

Report on Internal Audit and Investigation activities

Briefing the Executive Board Members
25 May 2018

UN-Women Audit Unit
Office of Audit and Investigations
United Nations Development Programme

Introduction

- 7th year that Internal Audit and Investigations Function of UN-Women was performed by UNDP's Office of Audit and Investigations (OAI)
- Biennial Service Level Agreement (SLA) between UN-Women and OAI was in place until 17 December 2017

OAI's support to UN-Women

Operational independence in 2017

- Free from interference in determining the audit scope, performing work, and communicating results

OAI's audits performed as per Standards of Professional Practice of Internal Auditing and the Code of Ethics

OAI promotes coordination and efficiency through sharing of relevant documents and information with UN Board of Auditors

Audit planning

- The 2017 audit plan was risk-based, focusing on high and medium risk UN-Women activities.
- Risk assessment model updated annually for field based offices to ensure its continued relevance.
- Risk assessment model was also updated for the Headquarters departments and functions.
- The 2017 audit plan was reviewed by the Audit Advisory Committee before its submission and approval by the Executive Director in December 2016.

Audit planning

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- A total of 9 audit fieldworks and 20 DIM project audits were performed as planned.
- The corresponding audit reports were issued during 2017, with the exception of two reports relating to audit fieldwork completed in October and November 2017, which were issued in January and February 2018.

Audit disclosure

Disclosure of audit reports as per the Executive Board's decision 2012/10

- Management and concerned Member States allow 30 days to review reports and request redaction of sensitive information that could negatively reflect on a third party, prior to public disclosure.
- No such requests received in 2017
- OAI partially redacted four reports prior to disclosure as they contained sensitive information regarding either the country office's safety and security readiness or its information and communications technology infrastructure.

Staffing and budget

Staffing:

- 4 authorized posts fully staffed in 2017

Budget:

- Total budget - \$2.08 million (increase of \$0.38 million compared with the 2016 budget).
- 2017 expenditures - \$1.48 million, underspending of appx. 29% mainly due to the reduction of consultancy-related expenditure and the postponed hiring of an investigator post.

Audit reports from 2017

Based on audits of nine field-based offices, and twenty project audits under the Direct Implementation Modality(DIM)

Overall audit ratings:

- **“Partially satisfactory/Major Improvement Needed”**: three offices (Resource Mobilization Function, CO Guatemala and CO Burundi)
- **“Partially satisfactory/Some Improvement Needed”**: two offices (RO East and Central Europe and CO Bangladesh)
- **“Satisfactory”**: two offices (CO Moldova and CO Iraq)
- There were no audits rated “Unsatisfactory”
- 2 follow up audit reports which are not rated
- 20 audits reports of directly implemented projects were issued by 30 September 2017

