

COUNTRY OFFICE AUDIT

INTERNAL AUDIT REPORT

UN WOMEN COUNTRY OFFICE IN MALAWI



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INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)

Internal Audit Service (IAS)

UN WOMEN

5 October 2023

IEAS/IAS/2023/007

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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 Country Office in Malawi between March and July 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 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:

- **Strategic priorities, programmes and project management:** strategic positioning, priorities setting, programme and project management, management of programme partners, coordination of gender mainstreaming, advocacy and resource mobilization.
- **Governance, risk management and internal control system:** office structure and delegation of authority, control environment, risk management, data quality, internal control framework and implementation of prior oversight recommendations.
- **Operations:** management of procurement, human resources (HR), finance and budget, information and communication technology (ICT), travel, assets, and safety and security.

The audit covered the state of governance, risk management and internal controls, based on a sample of Country Office activities primarily from 1 January 2021 to 31 December 2022. Atlas-recorded expenditure for the Country Office totalled US\$ 6.5 million in 2021 and US\$ 4.3 million in 2022.

The current Country Representative commenced work at the Country Office in April 2022 and the current Operations Manager in March 2015. At the time of audit, the Country Office did not have a Head of Programmes/Deputy Representative.

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 at the time of the audit and could not be fully verified.

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 procedures, IAS conducted an anonymous personnel survey on the Country Office's working environment. The response rate was 77 per cent, the results of which have been incorporated into observations throughout the report.

Audit opinion and overall audit rating

Country Office personnel understands their role and responsibilities in the country. UN Women was seen as a reliable and effective partner in Malawi and a leader for gender equality and the empowerment of women. The Country Office coordinated the UN Gender and Human Rights Working Group and UN Gender Theme Group.

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

IAS identified the following areas with **some improvement needed**:

- **Strategic priorities, programmes and project management:** Strengthening

external communications and advocacy, coordination efforts of gender equality and empowerment of women, programme and project design, management, and monitoring and reporting processes.

- **Governance, risk management and internal control systems:** Strengthening the sustainability of the office typology and improving the internal control framework.
- **Operations:** Strengthening leave management, procurement management and cost recovery.

Resource mobilization, partner management and information security needed **major improvement**.

IAS made 12 recommendations to address the areas requiring improvement: 1 recommendation was ranked as high priority and 11 as medium priority.

The one high (Critical) priority recommendation means that *“prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women.”* This recommendation was addressed to the Country Office as detailed below.

Recommendation 3: The Country Representative to update and monitor the effectiveness of the Resource Mobilization Strategy to include new objectives and approaches in line with development of the Country Office’s new Strategic Note. The strategy should also include a mechanism to track the success of resource mobilization efforts and provide the Country Office and regional management with timely information on progress against targets. The strategy could consider the need for dedicated resource mobilization capacity in the Country Office, and the role of the Regional Office in supporting resource mobilization efforts.

The 11 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”*.

The recommendations mainly focus on: developing and implementing an external communications and advocacy strategy; finalizing and implementing the Country Office’s coordination strategy; devising a mechanism to track reporting timelines;

enhancing its monitoring framework and function; ensuring projects have active risk registers; implementing strong quality assurance during project design; developing a mechanism for follow-up with beneficiaries; strengthening the Country Office’s processes for management of programme partners; considering how to sustain the office typology and structure to deliver the new Strategic Note; ensuring that personnel do not approve transactions that relate wholly or partly to themselves; developing a mechanism to track external data requests and their due dates; devising a mechanism for tracking leave records and balances by supervisors; strengthening the procurement function, filing system and tracking the duration of procurement processes; regularizing a cost recovery mechanism to compensate for services provided to other UN entities; and taking action to improve information security compliance.

Management comments and action plan

The Country Representative accepted the 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

Independent Evaluation and Audit Services

ACRONYMS AND ABBREVIATIONS

CSO	Civil Society Organization
DRF	Development Results Framework
FACE	Funding Authorization and Certificate of Expenditures
HR	Human Resources
IAS	Internal Audit Service
ICT	Information Communications Technology
IEAS	Independent Evaluation and Audit Services
LTA	Long-Term Agreement
M&E	Monitoring and Evaluation
OEEF	Organizational Efficiency and Effectiveness Framework
PGAMS	Partner and Grants Agreement Management System
RMS	Results Management System
SSA	Special Service Agreement
UN	United Nations
UNCT	UN Country Team
UNDP	United Nations Development Programme
UNFPA	UN Population Fund
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US\$	United States Dollar

I. BACKGROUND

The UN Women Country Office is located in Lilongwe, Malawi. It implements its programme in 11 districts in the country and reports to the East and Southern Africa Regional Office.

The current Country Representative commenced work at the Country Office in April 2022 and the current Operations Manager in March 2015. At the time of audit, the Country Office did not have a Head of Programme (a Programme Specialist was acting ad interim).

