%	103%	90%	59%	94%
Delivery (\$)	6,344,496	6,433,711	5,968,017	6,867,520	7,521,660
Financial implementation rate	92%	97%	84%	110%	87%

Source: Project Delivery Dashboard and Results Management System (RMS) data as of 5 April 2023

According to Project Delivery Reports for the period under review (2020–2022), ECARO's field programme comprised 31 non-core funded projects with a total budget of US\$ 13.8 million, funded by a range of donors, including:

- Multi-Partner Trust Fund (MPTF) for 1 project amounting to US\$ 179,000;
- UN agency bilateral agreements, including 3 projects funded by UNICEF, WHO and UN Counter-Terrorism Centre for amount to US\$ 266,000; and
- other funding for 27 projects amounting to US\$ 13.3 million.

ECARO had 36 programme partner agreements with a start date from 2020 valued at approximately US\$ 2.8 million. The highest partner agreement was value at US\$ 114,639, while the lowest was US\$ 37,405 and the average of all agreements was US\$ 77,000.

Atlas-recorded expenditure for ECARO totalled US\$ 7.1 million in 2021 and US\$ 7.6 million in 2022. Overall, this consisted of staff costs (39 per cent); other personnel costs (31 per cent); procurement of goods and services (9 per cent); maintenance, utilities and common services (2 per cent); personnel travel (5 per cent); training and

hospitality costs, including external participant travel (5 per cent); support cost charges (6 per cent); and grants (3 per cent). This includes 19 per cent of the total expenditure which was incurred through liquidation of advances or reimbursements to programme partners.

II. AUDIT RESULTS

A. Strategic priorities, programme planning and implementation

See Background section for key data on strategic priorities, regional programmes and resource mobilization and utilization. ECARO advances its UN system coordination mandate through regional participation in the Regional Peer Support Group, Regional Collaboration Platform with Issue Based Coalitions, as well as overall support to the UN system in the field offices, where UN Women has Country Offices or operates as an NRA. Budgets were monitored through the quarterly business review. From the quarterly business review for 4th Quarter 2022, ECARO performed well relative to other Regional Offices. Six Country Offices met their financial targets, while two did not meet the targets for minimum criteria of Presence Governance Framework, and the regional aggregate of Country Offices meeting the criteria was 75 per cent.

Based on the audit work performed, IAS assessed that positioning, advocacy, coordination, strategic priorities planning, field programme oversight and implementation were assessed in general satisfactory. ECARO has a clear vision and strategy of both regional coordination and supporting field offices in the region, which it actively implements. This was confirmed by the external stakeholders interviewed by IAS, who commended ECARO's proactive advocacy and coordination for gender equality and the empowerment of women, and ECARO leadership for providing quality and timely feedback, despite limited resources. Moreover, ECARO's role in oversight of and support for its field offices has been adequate: 94 per cent of the field offices surveyed were satisfied with the oversight and support provided by ECARO on coordination and 88 per cent were satisfied with the oversight and support provided by ECARO on normative and intergovernmental engagement work. ECARO was first among Regional Offices to develop its Strategic Note for 2022–2025. IAS commends ECARO for the extensive consultations with different stakeholders that took place during design of the Strategic Note, including among Country Office heads, to align and integrate the region's strategic priorities while at the same time diversifying its implementation approach according to the subregional context. Moreover, ECARO supported the new Strategic Note design and approval process in 9 of 12 countries so they are aligned with the UN Sustainable Development Cooperation Framework (UNSDCF) and follow UN Women planning process.

There were some areas for improvement in implementation and monitoring of progress being made, project design and programme partners management. Details on opportunities for enhancements are reported below.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 1: Summaries of feedback received from stakeholders and surveys of ECARO personnel and field offices in the region

Results of interviews with external and internal stakeholders: All partners provided positive feedback on the role and work of ECARO and its team towards UN Women's

mandate. Effective advocacy and communications led to good visibility and positioning of UN Women in the region. Expertise on gender equality was recognized as one of the success factors which needs to be maintained and expanded to different, new areas which require some support in mainstreaming gender equality.

According to UN agencies, UN Women's comparative advantage is its support and links with women's machinery and feminist non-governmental organizations, and its normative work on gender equality frameworks. Normative and UN system coordination work are very important. There were some new operational areas of work where the

division of labour between agencies was not yet fully clear (women's economic empowerment, climate, etc.). UN partners suggested that ECARO continue and enhance its already good advocacy and communications efforts in a changing geopolitical situation, with backlashes against gender equality and women's empowerment, in order to maintain the Entity's position and space. Some partners pointed to the limited resources and capacities which could be expanded through new ways of partnership and closer and substantive cooperation with other agencies (i.e., not only SWAP and not only with gender officers).

Field offices expected ECARO to have a role in providing timely and quality support in programmatic areas; and in enhancing field capacity in resource-based management, resource mobilization, communications; monitoring and evaluation through training; quality assurance; and jointly working with field. UN coordination support was also raised as key ask. IAS noted that this role has been covered by UN coordination work, training, and backstopping. The ECARO personnel surveyed recommended broadening work on the green agenda, climate change and increasing the participation of women in business; fostering a more decentralized approach, pivoting or more support to field offices; advocating for integration of gender on macroeconomic policies, public finance management reforms; and strategic gender and Sustainable Development Goal financing.

UN System Coordination: The Regional Issue Based Coalition on Gender Equality, co-chaired by UN Women and UNFPA, has been cited as a good model and a best practice. Sixty-three per cent of field offices surveyed responded that the Regional Issue Based Coalition on Gender Equality is relevant and effective, while 25 per cent indicated that it is relevant but ineffective. ECARO needs to continue its monitoring of the Issue Based for its relevance and regional/subregional/cross-border, needs-based focus where Resident Coordinators should be contributing to maintain its relevance. Across the region, this new positioning of gender equality and women's empowerment as a UNSDCF Guiding Principle has helped UN Women to achieve strong integration of gender equality and women's empowerment across the 13 new UNSDCFs recently rolled out, with 55 per cent including a stand-alone outcome on gender equality and women's empowerment (up from 8.3 per cent under the previous UNDAF cycle). Expectations of the types of services to be delivered and support provided as NRAs are not clearly articulated within the UN Women. ECARO has been exploring the pros and cons of its NRA model. For one model,

good impact results were confirmed by the UN Regional Coordinator's Office by placing a gender coordination specialist in Armenia funded by a non-core project; however, it has not been sustainable due to the lack of additional core funding and the inability of the Gender Coordinator to be involved in resource mobilization which does not comply with UN Development Systems reform principles. In another model in Belarus, the Country Representative in Moldova became responsible for coordination, while ECARO provided additional funding for programmatic interventions. Overall feedback received from interviews included addressing tensions between agencies due to competition for scarce resources; sharing subregional priorities with UN agencies; and balancing the priorities of the integrated mandate. The field offices surveyed suggested increasing technical support and expertise for normative work; providing more clarity and regular communication to the field offices on ECARO's normative work; and enhanced coordination and its mapping.

