

Management Response Annual Report on Internal Audit & Investigations

For the year ended 31 December 2014



United Nations Entity for Gender Equality
and the Empowerment of Women

Governance & Strategic Mgt

- Need for further clarity regarding resource needs, mandate and/or responsibilities for oversight and training
 - Procurement Function, Fund for Gender Equality (FGE), UN Trust Fund to End Violence Against Women (EVAW), and UN-Women Training Center
- Procurement
 - Reviewed the organizational structure of the Procurement Function at HQ and strengthened its capacity; policies and procedures, tools and systems revamped

Governance & Strategic Mgt

➤ Trust Funds

- Review of Project Documents and finalization of new project document for 2014-2017 (FGE)
- Development of new strategic plan for 2015-2020 to guide its efforts in the coming years in consultation with stakeholders (EVAW)

➤ In the area of training

- UN-Women to develop an interim strategy with regards to data collection methods and mechanism, while a full strategy is developed

Insufficiency of the Structure and Processes for Results Management, Monitoring, and Reporting

- Observation raised in relation to the audit of the Procurement Function and Training Center
- Procurement
 - At corporate level, Procurement Section enhanced the systematic oversight and monitoring of procurement activities
 - UN-Women performed a structural and functional review of the Procurement Function to ensure adequate segregation of duties, monitoring and oversight in a decentralized environment

Insufficiency of the Structure and Processes for Results Management, Monitoring, and Reporting

➤ Procurement

- ATLAS (ERP System) reporting queries and tools developed to generate useful information to help buyers and users with periodic closure processes, reviews of purchase orders

➤ Training Center (Santo Domingo)

- Separate budgets for each activity and a separate Atlas project code for each course development project to facilitate the tracking of and reporting on course development and delivery

Insufficiency of the Structure and Processes for Results Management, Monitoring, and Reporting

- Training Center (Santo Domingo)
 - Management plans to develop a facilitated training schedule and budget, as funding permits. In addition, UN-Women will initiate internal consultations to develop a strategy for monitoring progress on each Atlas project

Risk Management

- UN-Women formally adopted an enterprise risk management policy following its review and approval by the senior management team in November 2014.
- Activities carried out in line with the strategy for the implementation of enterprise risk management across UN-Women:
 - a] Enterprise Risk Management (ERM) workshops and training sessions at headquarters and field offices;*
 - b] introduction and roll-out to field offices the guidelines for completing the standardized UN-Women Risk Register template in conjunction with the preparation of their Country Office Strategic Note and Annual Work Plan.*

Resource Mobilization

- Resource mobilization is a top organizational priority;
- UN-Women updated its resource mobilization strategy in 2014 and, consequently, regional, multi-country and country offices have developed individual resource mobilization strategies and action plans;
- Headquarters provided tailored support to field offices through special training sessions, sharing of best practices and targeted information about donor priorities and decision-making process;
- UN Women significantly increased the mobilization of non-core funds to a historic high of \$158 million, mobilized largely at the regional and country levels;

Resource Mobilization

- Trust funds (FGE & EVAW) have developed and implemented fundraising plans for 2014 to secure contributions from bilateral donors and to engage potential donors from other sectors, including the private sector and foundations;
- UN-Women believes that its financing is a continuing joint responsibility of the Entity and the Executive Board.

Project Monitoring & Oversight Process

- UN-Women has taken action to strengthen the oversight and monitoring of project advances to implementing partners:

[a] Identifying specific challenges experienced with partners and long-outstanding advances and providing dedicated support to recover balances;

[b] Supporting countries by providing country-dedicated training to both staff and partners;

[c] In addition to the regular review through the month-end closure instructions and the country office assessment tool, providing oversight by regional offices of outstanding advances in relation to country offices;

[d] Revising relevant sections of the Programme and Operations Manual to further strengthen partner selection processes, especially with regard to capacity assessments of partners and appropriate payment modalities.

Project Monitoring & Oversight Process

- Specific training sessions have also been developed to ensure that implementing partners have a good understanding of the management, monitoring and reporting procedures for resources in order to achieve the intended results;
- As at 31 December 2014, there has been a reduction in outstanding partner advances of \$32.5 million (76 per cent) compared with 31 December 2013;
- Senior-level meetings are held to drive action to liquidate advances that have been outstanding for more than six months and to improve compliance with partner management policies.

Management of Capital and Information Assets

- UN-Women is continuously reinforcing its controls over the management of assets;
- Those controls are regularly monitored from headquarters through the monthly closure procedures, in line with the International Public Sector Accounting Standards;
- Asset management chapter of the Programme and Operations Manuel has been reviewed and updated; additional guidelines with regard to impairment reviews of assets and the physical verification process have been developed;
- UN-Women conducted additional online and face-to-face training sessions for all country offices to increase capacity and to ensure compliance with the asset management policies and procedures;
- Consequently, UN-Women has seen a reduction in the scope of asset adjustments from \$745,000 (166 assets) in 2013 to \$15,000 (49 assets) in 2014. A reduction of 78 per cent in the number of assets without serial numbers and tag numbers in the register

Management of Capital and Information Assets

- Controls over information assets and communication assets in Pakistan, Mali, Fiji
- Pakistan:
 - access to the server room has been restricted and items in the room have been properly arranged.
- Mali:
 - The office is working with UNDP to put in place a back-up system that is secure and accessible to all staff;
 - An access control system was established in January 2015;
 - In addition, information sessions on security and access to digital information were conducted during a staff retreat in January 2015.
- Fiji:
 - All office assets were tagged and a process to update the location of assets in Atlas was also completed on 2 July 2014.

Vendor Due Diligence and Management

- Vendors are set up in Atlas in compliance with the vendor checklist;
- All vendors created in 2014 have already been checked against banned vendor lists;
- A process has also been established for buyers to sign and stamp each vendor form after verification;
- Supplementary due diligence will be ensured by verifying vendors' bank accounts;
- UN-Women will further strengthen due diligence to validate the legal existence of vendors and the financial and technical capacity to perform the activities listed in the terms of reference and ensure that vendors have not been sanctioned by the United Nations system.

Pre-financing of non-core projects

- Observation raised in Mali Country Office and Fiji Multi-Country Office

- Mali:
 - Addressed by clarifying the accountability lines for compliance with the Programme and Operations Manual and through special training for staff, in particular new staff;

 - Similar interventions were made to ensure compliance with the Harmonized Approach to Cash Transfers.

- Fiji:
 - Issues relating to expenditure limits and accurate recording of expenses were tackled by clarifying accountability lines; and

 - Establishing a requirement to seek headquarters approval in such scenarios, as well as through staff training.

Investigations

- Senior Management is committed to following through all investigation cases and to ensuring timely and decisive action in that regard.
- Senior management will continue to work closely with the Office of Audit and Investigations to ensure timely reports and relevant management action in all cases.

Thank You!

Q&A