According to the organization chart shared by the Country Office, the current office structure consists of 31 positions with 9 vacancies at the time of audit, including 2 in Operations and 7 in Programme teams (4 positions are funded through Core, 4 through Institutional Budget and 23 through Non-Core funds). Ten of the 31 positions are part of Operations which represents 32 per cent of the workforce. The office structure includes the Country Representative (D1 grade), Programme Management Specialist (P4), Operations Manager (NOC), National Programme Officer (NOC), Programme Specialist for Women's Economic Empowerment (NOC Vacant), Programme Specialist for Gender-Based Governance (NOC) and Technical Specialist for the Spotlight Initiative (NOC).

The Country Office's current Strategic Note covers the period 2018–2023. It focuses on the following outcomes contained in the UN Women Strategic Plan:

- More countries and stakeholders are better able to prevent violence against women and girls and deliver essential services to victims and survivors.
- More women of all ages fully participate, lead and engage in political institutions and processes.
- More policies promote decent work and social protection for women.
- More women own, launch and/or better manage small, medium and large enterprises.

The Country Office's overall budget increased each year from 2018 to 2022. Budget and expenditure are summarized in Table 1.

Table 1: Country Office budget and expenditure as at 31 December 2022 (source RMS and Project Delivery Dashboard)

	2018	2019	2020	2021	2022
DRF budget target, US\$	3,686,211	6,416,592	6,718,581	7,183,370	8,166,020
DRF actual budget, US\$	2,641,332	3,827,258	3,709,797	5,559,787	2,728,323
Resource mobilization rate, %	72%	60%	55%	77%	33%
DRF expenditure, US\$	2,564,260	3,567,714	3,259,603	5,306,644	3,042,791
Financial implementation rate, %	97%	93%	88%	95%	112%
OEEF budget target, US\$	1,021,969	744,017	1,016,232	1,027,463	1,755,419
OEEF actual budget, US\$	949,809	1,099,887	1,186,933	1,228,959	1,262,588
Resource mobilization rate, %	93%	148%	117%	120%	72%
OEEF expenditure, US\$	843,170	1,114,323	1,178,955	1,220,645	1,273,536
Financial implementation rate, %	89%	101%	99%	99%	101%
Total resource mobilization target, US\$	4,708,180	7,160,609	7,734,813	8,210,833	9,921,439
Total actual budget, US\$	3,591,141	4,927,145	4,896,730	6,788,746	3,990,911
Total expenditures, US\$	3,407,430	4,682,037	4,438,558	6,527,289	4,316,327
Total resource mobilization rate	76%	69%	63%	83%	40%
Total financial implementation rate	95%	95%	91%	96%	108%

According to project delivery reports for the period under review (2021 to April 2023), the country field programme comprised 29 Non-Core funded projects with a total budget of US\$ 8.2 million, funded by a range of donors, including:

- Spotlight Initiative and other Multi-Donor Trust Funds projects for US\$ 6.8 million.
- UN agency bilateral agreements, including projects funded by UNAIDS and UNDP for US\$ 0.4 million.
- Other funding for almost US\$ 1.0 million from a number of bilateral donors.

Atlas-recorded expenditure for the Country Office totalled US\$ 6.5 million in 2021 and US\$ 4.3 million in 2022. Overall, UN Women's direct implementation expenditure consisted of learning and recruitment costs (44 per cent); staff costs (17 per cent); non-staff personnel costs (9 per cent); grants (8 per cent); procurement of goods & services (8 per cent); travel costs (6 per cent); communication costs (3 per cent); support costs (2 per cent); and other costs (3 per cent). As part of the above expenditure, US\$ 7.4 million was incurred through programme partners during 2021–2022.

II. AUDIT RESULTS

A. Strategic priorities, programmes and project management

See Background section on Strategic Note components. Development of the Strategic Note 2018–2023 followed UN Women’s processes, with feedback from various internal parties. The Strategic Note is linked to the UN Development Assistance Framework 2019–2023 for Malawi and the Malawi Growth and Development Strategy III 2017–2022. The next Strategic Note is expected to align closely with the UN Sustainable Development Cooperation Framework (2024–2028).

IAS reviewed the Country Office’s Strategic Note and, overall, there was a reasonable link between impacts, outcomes and outputs, and activities were coherent. The Country Office has a small communications function, consisting of one service contractor, who also performs some resource mobilization and liaison duties. The stakeholders interviewed by IAS confirmed that UN Women was a well-respected partner, and was seen as a leader in gender equality and empowerment of women work in Malawi. The Country Office coordinated the UN Gender and Human Rights Working Group, Gender Theme Group and the donor and partner working group on gender.

IAS assessed some improvements were needed in: external communication, advocacy and stakeholder management; coordination; implementation monitoring and reporting on the Strategic Note; managing project portfolios and funding pipelines; and project design. Resource mobilization and partner management needed major improvement.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 1: Communications and advocacy

UN Women Malawi is seen as a reliable and effective partner by the government, civil society and development partners. Stakeholders shared generally positive feedback about working with the Country Office, noting the importance of UN Women’s role in Malawi with respect to gender equality and the empowerment of women issues.

Stakeholders also noted that UN Women could consider the following actions to improve its contribution in Malawi: increase resource mobilization efforts; improve coordination of gender mainstreaming and related interventions with stakeholders; and, where appropriate, increase the length and scope of its activities.