Communications, Advocacy, Partnerships and Knowledge Management: Several external stakeholders interviewed by IAS recognized ECARO's communication activities as best practices. The regional communications team functions as a service to provide guidance on strategic communications planning, partnership support and leveraging projects to reach the wider donor and stakeholder community. ECARO had a communications strategy for 2019-2021 but did not extend it further, awaiting the headquarters Communications Unit to release the global communications strategy which will be adapted for region. In the meantime, ECARO had a short-term communications plan in 2023 to guide the scope of its communications and advocacy work. A longer-term strategy will help ECARO to better define its communications and advocacy needs and priorities and how to cost-effectively implement them. The regional communications team provided technical quality control and helped programme teams to address the visibility requirements of donor agreements and plan campaigns for events for projects/programmes. The regional communications team also prepares content for Country Offices that do not have communications focal points, capacity, and channels. Sixty-nine per cent of field office respondents to the ECARO functional review were satisfied with the oversight and support provided by ECARO on communications, while 31 per cent did not know. There is potential to integrate the communications function for cost-savings and coherence, as well as pooling resources to provide for better contractual arrangements.

According to interviews with external stakeholders, documentation review and the personnel survey, ECARO manages its partnerships effectively, and differentiates them as follows: civil society organizations and its programme partners through networks and alliances; bilaterally with development partners planning for donor round tables for each subregion; with the UN through Regional Collaboration Platforms; and with its Member States through its country presences. ECARO has also piloted private sector partnerships through WEA and EXPO projects. Some stakeholders raised the need for systematic and targeted consultations/engagement with civil society rather than event driven approaches; working with regional bodies; and leveraging the work of influencers or celebrities to bridge the gap between UN Women and its target audience.

ECARO has advanced in its knowledge management strategy, *which now needs to be implemented and supported by well-organized governance and oversight to ensure cost-effective and high-quality results*. Subregional consultations confirmed the need for a knowledge management repository to increase access to information and facilitate knowledge sharing and good practices among key stakeholders across the region. A Community of Practice was set up in 2021 and comprising Regional Office and Country Offices focal points, the Regional Knowledge Management Board and dedicated thematic Communities of Practice that meet regularly (on WPP, WPS, RBM, UN Coordination, etc.). Having several Communities of Practice in thematic areas might lead to fragmentation and incoherence. ECARO surveyed participants of these communities who commented that there was no knowledge management focal point to ensure synergies, assess needs and track the use of knowledge products. Moreover, knowledge management requires engagement from all sides – not only from those who could supply it. The external stakeholders interviewed advised that Issue Based Coalitions could collect good practices and share experiences for knowledge management. The knowledge products could then be used by focus areas and later adapted to different country contexts.

Advisory Notes:

In its mid-term review, ECARO could analyse and address the 360-degree feedback from different stakeholders summarized in this audit and other relevant reviews.

ECARO needs to advance regional efforts in partnership and knowledge management

by implementing its plans and road map on civil society partnerships and knowledge management to ensure synergies, prioritization, relevance and quality, cost-effectiveness, utilization, and synergies. The civil society partnerships engagement strategy needs to embed communications and advocacy elements related to these partnerships.

Observation 2: Strategic Note design and implementation

Strategic Note results framework: The Regional Office's Strategic Note 2022–2025 has been developed based on extensive consultations with its external partners, field offices and ECARO personnel. The process was participatory to ensure that key priorities are relevant and lead to greater impact. Some areas could be revisited to build on this good work and adjustments made, as necessary.

- The Strategic Note has 4 outcomes, each with between 3 and 4 outputs with related 34 indicators varying between 5 for outcome 3 (social norms) to 13 for outcome 4 (coordination). The resources dedicated to achieving indicators per the outcomes are inverted in distribution. This might lead to underfunding of some labour-intensive areas of work.
- The quality of the indicators and relationship between outcomes and outputs with indicators varied. Most outputs are mainly focused on capacity development in the areas of gender-responsive budgeting, Women Peace and Security/Humanitarian Action while all outcomes are about change in duty bearers or rights holders' behaviour. Some outputs and related indicators can be used as best practice examples (e.g., 1.2.1) as they have good quality indicators to measure the changes required.
- Outcome 1.1.4, 1.4.4 (Ukraine related) and Output 1.3.3 (access to essential services) do not have correspondent indicators to measure their success. See below preliminary observation on Ukraine crisis management by ECARO.
- Most indicators are quantitative, which could be combined with qualitative indicators to measure expected change.
- The OEEF results chain might need some enhancement. Not all outputs selected for performance measuring had indicators; therefore, their effectiveness is not

measured. Some require use of regular surveys (field office support satisfaction) which should be planned in a timely manner.

Reporting against Strategic Note indicators: 2022 was the first year of the new Strategic Note and ECARO is making attempts to advance its operationalization. IAS commends the efforts in approaching Strategic Note implementation in terms of subregional strategies, resource mobilization diversification, and expansion of partnerships for gender mainstreaming. There is scope for programmatic consolidation and more efficient ways of working, which allows shifting funding into other strategic priorities and prioritizing value-generating activities. The annual report for 2022 focused on results progression which IAS could validate on a sample basis. Further enhancement could be made to reporting on actual progress against individual DRF targets, which was not so clear in 2022.

IAS reviewed RMS data for annual reporting during 2018–2021 *for lesson learned purposes*. Overall, the number of local (non-corporate) Outcome-level indicators increased from 8 in 2018 to 17 in 2021, and for Output level from 18 in 2018 to 54 in 2021. In 2019, the Output indicators dropped to 10, then in 2021 they rose to 47. As a result, some indicators were measured only once (26 per cent of Outcome, and 41 per cent of Output indicators).

Monitoring function: The analysis of personnel’s job descriptions involved in monitoring and reporting indicated potential fragmentation of the monitoring and reporting function, which could be expanded into monitoring programmatic progress (results-focused monitoring) aligning with spending (value for money confirmation) and risk management with potential escalation. Quality assurance processes focused on ensuring the data reported meets the RBM principles; however, there was no clear confirmation that the data/information in reports was validated. Furthermore, there was no clear programme partner monitoring framework with guidance and tools on how to monitor the work of programme partners. Feedback from the field office survey highlighted that 50 per cent of field offices were aware of ECARO’s role in strategic planning, monitoring and evaluations. They were generally satisfied with the level of support and service provided for evaluations and would continue to seek support from ECARO in the future. However, it was also raised that monitoring and reporting of results need to improve in

terms of personnel and systems to generate data for decision-making, programme planning and implementation.

Recommendation 1 (Medium):

The ECARO Regional Director to enhance governance and implementation of ECARO’s monitoring and reporting function to ensure it is a coherent and cost-effective process.

ECARO to revisit the results framework during its 2023 mid-term self-assessment.

Observation 3: Resource mobilization

Resource mobilization is a key challenge for the region. ECARO aims to explore innovative approaches and new sources of funding. The current situation with resource mobilization is quite challenging due to the local context of operating in low-middle-income countries with limited attention from traditional donors and competition among UN agencies for scarce resources; and the ongoing crisis in Ukraine which refocused donors’ attention. ECARO’s resource mobilization strategy follows a similar approach to the Strategic Note of subregional diversification and focuses on nourishing existing donors, exploring new donors including international financial institutions and exploring new areas of work (climate and women’s economic empowerment). For Ukraine, using support from several National Committees, UN Women managed to mobilize significant individual giving which is quite a unique source of funding for the Entity. The resource mobilization roadmap followed the resource mobilization strategy with donor mapping and an action plan.

There is a funded position for a partnership and resource mobilization officer, who, in addition to Regional Office mobilization, supports and oversees field offices in the Europe and Central Asia region. The resource mobilization officer builds capacity in Country Offices and provides support where necessary, and there are networks and sharing of good practices. The resource mobilization officer is also involved in the region’s donor reporting oversight and support. Moreover, as part of its partnership work, ECARO contracted a dedicated P3 to advocate with the private sector.