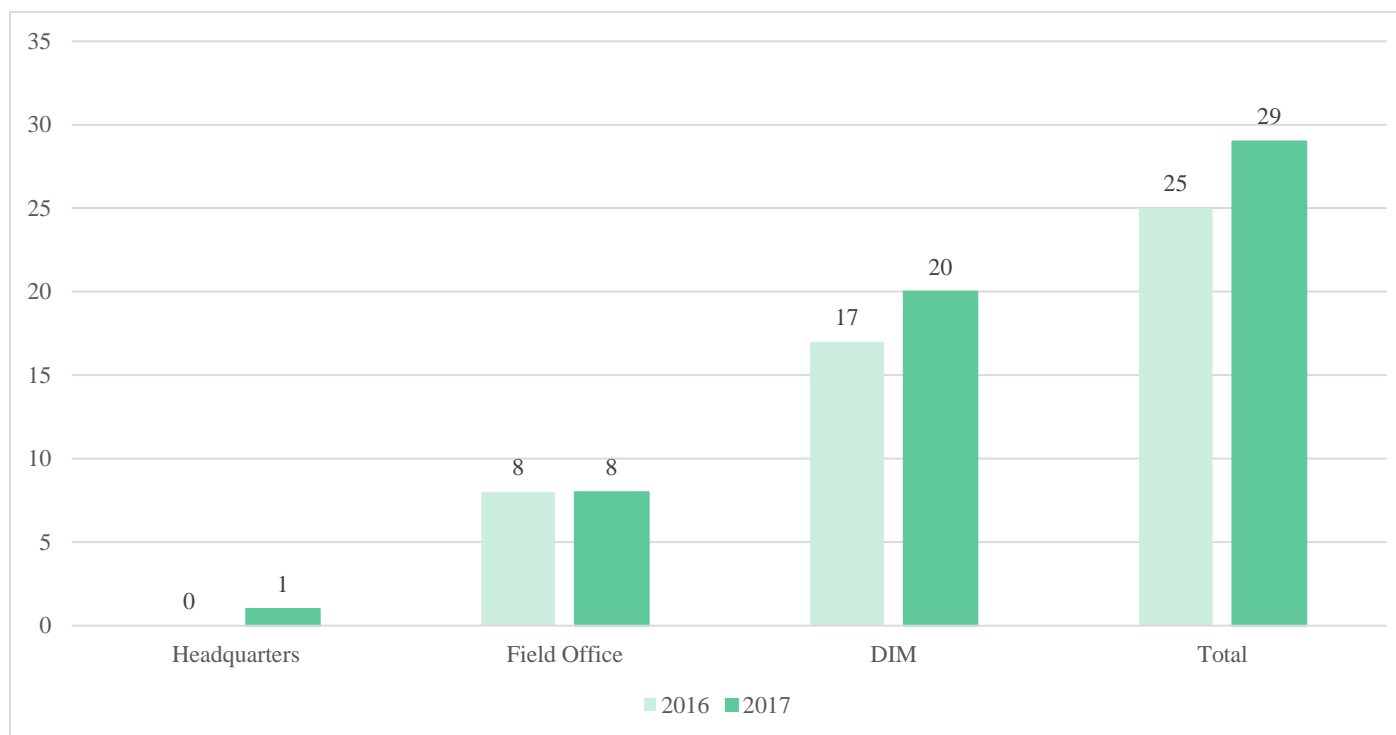
Audit reports issued 2017

- Two DIM projects had received qualified opinions on the project expenditures, while one other DIM project had received a qualified opinion on the project assets.
- The remaining 17 DIM projects received “unqualified” audit opinions.

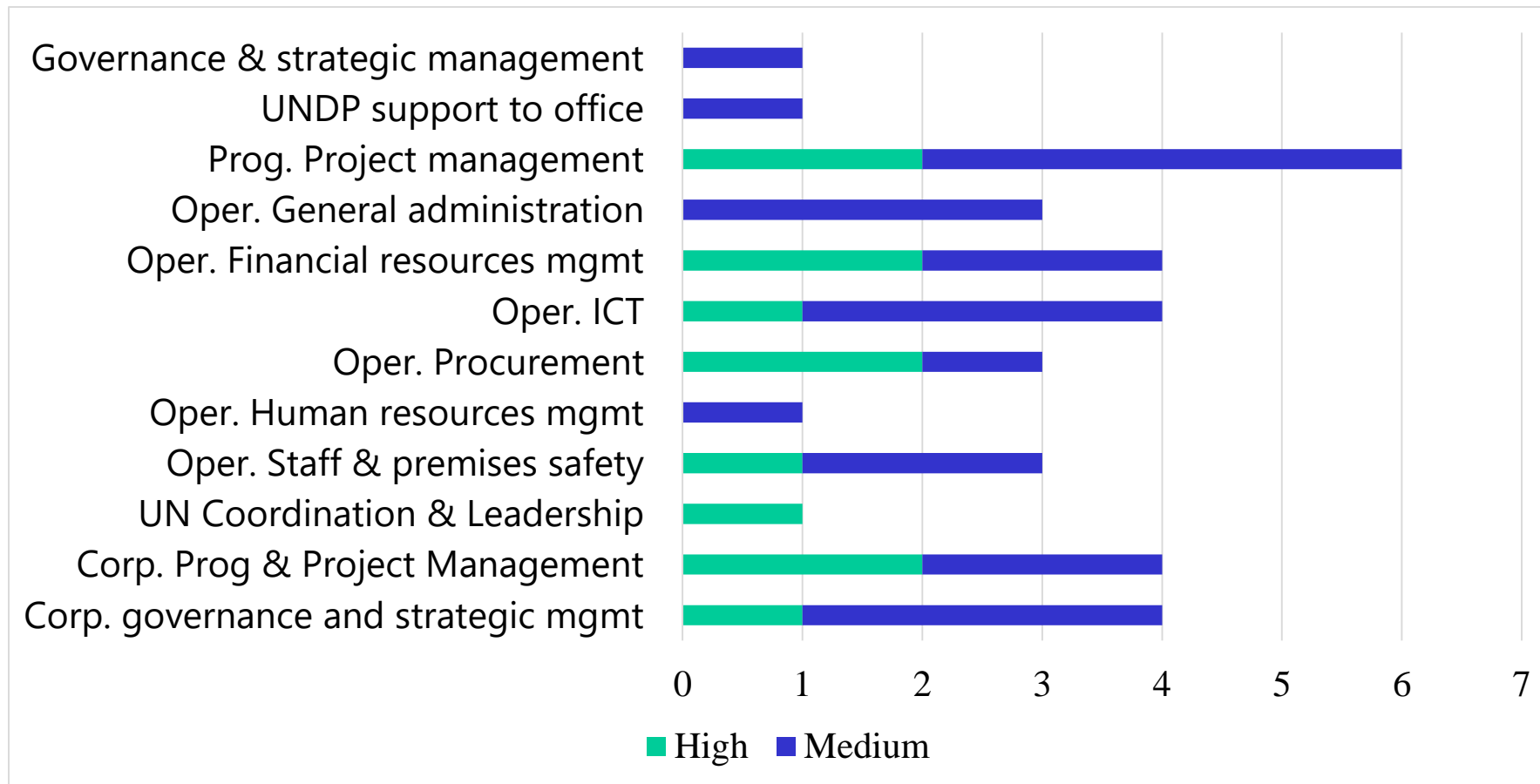
Expenditures audited:

- The audits covered approximately \$ 51.9 million or 15.2 percent of UN-Women expenditures (\$340.4 million) for the period 1 Jan 2017 to 30 Dec 2017 compared to 15.4 percent covered in 2016.
- The decline of 0.2 per cent is due in part to the increase in total expenditure in 2016 from the year before (\$315 million to \$340.4 million).

Audit reports 2016-2017



Audit recommendations (2017 audits)



Follow-up on audit recommendations

It is a management responsibility to implementing the audit recommendations or take alternative action to meet the original objective of the audit recommendation .

UN-Women Management benchmark is 90 percent implementation rate.

OAI independently assesses and validates actions and reports on implementation status – implemented, in progress, not implemented, withdrawn.

- As of 31 December 2017, the rate of implementation was **99 percent**. The implementation rate as of 31 December 2016 was 98 percent
- As of 31 December 2017, there were **no recommendations** that had not been fully implemented for more than 18 months

Advisory Services

In response to UN Women's request OAI provided advice and information related to, inter alia:

- Engagement and selection of civil society organizations,
- Review of the Travel Chapter of the UN-Women Programme and Operations Manual,
- Changes to donor agreement templates,
- Donor reporting requirements, and;
- Retrieving project status/management data from ATLAS.

Investigations

- OAI continued to investigate allegations of wrongdoing by staff members, contractors, partners or by third parties.
- OAI opened 17 new cases compared with 41 in 2016.
- 26 cases were carried forward from 2016.
- Total caseload in 2017 was therefore 43, a 16 per cent decrease to the total caseload for 2016 (51 case).
- At the end of 2017, OAI had 10 open cases for UN-Women: 4 were at the assessment stage and 6 were under investigation.

Investigations – Cases resolved/closed

In 2017, OAI closed 33 cases:

- 16 after a preliminary assessment owing to insufficient evidence of wrongdoing to justify an investigation or because an investigation was not warranted
- 17 after investigation (compared to 10 in 2016). Of the 17 cases closed after investigation
 - 5 resulted in a closure note,
 - 3 cases resulted in a closure report, and
 - 7 resulted in an investigation report.

Audit Opinion

- In OAI's opinion, based on the scope of work undertaken, the adequacy and effectiveness of the governance, risk management and control in the audits issued in 2017 were in aggregate **satisfactory**, which means that they were generally established and functioning.
- The opinion is based on an audit coverage of 15.2 per cent of the 2016 expenditures of UN-Women.
- 16 per cent of all audit recommendations were corporate in nature, relating to policy guidance and corporate support.

Thank you....

Questions/comments to:

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