The Country Office employs one personnel on a service contract whose role focuses on communications and advocacy but also performs some resource mobilization efforts and attends key meetings with the Country Representative. There seems to be

insufficient resources to conduct the level of communications, advocacy and resource mobilization needed and intended to support the Country Office and its activities.

The Country Office does not have a formal communications and advocacy strategy to accompany a formal resource mobilization strategy. This could be included in the Strategic Note development process currently under way.

Stakeholder feedback stressed the need for more stories to demonstrate the impact of UN Women’s work in Malawi through tangible examples of change at local and community levels. Stakeholders also thought UN Women could do more to clarify its mandate and focus in Malawi.

Without a communications and advocacy strategy and related implementation plan, the Country Office may not be able to effectively implement and monitor the effectiveness of its outreach and advocacy efforts, which could reduce its overall impact, visibility and business continuity.

Recommendation 1 (Medium):

The Country Representative to develop, operationalize and monitor a communications and advocacy strategy to accompany the new Strategic Note which will map and address key expectations of external stakeholders.

Observation 2: Coordination of gender equality efforts

The Country Office leads the coordination of gender mainstreaming in the country through key thematic groups on gender; development and implementation of the UN Sustainable Development Cooperation Framework; and support to the government and Civil Society Organizations (CSOs) in developing and implementing the country's gender equality policies, priorities and programmes.

The Country Office coordinates the Gender and Human Rights Working Group, together with UNFPA; Gender Theme Group; and the donor partner working group on gender.

Stakeholders reported that UN Women's coordination activities in Malawi were visible and useful. They also stated that more work could be done to coordinate local gender equality and the empowerment of women actors. The Country Office acknowledged the desire to undertake more coordination work and was devising a plan to secure and allocate additional resources to coordination within the office, as part of developing its new Strategic Note.

Country Office personnel also acknowledged coordination was a key area that required additional resources and focus. In addition, the office's Country Portfolio Evaluation completed in 2022 found that institutional and programmatic linkages and synergies existed but coordination was a challenge.

The results of the UNCT-SWAP scorecard for 2020 and 2021 indicate some good achievements and successes, with 9 of 17 indicators meeting requirements and an additional 3 exceeding requirements. There is still some need for improvement, with 4 indicators approaching requirements, including engagement with the private sector; capacities developed for gender mainstreaming; adequate resources for gender

mainstreaming allocated and tracked; and UN programmes making significant contribution to gender equality in Malawi. In addition, one indicator on gender parity in staffing was rated as missing the minimum requirements altogether.

This issue is not the sole responsibility of UN Women as UNCT-SWAP is a UN-wide initiative. The management team in the Country Office indicated that they had not yet had time to develop a coordination strategy. Resources for communications and advocacy were also limited.

The UN Country Team (UNCT) has not yet addressed the UNCT-SWAP recommendations. It was indicated that the recommendations were finalized in March 2022, and coordination of different UN entities with varying mandates and resources can be challenging. There is a risk that, if the UNCT SWAP scorecard recommendations are not implemented, the UNCT will not be in a position to sufficiently discuss and address gender equality and the empowerment of women at a coordinated level.

Recommendation 2 (Medium):

The Country Representative to finalize and implement the Country Office's coordination strategy to cover key areas such as advocating with the UN Resident Coordinator and UNCT for implementation of recommendations raised in the UNCT-SWAP scorecard, and enhancing coordination with CSOs and UN agencies.

This strategy will need to be supported by resources, embedded into programmes and advocacy work (where possible) and assigned to responsible senior manager to monitor its effectiveness.

Observation 3: Resource Mobilization Strategy

Malawi experiences difficulties in attracting traditional donors. Not all donors have a large or even any physical presence in the country and there have been reports of donor fatigue and other global crises shifting resources away from Malawi.

As illustrated in Table 1 in the Background section, resource mobilization figures have been on a downward trend in recent years, with analysis showing a drop in the development results budget from US\$ 3.7 million in 2020, increasing to US\$ 5.6 million

in 2021 (one year increase due to Spotlight Initiative funding) and then decreasing to US\$ 2.7 million in 2022. Over the three years, the Country Office averaged a resource mobilization rate of 55 per cent. Activity in the corporate LEADS system has also been somewhat limited in recent months with only four leads in 2022 down from seven in 2021, indicating limited opportunities to pursue, or perhaps also lack of capacity in the office to successfully pursue opportunities.

The Country Office established a resource mobilization task force made up of programme leads and other personnel. The task force meets periodically to discuss progress on resource mobilization, leads and other strategies for improving resource mobilization. These efforts could be strengthened by dedicated resource mobilization capacity, support from the Regional Office and accountability for results.

A brief Resource Mobilization Strategy was developed as part of the last Strategic Note starting in 2018. Due to changes in leadership over the Strategic Note period and the limited time and capacity of personnel, a new strategy has not been developed and maintained.

An up-to-date resource mobilization strategy should help to ensure that the Country Office is focused in the right areas on resource mobilization. This is particularly relevant if the office wants to expand into other areas of identified need in the country, such as climate change and gender-based budgeting.