The historical trend for resource mobilization is presented in Table 2 below. It shows that in general during the previous Strategic Note period, resource mobilization efforts were successful; 2021 was the least successful year for non-core resource mobilization (45 per cent of target was reached); and the targets were feasible.

Table 2 - Resource mobilization trend by funding sources

Funding Type	2018	2019	2020	2021	2022
Core	111%	101%	86%	86%	91%
Actual Budget	1,159,521	1,652,367	1,007,003	932,943	1,167,599
Required Budget	1,048,850	1,640,847	1,168,178	1,089,922	1,286,859
IB	100%	87%	95%	96%	99%
Actual Budget	1,977,547	1,499,388	1,740,794	1,738,255	1,864,175
Required Budget	1,982,115	1,722,513	1,823,740	1,807,318	1,882,741
XB	28%	83%	76%	60%	133%
Actual Budget	210,632	331,629	303,660	209,237	652,749
Required Budget	756,748	398,126	398,626	350,209	489,239
Non Core	191%	118%	89%	45%	90%
Actual Budget	3,576,700	3,129,873	4,045,814	3,361,427	4,973,989
Required Budget	1,729,996	2,651,833	4,521,330	6,994,482	5,129,756

Source: RMS and Project Delivery Dashboard, April 2023

An annual non-core target in the current Strategic Note is on average between circa US\$ 3 million and US\$ 5 million. Based on the annual average amount mobilized between 2018–2022 (around US\$ 7 million) the targets for 2024 and 2025 appear less ambitious. LEADS has not been used proactively to demonstrate resource mobilization efforts; however, ECARO maintains an Excel file with the information on its pipeline projects.

Thirty-one per cent of respondents to ECARO functional review survey confirmed that resource mobilization for regional programmes complemented field efforts; 5 per cent believed they were not at all complementary; and 64 per cent responded that they were not part of regional programmes. Moreover, the ECARO personnel surveyed commented on the need for more support with resource mobilization for ECARO colleagues and for Country Offices, and the need for a clear strategy for effective donor engagement and strategic engagement with international financial institutions.

Recommendation 2 (Medium):

The ECARO Regional Director to ensure that the resource mobilization strategy is

implemented and monitored for effectiveness. The success rate of donor outreach also needs to be monitored.

Observation 4: Regional project portfolio

ECARO has established adequate controls for the design and implementation of regional programmes, including solid project documents, clear results frameworks, recruiting for required programme positions, monitoring frameworks, use of checklists and regular discussions with Country Offices involved in the programmes to ensure success. It is imperative that teams share good practices for implementation modalities of regional programmes. IAS selected a sample of nine projects for detailed review and, overall, implementation was satisfactory with areas of improvement highlighted below.

Extensions of projects: The end dates for three of the nine projects were extended. The delays occurred due to the COVID-19 pandemic, partner delays in executing agreements, political tensions/sensitivity, and the Ukraine crisis that also affected surrounding countries. While the extensions were duly approved by donors, ECARO might still have incurred additional costs for project personnel salaries, which could have reduced the full value transferred/implemented to beneficiaries.

Regional Projects Appraisal Committee reviews: The purpose of a Regional Project Appraisal Committee review is to ensure the proper design, rationale and implementation of projects. However, four of nine projects did not have Regional Project Appraisal Committee review and meeting minutes.

Allocation of project budgets to Regional and Country Office teams: Programme teams highlighted that most implementation of projects occurs at country level and Country Office Representatives ensure daily implementation and monitoring, while the regional programme teams coordinate with the Country Offices for donor reporting and overall technical advisory for the implementation of projects. IAS observed three of nine projects whereby the Regional Office retained a significant portion of the budgets instead of bigger allocations of budgets being made to Country Offices. The small allocations to Country Offices might not match the needs assessments carried out during the design of projects. ECARO highlighted that the allocation of funds is mostly influenced by donor

priorities/interests to focus on the refugee response at regional level; directly build capacity by financing innovative ideas of civil society organizations on norms/stereotypes across different countries without extensive reliance on Country Offices; and extending coverage of countries that were not included in global programmes. While the rationale for the allocation of the funds seemed logical and valid, IAS encourages ECARO to extend more funds to the field where possible. This will encourage Country Offices to monitor projects and programme partners at country level while ECARO continues to provide regional oversight.

Sustainability and exit strategies of projects and programmes: Exit or phase-out strategies ensure there is a clear and consistent process for the handover of projects from UN Women to governments, target audiences/beneficiaries. IAS observed that the ProDocs and donor agreements for seven of nine sampled projects did not have exit or phase-out strategies. Three of the seven projects were operationally closed, and there was no clear indication of how the exit or phase-out process was handled.

Sustainability strategies ensure the results, outcomes and impact produced by programmes and projects create lasting value for the target audience/beneficiaries. IAS observed that three of nine projects did not mention sustainability in the ProDocs or donor agreements. These three projects were ongoing and would benefit from definition of these strategies before the projects are completed. Furthermore, the results of one donor assessment exercise highlighted that the sustainability of benefits was questionable in the region because financing was almost entirely donor and project-based, which might negatively affect the effectiveness of the project. This may also apply to all projects, including those without donor verification results.

IAS also observed that ECARO had projects involving small grants to women beneficiaries and local grassroots organizations. The sustainability of these small grants has not been clearly elaborated. Small grant policy section 5.16.1 requires that the grantees must submit combined financial and progress reports indicating the expenditure and progress on the performance of the allowed activities set forth in the Small Grant Utilization Plan. However, it is not clear whether there were obligations for the recipients of the small grants to deliver certain activities or report back on the use of the funds and continuity of activities to ECARO. Furthermore, ECARO has not yet conducted post-implementation or impact assessments to determine the success of the small grants. ECARO highlighted

that the small grants policy does not foresee long-term impact as the primary focus is on capacity building; therefore, it did not undertake deep sustainability considerations.

Evaluations of programmes, projects and country portfolios: Requirements for evaluations were included in donor agreements and ProDocs. Completed evaluations were captured in GATE with recommendations, key actions and management responses. IAS reviewed the evaluations completed during the period 2018–2022 and observed that in two evaluations commissioned by ECARO of 120 key actions, 11 were overdue. Furthermore, in seven evaluations commissioned by Country Offices of 118 key actions 38 were still ongoing but with overdue dates. The ongoing status is typically used for key actions that require additional resources and coordination with partners, which involve long-term investment and effort, while the respective office continues to make ongoing efforts or progress. The Independent Evaluation Service will revise the guidance for monitoring of management responses to ensure clarity of ongoing and overdue actions.

Recommendation 3 (Medium):

The ECARO Regional Director to strengthen the design and implementation of programmes and projects to focus on or elaborate key priorities for budget allocations; include sustainability and exit/phase-out strategies in ProDocs and donor agreements, while also strengthening the timely monitoring of evaluation recommendations and key actions; to the extent possible, monitors the sustainability of small grants.

Observation 5: Regional Office response to the Ukraine humanitarian crisis

ECARO oversees the UN Women Ukraine Country Office and, since February 2022 invasion, has played a crucial role in assisting the Country Office with the humanitarian crisis. Management of the crisis has had both successes and challenges, prompting enhancements to adapt to different contexts and quickly respond to the immediate needs of beneficiaries. IAS is cognizant that both ECARO and the Country Office dealt with the situation with what was feasible at the time and commends both offices for their work. ECARO recently completed appointments of two humanitarian specialists to

provide technical support to the region. In addition, as part of Strategic Note 2023–2027 implementation, ECARO will mobilize more supplementary funds to support Country Offices.