Without an up-to-date strategy and its effective implementation, the Country Office might not be able to deliver and continue in its current typology as a medium Country Office (based on UN Women's Presence Governance Guidance) and may not be able to live up to its potential. The Presence Governance Guidance states that a medium-sized Country Office should have a Development Results Framework (DRF) budget of US\$ 3.5 million per year, excluding Core funds, and a resource mobilization target of more than US\$ 4.2 million. Actual DRF in 2022 was US\$ 3.0 million and DRF resources mobilized was at US\$ 2.7 million. There is mismatch between the Country Office's current typology (medium-size Country Office), its current non-core resources mobilization figures discussed above (small Country Office) and its personnel headcount of 25 non-consultants during audit fieldwork (large-size Country Office).

The sustainability of the Country Office's structure and typology appears to be

challenged by its resource mobilisation results. If the Country Office is unable to mobilize more resources, there is a risk that its Core and Institutional Budget might be fully spent on maintaining its structure.

The 2022 Country Portfolio Evaluation of the current Strategic Note found that the Country Office's structure and key staff were appropriate but thinly spread, with significant resources mobilized in the past but which were soon coming to an end.

Recommendation 3 (High):

The Country Representative to update and monitor the effectiveness of the Resource Mobilization Strategy to include new objectives and approaches in line with development of the Country Office's new Strategic Note.

The strategy should also include a mechanism to improve use of corporate systems (e.g. LEADS) to track the success of resource mobilization efforts and provide the Country Office and regional management with timely information on progress against targets. The strategy could consider the need for dedicated resource mobilization capacity in the Country Office, and the role of the Regional Office in supporting resource mobilization efforts.

Recommendation 4 (Medium):

The Country Representative, with support from the East and Southern Africa Regional Office, to consider how to sustain the office typology and maintain or adjust the Country Office's structure to deliver the new Strategic Note.

Observation 4: Programme and project monitoring and reporting

Monitoring. The audit observed good evidence of the following monitoring activities:

- Quarterly mission and leave plans detailing various travels by a range of Programme and Operations personnel to visit project sites, attend events and visit partners (e.g. office Mission and Leave Plans for Q4, 2022 had at least eight separate monitoring missions in different parts of the country).
- Confirmation through partner interviews and UN counterpart meetings that

physical monitoring takes place.

- Evidence in narrative and other reporting that monitoring visits are occurring regularly.

These monitoring activities were undertaken by project personnel rather than a dedicated monitoring and evaluation (M&E) function, mainly due to lack of time and resources to perform more independent monitoring. While for an office of this size with limited resources it would be challenging to establish a fully-fledged M&E function, personnel carrying out M&E need to be more involved in the independent validation of data reported by partners, for example by meeting or calling beneficiaries, especially where cash or inputs distribution is planned; during or post-implementation; and validating beneficiaries' satisfaction with interventions or the completeness and quantity of inputs received.

The Country Office had a process for managing risks related to working with beneficiaries, but it was not sufficient to ensure adequate accountability. The Country Office did not have a follow-up mechanism with beneficiaries to verify the actual results against the agreed targets; lacked surprise spot-checks of programme partners; and monitoring of cash distribution activities (or programme partners) was weak, which may result in an inability to detect and correct potential fraud, corruption or wrongdoing in a timely manner and could in turn reduce the impact of programmes.

Reporting. As of June 2023, the Country Office's reporting commitments dashboard showed that of the 21 reports due between 2021 and 2022, 3 were submitted with a delay and 18 were submitted on time. Eleven delayed or overdue reports occurred in 2020 or earlier, with one occurring in 2021 and two from 2022. This does not appear to be a significant problem for the office (and showed improvement) based on the data and discussions with the office about how reporting is organized. However, some further improvement would be helpful. Corroborating discussions with external stakeholders indicated a perception that backstopping could be better organized when personnel are out of the office. This may also improve the timeliness of reporting.

In a matter related to reporting, the minutes from one UN Business Operations

Strategy meeting noted that UN Women was delayed in providing its inputs to the Business Operations Strategy, which contributed to Malawi missing the 31 March 2022 deadline for completing the strategy's annual review. Late submissions of this nature may affect UN Women's reputation within the UNCT in Malawi and may impact UN Women's ability to realize cost efficiencies.

Recommendation 5 (Medium):

The Country Representative to enhance the Country Office's monitoring framework and function by mapping who does what in the monitoring of projects; and by ensuring independent validations and verifications with beneficiaries (including spot-checks and monitoring of cash distributions) to measure how they were selected, their satisfaction and the completeness of inputs distributed.

Observation 5: Project design

The Country Office has a collaborative approach with different thematic pillars working together on co-themed programmes and projects.

Two of the projects sampled by the audit did not have a risk register. It is a good practice to maintain and update risk registers over the project life cycle. The registers should also inform the Country Office's enterprise risk management system.

Overall, the duration of the Country Office's projects were considered to be on the shorter side, which could potentially affect their sustainability and the results achieved. Most sampled projects did not clearly explain in the ProDoc how the project would be sustained or have an elaborated exit strategy. This was also noted in interviews with external stakeholders.

For example, the end of project evaluation for the Women Empowerment Project¹ indicated that having a clear programme exit strategy would have helped sustain the benefits and results of the programme. Most stakeholders felt the programme was

¹ Women Empowerment Project: End of Programme Evaluation (2017-2021), Malawi Country Office, October 2021.

largely a 'one-off' and could not link it with any further interventions.

The Country Office was not always able to secure longer-term funding due to resource mobilization challenges, contributing to shorter project durations and limiting the impact and potential sustainability of projects.

Recommendation 6 (Medium):

The Country Representative to:

- (a) Ensure projects have active risk registers that flow into the Country Office-wide risk register and are updated periodically throughout the project life cycle.
- (b) Strengthen quality assurance during project design and approval processes, including adequate results frameworks with exit and sustainability elements.

Observation 6: Partner management

The Country Office has agreements with a wide range of programme partners. Partners shared generally positive feedback about working with the Country Office.

There was evidence that programme partners and beneficiaries were not fully aware of the corporate reporting mechanisms available for them to use (e.g. hotline for reporting potential concerns or wrongdoings), and no local grievance mechanism was in place. The only way to currently collect beneficiary feedback was through project management field visits, interviews and evaluations, which might be insufficient.

Beneficiary selection criteria were not always agreed between UN Women and the programme partner and communicated to the relevant local population. Monitoring missions did not always ensure that feedback from beneficiaries was collected without the presence of project and programme partner personnel and feedback should also be sought on the fairness and transparency of the selection process, as well as challenges and potential misconduct. In addition, attendees at beneficiary training sessions were not always required to leave contact details, which limits the Country Office's ability to follow up with beneficiaries and also limits oversight of cash disbursements to beneficiaries.

The Country Office's risk register listed strategies to manage the risks of low capacity

of programme partners and the potential misuse use of advances. However, from the review of programme partner documents, it seems capacity development plans were not prepared, and capacity assessments were not thoroughly carried out.

While some FACE forms reviewed by the audit were reconciled and supported by documentation, in some cases there was evidence of discrepancies between the FACE forms and actual project expenditure. These were resolved by the Office or are in the process of being resolved with the partner after finding them.

There was also evidence that the Partner and Grant Agreement Management System was not kept up to date for each of the partners engaged by the Country Office. Further, many partners had not updated their online profiles in the UN Partner Portal. This may in part be due to lack of proper access to the system: in such cases, the Country Office could support partners to access the system.

Effective partner management and oversight should be in place to mitigate risks that could affect UN Women's ability to achieve its objectives, reputation and financial standing. The Country Office reported allegations of potential irregularities, which were discovered during project implementation, and addressed in accordance with corporate policy and procedure.

Recommendation 7 (Medium):

The Country Representative to strengthen the Country Office's processes for management of programme partners, including clarity in accountability for issues in submitting and processing FACE forms; and compliance with Policy, Procedures and Guidance on partner selection, management, monitoring, reporting and performance evaluation. This also includes ensuring:

- (a) PGAMS is up-to-date for all programme partners;
- (b) programme partners and beneficiaries are aware of Country Office grievance mechanisms for confidential reporting, independent of partners and project personnel focal points;
- (c) all necessary partners have access to the UN Partner Portal; and
- (d) beneficiary contact information is properly recorded.

B. Governance, risk management and internal control systems

See Background section for key Country Office data. According to the latest organization chart, the Country Office comprised 31 personnel (4 positions are funded through Core, 4 through Institutional Budget and 23 through Non-Core funds). Ten of the 31 positions are part of Operations which represents 32 per cent of the workforce. The office structure includes the Country Representative (D1), Head of Programme (P4), Operations Manager (NOC), National Programme Officer (NOC), Programme Specialist for Women's Economic Empowerment (NOC Vacant), Programme Specialist for Gender-Based Governance (NOC) and Technical Specialist for Spotlight Initiative (NOC).

IAS assessed that, overall, the Country Office's internal governance, organizational structure, and data and knowledge management needed some improvement. The Country Office needs to address the critical resource mobilization risk to sustain the office's structure to deliver the new Strategic Note. The Country Office also needs to have a proactive risk management process; maintain an effective and robust control environment and culture; and improve operation of the internal control framework.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 7: Risk management

The Country Office's risk register has 22 risks in various categories and all risks have been duly approved in the system. The Country Office also conducted a fraud risk assessment in 2021, which is due for an update and will be completed in 2023.

Fraud risks have been assessed and management actions were elaborated in the risk register. The Country Office also included COVID-19 related risks, its impact on safety and security of staff, plus its impacts on programme delivery. Mitigating actions were in place but the office experienced some delays with programmes and projects during the COVID-19 pandemic.

The Country Office noted that the risk of "limited funding and resource mobilization" affects the office and is rated 4/5 for severity and 4/5 for likelihood. As discussed in this report, this is a critical risk for the office; however, the related mitigating action is very limited, noting "Ensure stronger investment in Resource Mobilization, advocacy and research including with non-traditional donors and private companies to reduce reliance on core resources." As recommended in this report, developing and monitoring a resource mobilization strategy to accompany the new Strategic Note would help to address this critical risk, or to consider other typology solutions.