Funding from UN Women National Committees: Resource mobilization for support to Ukraine through National Committees has been successful for UN Women; however, being a new initiative, there is a need for guidance to ensure accountability against results. This funding is considered loosely earmarked. One project for the regional response to the Ukraine humanitarian crisis did not have a ProDoc because the US\$ 2.6 million funding (less 8 per cent support cost) was from the UN Women National Committees that collected funds from individuals, foundations and the private sector that did not specify strong requirements for the use of funds. IAS noted that as of April 2023, ECARO had transferred 67 per cent of the remitted funds to the Ukraine and Moldova Country Offices. ECARO used the remaining 33 per cent at regional level for international consultants, support cost reimbursement, travel and other Country Offices. The feedback IAS obtained from the National Committees that it spoke to was generally positive, with a suggestion to standardize the frequency and content of the reports from UN Women to the National Committees, to ensure visibility, accountability, less use of technical jargon and increased use of stories from the field. There is room for improvement in the setting of expectations between National Committees and UN Women on reporting to clarify whether UN Women should provide updates on the use of funds, achievements, etc. because some National Committees indicated that they have to report to national donors about their activities but would need inputs from UN Women in the form of short narrative reports, etc. Therefore, reporting expectations need to be aligned between UN Women and National Committees to ensure smooth resource mobilization efforts.

Advisory Note: *The ECARO Regional Director to boost accountability by embedding the new guidance to be provided by the Multistakeholder Partnership Engagement Section into the ECARO reporting processes and ensure programme teams submit the required reports to National Committees using the guidance to elaborate the achievements from the use of the funds.*

Core resources: One donor provided €15 million corporate core resources to UN Women in 2022. While the contribution letter specified that it was for core, and this was

confirmed with the donor, it also specified that €6 million of these funds should go towards the response to the Ukraine crisis, an internal requirement of the donor given that funds were from a funding source earmarked for Ukraine. This created some confusion since core contributions cannot be earmarked under UN Women's Financial Rules and Regulations (FRRs). Following consultation and confirmation with the donor, UN Women accepted the contribution as unearmarked core and used it in line with the rules for allocations of core programmable as per the Consultative Committee decision which UN Women inherited under [64/289](#). This meant that no funding was earmarked for Ukraine response. While the Ukraine response was supported extensively by core funding (including through capacity in HQ, the RO, and the Ukraine and Moldova Country Offices) this was not tracked. In 2023, the donor requested a report on the use of the core funds that the contribution letter said should be used for Ukraine response, something UN Women was unable to do given the agreement that the contribution was core funding. This highlights a challenge which is not unique to this contribution, nor to UN Women, where donors provide core contributions but where the contribution letter includes requirements for its use. UN Women needs to find solutions to this challenge, since failure to do so may result in loss of donor trust in UN Women if the stipulations in a core contribution letter are not considered to have been met.

IAS plans to audit the UN Women Ukraine Country Office in 4th quarter 2023 to review the programmes and operations relative to the crisis and effectiveness of UN Women's response at country level. The issues highlighted above will be examined extensively, therefore, for the purposes of the ECARO audit, IAS does not raise any further recommendations except for below.

Recommendation 4 (Medium):

The Chief, Multistakeholder Partnership Engagement Section to clarify expectations for the use and reporting of funds from National Committees and roll out the guidance to all field offices.

Observation 6: Management of programme partners

Overall, the modalities for engagement of programme partners were adequate and established, and several success stories were highlighted including training of programme partners, thorough risk-based capacity assessments and quality assurance. The feedback from programme partners also confirmed that ECARO played a crucial role in partner capacity building. The areas of improvement highlighted below present an opportunity to enhance value for money from the selection of programme partners, sub-partnering and extension of the duration of partner agreements.

Sub-partnering of work by programme partners: IAS' review of partner agreements and narrative reports, and interviews with programme partners revealed that several programme partners sub-partnered their work to other non-governmental organizations or community-based organizations through signed legal contracts or memorandums of understanding. All the outputs and indicators were part of the programme partners' project documents, and the partners then chose to outsource part of the work to sub-partners. The sub-partners will be responsible for delivering the results (and indicators) that the partner has in their proposal. One donor conducted an assessment exercise for a project and recommended the project logframe should be modified to reflect outputs and indicators for sub-partnering. However, this recommendation has not been addressed in a clear manner by ECARO. IAS encourages ECARO to expand this recommendation to all programme partners that engage in sub-partnering.

Competitive selection of programme partners: According to the selection of programme partners procedure, calls for proposals are mandatory for all partnerships with civil society organizations. Sole sourcing is also allowed; however, certain prerequisites have to be met. Based on the review of the sample of programme partners, ECARO mostly selected programme partners through competitive selection. The partners interviewed by IAS also assessed the selection process as transparent because of the calls for proposals.

IAS noted instances where some programme partners were selected through sole sourcing and while this was properly justified, ECARO needs to improve documentation on how the partners were identified for transparency and value for money. ECARO programme teams need to consistently provide information on the identification of such partners through the non-Competitive Partnership Template for CSO Responsible Parties

section C. This would clearly show the comparative advantage of the partners and that programme teams tried to identify other potential partners without success.

Clearance of advances and submission of reports by programme partners: In general, programme partners submitted good quality and comprehensive narrative reports. IAS reviewed 12 narrative reports and 3 were submitted with delays by programme partners. Cash advances and other cash transfer policies require programme partners to submit narrative reports and FACE forms within 20 days at the end of every three-months period. IAS noted that most of the partners submitted FACE forms on time. However, one FACE form was submitted late, while 3 of 12 FACE forms were submitted on time but it took longer to finalize them because of submissions closer to the due dates and the clearance of follow-up questions from programme teams was completed after the due date. This occurred because of slight delays in implementing up to 80 per cent of the funds during the reporting period and misunderstanding of the reporting due dates by programme partners. Although not pervasive, this resulted in delays in the liquidation of advances.

Article viii of the Partner Agreement Reporting Requirements states that *"Any cash disbursement to sub-contractors or vendors can be reported as expenses in the financial report only after the sub-contractor or vendor completed the activities for which these funds have been transferred."* IAS noted that one programme partner sub-partnered some of its work and reported prepayments transferred to the sub-partners in the FACE form liquidations before the sub-partners could report back on actual use of the funds. ECARO explained that the partner maintains spreadsheets for the actual use of funds by its sub-partners and adjusts FACE forms when actual expenses are reported by its sub-partners. IAS observed that in this case the audit firm did not review the cash advances and accepted the reported cash transferred as expenditures before their utilization could be substantiated. The Programme Support Management Unit in headquarters confirmed that the external audit firm has to also audit how sub-partner used the cash advances.

IAS also noted another programme partner whose supporting documents for liquidation of advances included lump sum payments from the partner to a social media agency that also transferred the funds to a consultant who then transferred the funds to Tiktok influencers for Tiktok campaign videos. The partner reported the funds transferred to the social media agency as expenditure on the FACE forms before the social media

agency could account for use of the funds, meaning the partner did not use Article viii of the partner agreement properly. The social media agency provided evidence of the bank transfers to influencers after the liquidation of advances on the FACE forms.

Extension of partner agreements: Six of 12 sampled partner agreements had one-time or several cost or no-cost extensions. Such extensions were due to changes in ministers of counterpart governments; the national and global restrictions related to the COVID-19 pandemic; Ukraine crisis; overambitious timeframes; or inadequate monitoring by project managers to identify and manage delays in a timely manner. The extension of partner agreements may increase the associated operational costs.

Review of programme partner performance: ECARO evaluated the performance of 6 of 12 partner agreements, while three partner agreements were not yet due for performance evaluation as they were ongoing at the time of this audit. While final partnership performance evaluations are required, ECARO did not assess the performance of 3 of 12 partner agreements. One programme team explained that BDO audits were considered sufficient; therefore, the performance evaluations were not conducted. This may result in the continuous engagement of weak/underperforming partners; inconsistency in the approach to performance management; and extensions that depend on the undocumented discretion of programme teams.

The new guidance on PGAMS has made several controls mandatory which is anticipated to address some of the audit observations above.

Recommendation 5 (Medium):

The Regional Director, ECARO to develop a strategy for the longer-term engagement of programme partners to leverage or upscale the results achieved; strengthen processes for management of programme partners, including clarity in accountability for delays in submitting FACE forms; and ensure compliance with Policy, Procedures and Guidance (PPG) on partner selection, management, monitoring, reporting, audit and performance evaluation.

B. Governance, risk management and internal controls

See Background section on structure and personnel. IAS commends ECARO for its proactive initiative in conducting a functional analysis to ensure its structure, capacity and delegation of authority are fit for purpose. In particular, to be an effective partner in transformative change, ECARO will focus on building a business model and culture that focuses on results, actively manages risks, and adapts and learns from results and experience.

Based on the audit work performed, IAS assessed that risk management, ethics and working environment, data management and internal control framework compliance (as of 31 December 2022 or pre-Quantum ERP roll-out), and implementation of previous oversight recommendations were rated as generally satisfactory. Good practices included dedicated risk registers for programme partners. Some areas for enhancement related to an ongoing functional review of ECARO and its field offices, as well as risk management practices are discussed below.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 7: Areas for consideration for the functional review

IAS was informed about the progress made by the functional review team (external contractor) in a timely manner, which continued after IAS' field work. While IAS has not seen the final conclusions and recommendations, IAS would like to raise several areas for management consideration, outlined below.

Policy advisers funded by non-core resources: All policy advisers were funded by non-core resources, which creates a risk to sustainability and expectations that the advisers should mainly work on the non-core regional projects funding their positions. This was confirmed by 34 per cent of respondents to the functional review survey who highlighted that programme managers and policy advisers provide timely and good-quality support to Country Offices, while 66 per cent were not part of regional programmes. Some thematic priorities do not have dedicated staff, e.g., women's economic empowerment.

Areas for efficiency: ECARO needs to find a balance between what could be decentralized to field offices in terms of programmatic implementation and operational support. Within ECARO, teams could be consolidated to ensure thematic and operational oversight and coordination of programmes. There is a need to clearly define roles for

regional programmes and operational support between ECARO and field offices. Efficiency-savings could also be made if some teams were consolidated and streamlined. For example, thematic areas, monitoring and reporting, communications and programme/operation support could be consolidated for efficiency savings and for better accountability, mainly focusing on oversight and technical support. This might help with sharing costs for similar processes, so the workload is better distributed, and funding is freed for more value-adding activities.

Reporting lines: Some ambiguity in reporting lines occurred when the Deputy Regional Director role became vacant, and because some changes were not made pending the results of the ECARO functional review. IAS encourages ECARO to streamline its organization chart and group reporting lines into UN Women's key thematic areas. ECARO could also consider amending the scope of policy advisers to supervise programme/project managers to reduce the number of direct reports to the Deputy Regional Director and Regional Director.

ECARO's personnel feedback from IAS survey: Personnel highlighted the need for less micromanagement and better planning and for overall capacity building in communications and advocacy. There is a need for improved internal communications and coordination focusing on bottlenecks: staff recruitment; contracting consultants; internal approvals (UN Women Country Offices/Regional Office/headquarters); and procurement. Reportedly, headquarters support to the Europe and Central Asia region

for earthquakes and the Ukraine crisis was insufficient and delayed. The regional women's economic empowerment section needs a dedicated policy adviser to support Country Offices, and there is a need for additional experienced capacity in the humanitarian action team and interventions.

Observation 8: Risk management, control environment and culture

ECARO management has established an adequate control environment and culture in the office, and ensures personnel are kept abreast of standards of conduct, ethical values and fraud prevention. Regular team meetings occur where cross-cutting issues with compliance and performance indicators such as mandatory training, Performance Management Development, financial implementation rate, security, donor reporting are discussed. Furthermore, 75 per cent of respondents to the ECARO functional review survey were satisfied with the oversight and support provided by ECARO on operations management, while 25 per cent could not reply.

Feedback from the ECARO personnel survey conducted by IAS highlighted that discussions on risks related to fraud and other types of misconduct were held on a regular basis, including how to manage these risks. Furthermore, 85 per cent of respondents indicated that they were not aware of any inappropriate use of official resources, while the remaining 15 per cent indicated that they could not respond to the question. The majority of the respondents agreed that ECARO senior management lead by example in complying and ensuring compliance with the standards of conduct expected of international civil servants as set out in the Staff Regulations and Rules. All respondents except one were aware of their obligation to report allegations of wrongdoing.

Fifty-two per cent of the personnel surveyed felt overloaded with work. Reasons for feeling overloaded were said to include: poor planning; overlap of several events; last minute requests, with a need for better prioritization; understaffing in some teams; no back-up for smaller teams; loss of work-life balance; too many expectations and too heavy a workload placed on national personnel; working as both project manager and programme manager, or having too many roles to perform with no additional resources to complete tasks; the turnover rate was high for some teams, and it took several months to recruit for posts, while in some instances it was difficult to find experienced candidates

for some teams. Eighty-two per cent of personnel indicated that ECARO sufficiently shares knowledge and supports thematic, operation teams and Country Offices. However, there is a need to improve the nature of meetings and enable focused discussions among senior management.

ECARO management has an effective risk management process, which allows the office to identify and manage risks in a timely manner, including escalation of risks outside of office management control. Risks are identified at different points, for examples the key risks in the Strategic Note: 1) Ongoing disruption by COVID-19; 2) Political landscape and gender equality and the empowerment of women pushback; 3) Fragile economic climate; 4) Volatile donor landscape; 5) UN inter-agency competition for resources hinders effective cooperation. A dedicated risk register is in place for the office as part of corporate ERM policy requirements. Projects include risk registers in their ProDocs and as a best practice – partner proposals and agreements include risk management.

IAS' review of the risk register showed that in general it is complete and mitigating actions appear effective. IAS made comments in terms of expanding some root causes and related mitigating actions. It would also be useful to regularly review and confirm that the risk management actions for projects and processes are still effective. For example: (a) better advocacy and communication on UN Women's integrated mandate to reduce a perception about potential conflicting mandates or limited core resources for sustaining presence at NRAs could be added to coordination risks; (b) mitigating actions for risks related to political changes in the local context could be expanded from security and Business Continuity Plan into collecting intel and adjusting the strategies and implementation approaches, if needed; (c) risks of not being able to replace inadequate contracting arrangements related to SSA with Personal Service Agreements (PSA) due to UNDP delays and as a consequence risk of losing qualified personnel; and (d) the risks that the ECARO may not always follow Information Systems and Telecommunications Section (IST) policies or may not always consult IST about the design of websites and platforms as part of projects. IAS noted that the ratings for impact and likelihood for some risks on the risk register were lower than the inherent risk of the environment at ECARO and Country Offices. This resulted in underestimation of potential risks and risk responses. Mitigation actions were elaborated; however, they would not be given sufficient attention because the risks were inappropriately assessed as low.