The risk register has mitigating strategies to address the risks of low capacity of some programme partners and potential misuse use of advances; however, from the review of programme partner documents it seems capacity development plans have not been prepared, and capacity assessments were not thoroughly carried out.

IAS noted that not all projects have a dedicated risk register or proactively manage risks during project implementation (management of working with beneficiaries, etc.). See Recommendation 6 above.

Observation 8: Internal control framework

Based on audit sample testing, as of 31 December 2022, the Country Office's internal control system appeared to be established and functioning, as it pertained to the Atlas system. There was an up-to-date Internal Control Framework and Delegation of Authority for Atlas, but not for the new Quantum system. This was a corporate issue as, at the time of the audit, there was no corporate Internal Control Framework and Delegation of Authority Policy, Procedure and Guidance for Quantum (until late August 2023). The approved Policy, Procedures and Guidance all related to Atlas.

As a related matter, and separate from Atlas, it was noted in several travel requests that the approver was approving their own requests to travel. While this situation may have resulted from a lack of available personnel, approvers approving their own travel arrangements is not permitted and a mechanism should be put in place to avoid this.

Approving one's own activities limits the effectiveness of approval oversight, and could expose UN Women to potential financial and reputational issues.

There were also reports of bottlenecks and slow processing times in Country Office functions such as procurement and finance.

IAS advises management to discuss what constitutes proper conduct more frequently with personnel and ensure all personnel are aware of their duty to report, as well as how to properly report potential misconduct. Management also needs to ensure that exceptions (such as those regarding travel and procurement) from Policy, Procedures and Guidance are clearly documented, including the reasons behind such decisions.

Recommendation 8 (Medium):

The Country Representative to ensure that approvers do not approve transactions that relate wholly or partly to themselves, if needed asking for an alternate approver outside of the office.

C. Operations

According to the Atlas Purchase Order report, the Country Office raised 407 purchase orders between 2021 and 2022 for procurement of goods and services totalling US\$ 991,000; 926 purchase orders for travel-related expenses totalling US\$ 570,000; and 51 purchase orders for short-term consultants totalling US\$ 270,000. Ninety-nine per cent of purchase orders issued by the Country Office were within the US\$ 50,000 request for quotation limit, meaning that the office can fulfil its needs through micro purchasing (359 purchase orders for US\$ 426,000) or request for quotation (47 purchase orders for US\$ 497,000). The Country Office had an Administrative Associate (G6) who supported the Operations Manager (NOC) in HR management, a Procurement Associate (SB3), Finance Associate (G7) and ICT Associate (SB3). The Country Office had three drivers, one vacant Programme Finance position and one vacant receptionist position.

IAS assessed that Operations functions needed some improvement, while information security compliance needed major improvement. The Country Office needs to strengthen leave recording and monitoring. It also needs to better track external data submission requirements for the UNCT Business Operations Strategy. The Country Office could benefit from developing a procurement strategy, filing system and procurement process tracking system, and ensure it uses valid Long-Term Agreements (LTAs). The Country Office should ensure that the cost recovery mechanism for service-level agreements is used, and should improve its information security compliance.

KEY OBSERVATIONS AND CONCLUSIONS

Observation 9: Leave management

IAS' review of leave records noted that some personnel are either not taking any leave or not recording their leave before or after taking it. Supervisors must ensure that their direct reports are recording leave when taking it. Use of leave monitors should be encouraged within the office.

If leave is not taken, personnel may experience burnout and low morale. If leave is not properly recorded, it exposes UN Women to potential financial loss, and could be perceived or considered to be fraud or misconduct, based on the particular situation.

Recommendation 9 (Medium):

The Country Representative to ensure that all leave is recorded in a timely manner and approved by supervisors and leave monitors.

Observation 10: Procurement management

Based on the audit sample, the Country Office's procurement function appears to be reasonably established and operating to procure the goods and services the Country Office needs. In general, the small Operations team has a high workload and limited time to complete a large number of requests. This was supported by evidence from the audit survey of personnel, in which a high number of personnel reported bottlenecks or delays in procurement.

While not required according to corporate policy, the Country Office could benefit from developing a procurement strategy aligned with its Strategic Note and programmatic needs. This could help the Country Office to advance its procurement function, including updating expiring long term agreements, enhancing filing and addressing bottlenecks. The Country Office had not conducted recent formal market research. However, it maintains an informal vendor database for key procurement categories, collected via knowledge of past procurements and the market.

Not all LTAs were valid at the time a purchase was made; for example, for hotel procurement, the LTA had expired. While LTA maintenance falls within the

responsibility of another UN agency, the Country Office should exercise diligence in tracking the validity of the LTAs it uses.

An electronic filing system for procurement is needed. During the COVID-19 pandemic, the Country Office completed most of its work remotely: key files and information are contained in emails and not organized into procurement files afterwards. A simple electronic filing system with basic checklists could be used via OneDrive to organize each procurement and ensure all necessary documents are readily available.

There were reports of slow processing times and bottlenecks in operational processes such as procurement and finance. The Country Office does not use the Global Service Tracker to monitor and improve transaction time tracking. The Country Representative expressed a desire to implement this to improve the flow of key processes.