Recommendation 6 (Medium):

The ECARO Regional Director to consider personnel feedback to enhance internal communication and coordination; reduce bottlenecks; and request that mitigation owners of risks regularly review the risks and mitigating actions for confirmation of their validity, potential escalation to headquarters and effectiveness of the mitigating actions. Internal self-assessments and oversight reports could also be used as a source for risk register updates.

C. Operations

See Background section on the number of personnel and the office's main expenditure. Operations team is headed by P4 Regional Operations Officer and includes dedicated positions for the functions of procurement, HR, ICT (also assets focal point), finance. The HR function comprised of one HR Business Partner (P4) shared with another Regional Office and an HR Associate. The Regional Office procurement function processed 150 purchase orders amounting to US\$ 557,700 million for 2021-2022.

ECARO has been proactive in developing and implementing the regional UN Business Operations Strategy, standard operation procedures and checklists which should be continued. Based on the audit's sample testing, overall controls in HR management were in general satisfactory but needed minor enhancements. Payments, budget management and accounting were also in general satisfactory based on audit samples. *As Quantum will modify some workflows, IAS suggests that ECARO update the payment workflow and necessary filing (off-system versus in-system).*

In general, based on the sample reviewed, IAS assessed that controls for adequate and effective travel management were in place with some improvement requirement in the value-for-money of some travel expenditure. In most cases, the highest Daily Subsistence Allowances paid were due to detailed assignments or prolonged missions to Istanbul which has high Daily Subsistence Allowance rates, between US\$ 14,000 and US\$ 23,500 per traveller per assignment. ECARO could consider the value-for-money of such missions and more cost-effective alternatives. Assets were recorded and safeguarded in accordance with related policies. ECARO is committed to effective security management. Its new Strategic Note states that security mainstreaming and compliance will be core priorities, aiming to reach 100 per cent security compliance during SN period. ECARO committed to carry out multi-office BCCMA tests to create an interactive emergency environment with which to assess the preparedness of each office. For an emergency such as the crisis in Ukraine, corporate investment is in a timely manner to enable the office to comply with required measures. ICT needed some improvement in ICT posture, reducing vulnerabilities and ensuring a cost-effective approach to the ICT-related strategy to fit programme needs.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 9: Human Resources

Based on the audit sample testing, overall controls in recruitment, induction, performance management and training were generally satisfactory. Close monitoring and leadership commitment to compliance with mandatory training resulted in a 100 per cent compliance rate.

While there is no clear provision in SSA policy, the SSA selection was considered a procurement exercise done as a public tender for individual contractors with scoring allocation between technical and financial offers (often 70 for technical and 30 for

financial); therefore, ECARO could lose some stronger technical consultants as they sometimes had higher rates, they would score lower comparing to less experienced but less expensive candidates. This helped to reduce consultant fees so enhanced value for money. At the same time if HR selection process instead of procurement would have applied, then first technical expertise had to be considered and adequately tested (written tests and interviews), and then fees could have been negotiated based on the terms of reference level, this could have helped to recruit more technically qualified candidates. Moreover, selection panel members could score candidates independently and share their scoring with the Operations Manager or HR Business Partner for consolidation as happens in procurement. Some vacancy notices had a one-week advertisement period (even if the policy does not foresee any duration requirement) which might be short for more qualified candidates to apply. In some cases, the public advertisement for technical experts collected 100+ candidates while the shortlisted

technically competent list reduced this number to only two–three candidates, often internal, which might indicate that the shortlisting process could have been improved or better explanation included as to why some potentially suitable candidates were not included. The shortlisting process also needs to carefully compare the TOR requirements with experience of individual candidates.

Internal and external stakeholders stated that in some instances UN Women cannot attract proper personnel due to short-term contracts and no core resources. ECARO has been waiting to transition to PSA modalities, but this was significantly delayed by UNDP. Due to issues with Quantum roll-out in early 2023, there were also significant delays in processing fee payments for SSA and service contractors which demotivated personnel.

Performance assessment had improved where terms of reference were assessed for timeliness and quality. Some survey respondents asked for a 360-degree performance appraisal system to be introduced.

Advisory Note:

ECARO could move SSA contracting under HR management, and hiring managers could review longlists to identify qualified candidates who were not shortlisted. Confirmation of experience should be sought from candidates' direct supervisors.

ECARO could consult personnel in the region on their training needs, as there was some indication in the personnel survey that training is not always available for all types of contracts.

Observation 10: Procurement

Overall, based on the audit sample, ECARO had a satisfactory procurement process that generally meets procurement needs and broadly complied with procurement policy. The areas of improvement are detailed below.

Procurement strategy and planning: ECARO did not have a comprehensive procurement strategy but had procurement plans. Although the financial rule and regulation 2403 (a) refers to "Acquisition planning for developing an overall procurement strategy and

procurement methodologies" under the custody of the Chief Procurement Officer, a regional procurement strategy would guide the office on its business needs in procurement, staffing, structure and terms of reference; procurement approach in terms of long-term agreements and profile of its procurement transactions; support for procurement for its Country Offices; considering its limited core resources, project direct costing of planned procurement and potential sustainability of the function.

Regional Procurement Review Committee: Procurement Review Committee membership or tenure is limited to three years. ECARO highlighted that most of its staff with grades P3, NOC and above had exceeded the three-year limit and could no longer be part of the Regional Procurement Review Committee. In some instances, the quorum could not be met, and procurement cases had to be escalated to headquarters but could not be resolved on time because headquarters had a backlog of other procurement cases, and subsequently returned the cases to ECARO to handle. ECARO attempted to engage staff from other regions in the process but has not always been successful. This has contributed to five long-outstanding procurement cases for recruitment of consultants pending review. This occurred because the Procurement Review Committee procedure might not be sufficiently flexible to accommodate instances where there is an insufficient number of P3, NOCs and above staff to form a quorum, which might necessitate a review of the policy.

Procurement process: ECARO developed standard operating procedures for procurement processes. The process was relatively transparent and competitive; however, there were some areas for improvement around value-for-money as outlined below:

- **Competitive selection of vendors:** ECARO duly advertised the solicitation documents on the UN Global Marketplace or In-Tend platform. The Methods of Solicitation Procedure recommends at least 10 days for potential vendors to respond to the call for proposals. However, in some instances, vendors were given less than 5 days to submit proposals or quotations. This could affect the number of proposals from potential vendors. There were a couple of vendors hired through direct contracting and the justifications for direct contracting were always provided, however, the Regional Office should reduce instances of direct contracting by improving procurement planning to ensure and demonstrate transparency and value for money.

Moreover, some justifications provided for direct contracting were not fully in line with direct contracting allowed by the procurement policy. There is an example of a vendor hired through direct contracting for organizing a hybrid virtual meeting/conference, however, such services are not very specialized, there are several events management companies that could be compared, and it was not clear why the Regional Office could not do open competition.