Recommendation 10 (Medium):

The Country Representative to:

- (a) While not mandatory, consider the benefits of developing a procurement strategy for the Country Office to better understand its programme needs, bottlenecks and enhance procurement capacity and planning.
- (b) Develop an electronic filing system for procurement documents in OneDrive, unless it is available in Quantum.
- (c) Ensure the vendor database is regularly updated through a proper market research exercise, and that only valid LTAs are used.

Observation 11: Cost recovery

The Country Office had a service-level agreement with another UN agency for the provision of ICT support services by UN Women. UN Women is to receive US\$ 500 per month for this support for the period from 1 Jan 2020 to 31 Dec 2023.

At the time of audit, only US\$ 6,000 has been received (or 12 months of charges), despite audit 40 months having passed under the agreement so far. UN Women has not received US\$ 14,000 of cost recovery charges. The office believes it unlikely to

receive any funds for services rendered in 2020, 2021 or 2022 as the corresponding budgets in the other organization have been closed. Rather than reflecting an issue with ICT, this issue relates to the Country Office's ability to recover costs owed.

Recommendation 11 (Medium):

The Country Representative to seek reimbursement for the costs not yet recovered and ensure that cost recovery mechanisms for support (e.g. via a service-level agreement) are upheld.

Observation 12: Information security management

Based on audit sample testing, Country Office management appears to implement adequate and effective controls to manage its ICT resources. However, part of proper ICT management includes information security.

The East and Southern Africa Regional Office holds quarterly review meetings with Country Offices in the region, led by the Deputy Regional Director and Operations Manager. The results of the last meeting held in Q3 of 2022 showed that the Country Office's compliance with cybersecurity requirements was low: overall InfoSec compliance was rated 21 of 100.

Specifically, the Country Office was not storing service passwords or shared credentials properly and the network was not following minimum corporate requirements. A number of devices had not been properly onboarded, and the headquarters InfoSec team was not fully aware of all devices in the office.

InfoSec weaknesses could expose UN Women and its data to misuse and harm, which could damage the reputation of the organization, and potentially the privacy and security of personnel and beneficiaries.

Recommendation 12 (Medium):

The Country Representative to take action to improve information security compliance in collaboration with the headquarters InfoSec team.

III. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Observation	Recommendation	Responsible Unit	Priority	Action Plan	Implementation Date
Observation 1: communications and advocacy	1. The Country Representative to develop, operationalize and monitor a communications and advocacy strategy to accompany the new Strategic Note which will map and address key expectations of external stakeholders.	Malawi CO	Medium	The office agrees with the findings. Through the SN development process currently under way, a stakeholder mapping and expectations analysis will be conducted. The country office is developing the Communications and Advocacy Strategy which will be aligned to the Strategic Note which will be finalised by 31st December 2023.	31 December 2023
Observation 2: coordination of gender equality and empowerment of women efforts	2. The Country Representative to finalize and implement the Country Office's coordination strategy to cover key areas such as advocating with the UN Resident Coordinator and UNCT for implementation of recommendations raised in the UNCT-SWAP scorecard, and enhancing coordination with CSOs and UN agencies. This strategy will need to be supported by resources, where possible embedded into programmes and advocacy and assigned to responsible senior manager to monitor its effectiveness.	Malawi CO	Medium	We agree with the finding and the Country Office will ensure that the coordination strategy is finalized and implemented. Since the Country Office is developing the SN, the coordination strategy will be supported by resources imbedded into the programmes.	30 June 2024
Observation 3: Resource Mobilization Strategy	3. The Country Representative to update and monitor the effectiveness of the Resource Mobilization Strategy to include new objectives and approaches in line with development of the Country Office's new Strategic Note. The strategy should also include a mechanism to improve use of corporate systems (e.g. LEADS) to track the success of resource mobilization efforts and provide the Country Office and regional management with timely information on progress against targets. The strategy could consider the need for dedicated resource mobilization capacity in the Country Office, and the role of the Regional Office in supporting resource mobilization efforts.	Malawi CO	High	We agree that In line with the SN development process, a resource mobilization strategy will be developed to guide implementation efforts of the CO	31 December 2023
	4. The Country Representative, with support from the East and Southern Africa Regional Office, to consider how to sustain the office typology and maintain or adjust the Country Office's structure to deliver the new Strategic Note.	Malawi CO	Medium	The CO takes note of the observation and recommendation highlighted. To date, the Country Office has mobilised US\$3.5m and continues to develop proposals for funding. The mobilisation of these resources will then entail the sustainability of the current typology.	31 December 2023
Observation 4: programme and project monitoring and reporting	5. The Country Representative to enhance the Country Office's monitoring framework and function by mapping who does what in the monitoring of projects; and by ensuring independent validations and verifications with beneficiaries (including spot-checks and monitoring of cash distributions) to measure how they were selected, their satisfaction and the completeness of inputs distributed.	Malawi CO	Medium	The CO agrees on monitoring activities being undertaken by project personnel. However, the office will ensure that the M&E specialist is more involved in data validation processes through conducting spot-checks with beneficiaries as part of the verifications and data validation.	Immediate and on-going
Observation 5: project design	6. The Country Representative to: (a) Ensure projects have active risk registers that flow into the Country Office-wide risk register and are updated periodically throughout the project life cycle. (b) Strengthen quality assurance during project design and approval processes, including adequate results frameworks with exit and sustainability elements.	Malawi CO	Medium	The CO agrees with the recommendation and will ensure the risk register is available for each project, there is compliance to the overall risk register and ensure it has concrete mitigation actions in place. This will also apply to regional projects (in this case: Ending Child Marriage). The CO will be engaging partners and target communities at the beginning of projects to understand the significance of the risk register. The Country Office will also implement strong quality assurance during project design including adequate results frameworks with exit and sustainability.	Immediate and on-going
Observation 6: partner management	7. The Country Representative to strengthen the Country Office's processes for management of programme partners, including clarity in accountability for issues in submitting and processing FACE forms; and compliance with Policy, Procedures and Guidance on partner selection, management, monitoring, reporting and performance evaluation. This includes ensuring: (a) PGAMS is up-to-date for all programme partners; (b) programme partners and beneficiaries are aware of Country Office grievance mechanisms for confidential reporting, independent of partners and project personnel focal points; (c) all necessary partners have access to the UN Partner Portal; and (d) beneficiary contact information is properly recorded.	Malawi CO	Medium	The CO agrees that reports were not uploaded in time in PGAMS as the system could not allow uploading the reports on quarterly basis. However, effective 2023 there has been improvements to PGAMS in areas of quarterly reporting as the reports can be uploaded on quarterly basis. In addition, the office is putting up mechanisms to engage partners to understand the implication of late submission of narrative and financial reports that causes this delay. a. The CO is still in the process of updating entries in PGAMS to ensure programme partner information is accurate and update. b. Partners will be engaged during orientation sessions scheduled for Q3 to understand the grievance procedures. c. Measures have been put in place by the CO to ensure partners are updating their profiles for example Foundation for Rural Development have already updated their profile. d. The CO agrees with the findings on training attendance. However, it must be noted that not everyone in Malawi has a phone. To mitigate this challenge/observation the CO will develop feedback mechanisms and spot-checks e.g. will revise the attendance register to include proxy contacts for beneficiaries that do not have phones.	31 October 2023 Done in collaboration with RO (during the partner trainings on 10 to 11 August) During on boarding of partners – Ongoing Immediate
Observation 8: Strengthening the internal control framework	8. The Country Representative to ensure that approvers do not approve transactions that relate wholly or partly to themselves, if needed asking for an alternate approver outside of the office.	Malawi CO	Medium	The CO will always ensure that approvers do not approve transactions that relate wholly or partly to themselves by separating documentation to effect the segregation of duties. In addition, regular reminders have been put in place to avoid such issues happening in future.	Immediate
Observation 9: leave management	9. The Country Representative to ensure that all leave is recorded in a timely manner and approved by supervisors and leave monitors.	Malawi CO	Medium	The CO has taken note of this observation. Mechanisms are being put in place to ensure and enforce everyone to submit leave applications in the system so that they are correctly recorded.	Immediate and On-going
Observation 10: Strengthening procurement management	10. The Country Representative to: (a) While not mandatory, consider benefits of developing a long term procurement strategy for the Country Office to understand its programme needs, bottlenecks and enhance procurement capacity and planning. (b) Develop an electronic filing system for procurement documents in OneDrive, unless it is available in Quantum. (c) Ensure the vendor database is regularly updated through a proper market research exercise, and that only valid LTAs are used.	Malawi CO	Medium	a) The Country Office does not agree that we devise a procurement strategy for the office. However, the CO will always adhere to the corporate procurement strategy and planning procedure. b) The CO agrees that Procurement folder should be on one drive. We have created a folder in Teams and all files for Procurement will be transferred to that folder. In addition, the CO has engaged RO for GST for the Malawi CO. As of now, it is currently in a practice environment. Orientation on how this can be utilized will be done so the CO can qualify for the Live environment. c) The CO agrees to the observation and recommendation and will ensure that only valid LTAs are utilised for procurement purpose.	31 August 2023

Observation	Recommendation	Responsible Unit	Priority	Action Plan	Implementation Date
Observation 11: Strengthening cost recovery	11. The Country Representative to seek reimbursement for the costs not yet recovered and ensure that cost recovery mechanisms for support (e.g. via a service-level agreement) are upheld.	Malawi CO	Medium	The CO agrees. The CO has taken steps to ensure that SLA regulations are adhered to. For example, UNAIDS recently paid for the previous 8 months (US\$4,000) and indeed we have missed for the first 4 months. The Country Office will ensure that invoices are raised and followed up for payments.	Immediate and On-going
Observation 12: Strengthening information security management	12. The Country Representative to take action to improve information security compliance in collaboration with the headquarters InfoSec team.	Malawi CO	Medium	The CO agrees to the finding. The CO will ensure that in collaboration with HQ, action is taken to improve information security compliance.	30 October 2023 and On-going

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 management, either during the exit meeting or through a separate memorandum 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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