- **Events management purchase orders:** There were several purchase orders for events management for vendors to assist in organizing meetings and conferences. The terms of reference for contracts with the vendors were clear, however, the efficiency in engaging vendors to organize such events vis-à-vis organization by the programme teams with the assistances of existing programme personnel at the Regional Office and Country Offices needs to be explored. A cost-benefit analysis needs to be conducted to ensure vendors are engaged to organize events when there is insufficient capacity in-house rather than as a normal practice. This will ensure more funds are available for implementation of substantive work for the advancement of gender equality and related beneficiaries.
- **Value for money:** In one instance ECARO assessed the technical and financial proposals from two potential vendors for a contract and both technical and financial proposals of the vendor that was ranked first scored higher than the second vendor. It was later noted that the financial proposal of the first ranked vendor omitted out-of-pocket expenses, and at the request of ECARO, the vendor updated the financial proposal accordingly. The total revised proposal US\$ 58,350 was still lower than for the second vendor's proposal. ECARO sought guidance from the Headquarters Procurement Section on whether the vendor ranked first could be given the contract, but the advice was to disqualify the vendor ranked first because they did not initially submit a financially compliant proposal and indicated that the Regional Procurement Review Committee had the discretion on eventual allocation of the contract. As a result, ECARO allocated the contract to the second ranked vendor for US\$ 105,081. **As a lesson learned,** ECARO to improve the terms of reference of potential contracts to include all necessary elements that potential vendors should prioritize in their financial proposals to avoid disqualification of vendors for lack of understanding and unclear terms of reference.

Recommendation 7 (Medium):

The Regional Director, ECARO to develop a procurement strategy aligned with the office's programmatic needs and oversight role over Country Offices to enhance value-for-money in procurement actions. This may include: (a) updating the training plan and holding regular sessions with personnel in the region to socialize fast track procedures with the assistance of the Regional Operations Manager; (b) taking stock of bottlenecks and notifying policy or business process owners in Headquarters for improvements; (c) advocating for review of the Procurement Review Committee procedure to increase the tenure of participation of staff in the committee; and (d) enforcing value-for-money in procurement.

Observation 11: ICT strategy

Compliance with Information Security has been challenging due to limited capacity in the region, most ICT support is outsourced to third-party service providers, ECARO's IST is on an SSA contract, reportedly there was limited continuous support by HQ IST Information Security. ECARO complied with ICT assessments but offices in Moldova and Serbia were partially compliant, while Bosnia and Herzegovina, Georgia, Kosovo, Kyrgyzstan and North Macedonia did not comply. The office commented that non-compliance was mainly due to limited ICT training from headquarters in relation to Information Security and a lack of capacity to manage ICT support to those offices including from the headquarters/agency level. HQ IST shared the first phase of the cybersecurity learning path with field offices. This comprehensive training program aims to equip IT personnel with the necessary skills and knowledge to effectively protect digital systems and data from potential cyber threats. Furthermore, preparations are underway for the second phase of the learning path, including InfoSec certification orientation sessions and will be communicated to the field offices accordingly.

Other enhancements needed for regional ICT include:

- The need to update the compliance status for End Point – it was reported as 100 per cent while the Information Security questions indicated only partial compliance.

- Field offices with low capacity need to be supported by an on-site IST mission from ECARO to ensure that basic requirements are in place. ECARO made attempts to conduct such activities online, but this has proved difficult due to limited capacity in those countries. Another solution is to outsource ICT support to UNDP or external parties and implement Information Security measures. IAS encourages the offices to critically analyze the costs versus benefits of outsourcing to ensure value-for-money.
- The Service Level Agreement with UNDP is based on a standard template without a provision on incident management. In its Cybersecurity Audit, IAS recommended updating the agreement. ECARO should consider updating its agreement with UNDP.
- Mobile phones are not protected in the same way as computers. There were no instructions from headquarters to install MS Intune and MS Defender.

There was a lack of awareness among personnel designing projects about compliance with IST PPG when websites and applications are developed. While planned innovation and technology interventions could be a good way of achieving project results, they were not consolidated and analyzed for understanding how to align its ICT-related strategy with its programmatic needs. IAS found several websites and platforms either developed or planned for development (the Strategic Note also refers to the regional project on digital transformation). These should be consolidated and presented for headquarters IST review.

Feedback from the ECARO personnel survey conducted by IAS also highlighted that after Quantum roll-out, some people became responsible for some duties unrelated to their jobs due to IDAM roles. There are also delays in some transactions processing in Quantum due to lack of knowledge of new system.

Recommendation 8 (Medium):

The Regional Director, ECARO with close consultation and support from headquarters IST to enhance ECARO's ICT posture, reducing vulnerabilities and ensuring a cost-effective approach to the office's ICT-related strategy that fits for programmatic

purposes.

III. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Observation	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
2: Strategic Note design and implementation	<p>Recommendation 1</p> <p>The ECARO Regional Director to enhance governance and implementation of ECARO's monitoring and reporting function to ensure it is a coherent and cost-effective process.</p> <p>ECARO should revisit the results framework during its 2023 mid-term self-assessment.</p>	Regional Director	Medium	<p>The recommendation is agreed. On the monitoring and reporting function:</p> <ul style="list-style-type: none"> ECARO would like to ensure a more strategic and systematic approach for monitoring and reporting at Regional Office level and support of Country Offices in line with new policy on monitoring SN/AWP. Based on the IAS audit and the Functional Review findings and recommendations, as well as part of its mid-review of the SN, ECARO will assess the feasibility of increasing capacities on monitoring and reporting, exploring different models, including by learning what other Regional Offices are doing in this area. As a result of this process, a monitoring and reporting structure/function or model will be proposed for ECARO. ECARO will assess the capacity and resources available and needed. The monitoring and reporting function will connect to the enhancement of programme support services. ECARO will also re-examine and re-adjust its results framework in 2023 as part of its SN mid-term review to respond to the audit observations, including further reducing the high number of indicators. 	31 March 2024
3: Resource mobilization	<p>Recommendation 2</p> <p>The ECARO Regional Director to ensure that the resource mobilization strategy is implemented and monitored for effectiveness. The success rate of donor outreach also needs to be monitored.</p>	Regional Director	Medium	<p>The recommendation is agreed. On resource mobilization and monitoring:</p> <ul style="list-style-type: none"> ECARO's existing resource mobilization strategy and roadmap is linked to the ECARO SN with a monitoring and review mechanism that it is employed bi-annually and annually in line with targets. Still, during the SN mid-review process in Q3 2023, ECARO will review/strengthen/add resource mobilization targets and indicators and undertake a reprioritization exercise where all targets will be adjusted. The implementation of the resource mobilization roadmap will be budgeted and resourced against a detailed workplan, including timeframe, and expected outputs. Moreover, as a tool of resource mobilization strategy implementation, ECARO developed sub-regional roadmaps for Western Balkans (WB) and Central Asia (CA) in 2023 to be implemented and focused on donor planning and broadening scope for engagement through donor actions plans and connecting and strengthening resource mobilization capacities. The success rate of donor outreach will be quarterly monitored. 	31 March 2024
4: Regional project portfolio	<p>Recommendation 3</p> <p>The ECARO Regional Director to strengthen the design and implementation of programmes and projects to focus on or elaborate key priorities for budget allocations; include sustainability and exit/phase-out strategies in ProDocs and donor agreements, while also strengthening the timely monitoring of evaluation recommendations and key actions; and to the extent possible, monitors the sustainability of small grants.</p>	Regional Director	Medium	<p>The recommendation is agreed. On the design and implementation of programme and projects:</p> <p>ECARO normally holds an orientation session for RPAC members in charge to review and appraise project documents and selection of programme partners, as a way of strengthening internal capacity in managing RPACs. Based on the audit recommendations, ECARO will:</p> <ul style="list-style-type: none"> Update the training package for RPAC members to highlight the key 	31 March 2024

Observation	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
				<p>requirements of project appraisal, including the review of sustainability, exit/phase-out strategies as well as lessons learned from previous evaluations, etc.</p> <ul style="list-style-type: none"> • Socialize the RPAC process with Country Offices to avoid the reputational risk for low quality ProDocs submitted to donors, including by elaborating a presentations template for Country Office RPAC cases submissions. • On evaluation recommendations and key actions, ECARO will continue to utilise the GATE system for monitoring and alerting the programme managers on evaluation recommendations and key actions. It will strengthen the quarterly monitoring of the evaluations management response implementation monitoring through its Programme Support Unit function. • ECARO will socialize the Small Grants Policy and Procedure for managers to ensure proper compliance with the corporate policy and procedure, in particular, regarding clear stipulation of obligations and reporting requirements of small grant recipients. 	
5: Response to the Ukraine humanitarian crisis	<p>Recommendation 4</p> <p>The Chief, Multistakeholder Partnership Engagement Section to clarify expectations for the use and reporting of funds from National Committees and roll out the guidance to all field offices.</p>	MPES	Medium	The recommendation is agreed.	31 March 2024
6: Management of programme partners	<p>Recommendation 5</p> <p>The Regional Director, ECARO to develop a strategy for the longer-term engagement of programme partners to leverage or upscale the results achieved; strengthen processes for management of programme partners, including clarity in accountability for delays in submitting FACE forms; and ensure compliance with Policy, Procedures and Guidance (PPG) on partner selection, management, monitoring, reporting and performance evaluation.</p>	Regional Director	Medium	<p>The recommendation is agreed.</p> <p>On long-term engagement with partners, ECARO will engage with partners/donors beyond programmes with a long-term perspective through the implementation of its roadmaps for Central Asia and the Western Balkans produced in 2022 to support the implementation of ECARO SN during 2022-2025. Performance targets and indicators will be connected to the Strategic Partnerships and Resources Mobilization Strategy mentioned in Recommendation 2.</p> <p>On management of programme partners, ECARO is currently revising its training module for project managers and programme partners to address and/or highlight the shortcomings identified in the audit report (such as delays in submitting narrative and financial reports and related consequences) as well as key compliance-issues related to partner selection, management, monitoring, reporting, external audits, and performance evaluation. The revised training module will be used during bi-annual capacity building of project managers and programme partners going forward.</p>	31 March 2024
8: Risk management, control environment and culture	<p>Recommendation 6</p> <p>The ECARO Regional Director to consider personnel feedback to enhance internal communication and coordination; reduce bottlenecks; and request that mitigation owners of risks regularly review the risks and mitigating actions for confirmation of their validity, potential escalation to headquarters and effectiveness of the mitigating actions. Internal self-assessments and oversight reports could also be used as a source for risk register updates.</p>	Regional Director	Medium	The recommendation is agreed. The new Deputy Regional Director is in place since mid-May 2023, and HR Business Partner dedicated to the ECA region will be back as of mid-September which will enhance the HR function. ECARO organigram has been updated and regular staff meetings are taking place, including: i) all staff bi-weekly meetings, ii) monthly policy-programme meetings, iii) operations-programme monthly meetings, iii) weekly Deputy Regional Director -Operations Manager meetings, in addition to ad hoc or on need-based ones. Weekly internal updates are being prepared and sent to the region by Country Offices.	31 March 2024

Observation	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
				<p>On bottlenecks, ECARO is updating standard operating procedures for key business processes to reflect changes in workflow with Quantum rollout to clarify roles and responsibilities. It will make use of automation tools such as global service tracker, an app for tracking key business processes to reduce bottlenecks and improved efficiency of operations and programme support.</p> <p>On Risk Management/Mitigation, due to delay in rollout of necessary reports in Quantum, currently it is extremely difficult to assess progress on key performance indicators. Thus, ECARO will use the QBR process for monitoring. It will develop KPIs for self-monthly monitoring at Country Office level and quarterly reporting at Regional Office level.</p>	
10: Procurement	<p>Recommendation 7</p> <p>The Regional Director, ECARO to develop a procurement strategy aligned with the office's programmatic needs and oversight role over Country Offices to enhance value-for-money in procurement actions. This may include: (a) updating the training plan and holding regular sessions with personnel in the region to socialize fast track procedures with the assistance of the Regional Operations Manager; (b) taking stock of bottlenecks and notifying policy or business process owners in Headquarters for improvements; (c) advocating for review of the Procurement Review Committee procedure to increase the tenure of participation of staff in the committee; and (d) enforcing value-for-money in procurement.</p>	Regional Director	Medium	<p>The recommendation is agreed. ECARO procurement strategy will include:</p> <ul style="list-style-type: none"> Utilisation of procurement planning in Quantum. Quarterly review of expenditure plan to map procurement priorities and to consolidate needs for economies of scale and reduce the number of transactions for contracting. Conduct a workshop for needs analysis and lessons learnt to identify bottlenecks and utilise the results to update standard operating procedures. Full utilisation of global service tracker for submission of requests and service delivery on procurement for the region. Continue to advocate with HQ to remove or update Procurement Review Committee membership term as it creates barrier where capacities are limited. With improved planning and sourcing, ECARO will be able to have sufficient lead time to conduct additional analysis on value for money. 	31 March 2024
11: ICT Strategy	<p>Recommendation 8</p> <p>The Regional Director, ECARO with close consultation and support from headquarters IST to enhance ECARO's ICT posture, reducing vulnerabilities and ensuring a cost-effective approach to the office's ICT-related strategy that fits for programmatic purposes.</p>	Regional Director	Medium	<p>The recommendation is agreed. The implementation for this recommendation requires actions generated both from ECARO and HQ IST. The overall accountability for implementation rests with ECARO and HQ IST will provide guidance and technical support to the ECARO team in addressing the issues.</p> <p>IST/HQ will certainly assist in clarifying the responsibilities of the regional ICT role and provide necessary tools to monitor ICT compliance at both regional and Country Office levels. Nevertheless, it's essential to emphasize that the effectiveness of such efforts heavily relies on the presence of a capable ICT focal points at the Country Offices or assistance from the Regional ICT Focal Point. Without a designated ICT counterparts at the Country Offices, dealing with incidents and fulfilling requests may become challenging and hinder overall progress.</p> <p>IST/HQ will help develop the adequate staffing structure in collaboration with ECARO for the ICT function in the field with proper contracting types (reducing the reliance on SSAs). However, financing of the structure would need to be ensured by the ECARO.</p> <p>With ECARO support, IST will provide training of ICT focal points, including training of trainers.</p>	31 March 2024

Observation	Recommendation	Responsible Unit	Priority	Action Plan	Implementation date
				<p>Under the ECARO, ECARO will create controls for website development and security of offices and programmes and manage associated risks to be reported to HQ IST before publishing any website or application. ECARO will ensure that no work will be initiated on the design and development of any website or application till the business cases for the need are cleared by the ICT Coordination Group.</p> <p>ECARO will also include ICT trainings in the office learning plan and consult HQ IST to leverage existing training material.</p>	

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 take action 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 management of the audited entity/area, 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 implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.



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