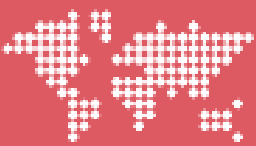


PROGRAMME PRESENCE OFFICE REVIEW

INTERNAL AUDIT REPORT
UN WOMEN PROGRAMME PRESENCE
OFFICE IN CHINA



INTERNAL AUDIT REPORT

UN WOMEN

PROGRAMME PRESENCE OFFICE

IN CHINA



INDEPENDENT EVALUATION AND AUDIT SERVICES (IEAS)

Internal Audit Service (IAS)

UN WOMEN

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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 a limited scope audit of the UN Women Programme Presence Office (PPO) in China from May to July 2019, with a field visit to the PPO from 17 to 21 June 2019. The engagement was a supplementary review to the risk-based audit of the Regional Office for Asia and the Pacific (ROAP), which at the time of audit oversaw the PPO and had the primary authority for PPO operations. ROAP initiated steps to transition the PPO to a fully-fledged Country Office (CO). This was dependent on funding for operational staff positions; further capacity building; delegation of authority (DoA); and status with the host country.

The main objectives of the review were to assess if the PPO in China:

- receives adequate, accurate and timely support from ROAP; and
- has the structure, resources and controls to identify strategic priorities, develop and implement its field programme and planned activities, and monitor performance.

The review covered the state of governance, risk management and internal controls, based on a sample of PPO activities from 1 January 2018 to 31 May 2019. Atlas-recorded expenditure for the PPO (approved by ROAP or at headquarters level) totalled US\$ 1.2 million in 2018 and US\$ 1.0 million from January to August 2019.

IAS followed the *International Standards for the Professional Practice of Internal Auditing* in conducting this limited scope audit.

Audit opinion and overall audit rating

IAS assessed the overall state of governance, risk management and internal controls in the PPO 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 good practices employed by

the PPO, which could be considered for replication in other UN Women field offices: donor and partner involvement in a Technical Advisory Committee setting project priorities and grant funding; streamlined administrative and reporting arrangements for one of the multi-donor projects; and the extended use of electronic records with very limited use of paper records.

IAS identified areas of improvements needed in:

- **Strategic priorities, programme planning and implementation:** improving project risk management.
- **Governance, risk management and internal controls:** addressing UN Women’s restricted status in the country and enhancing risk management.
- **Operations:** strengthening Implementing Partner and grantee monitoring, the procurement process and ICT management.

IAS made other forward-looking recommendations and advice to prepare the PPO for its expected transition to a CO, some of which may require support from headquarters and ROAP.

Overall, IAS made 10 recommendations to address the areas for improvement, two of which were ranked as High priority and eight as Medium priority.

The two High (Critical) priority recommendations mean 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.*”

These related to addressing the following issues:

- Ensure that gender-related lessons from the United Nations Development Assistance Framework (UNDAF) mid-term review are taken into account in the Common Country Assessment (CCA) and United Nations Country Team (UNCT) Gender Scorecard for the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2021–2025.
- Develop: (a) an action plan to obtain the funds required to enable transition of the PPO to a CO with full DoA; and (b) a business case regarding potential registration of the UN Women CO in the country.

The eight 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 focused on strengthening strategic planning, programme and risk management, and operations.


Management comments and action plan

ROAP and the PPO Representative generally accepted the above recommendations with a few clarifications. The PPO Representative and ROAP are already in the process of implementing the recommendations and provided their action plan in this report.

IAS requested comments from ROAP and the Representative on the detailed audit findings. The

comments and additional information provided have been taken into account in this report, as 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

AWP	Annual Work Plan
CCA	Common Country Assessment
CGF	China Gender Fund for Research and Advocacy
CIPS	Chartered Institute of Procurement and Supply
CO	Country Office
CSO	Civil Society Organization
DoA	Delegation of Authority
DRF	Development Results Framework
DRP	Disaster Recovery Plan
ERM	UN Women's corporate platform for Enterprise Risk Management
FACE	Funding Authorization and Certificate of Expenditure
HR	Human Resources
IAS	Internal Audit Service
IB	Institutional Budget
ICF	Internal Control Framework
ICT	Information and Communication Technology
IEAS	Independent Evaluation and Audit Services
IP	Implementing Partner
LTA	Long-Term Agreement
M&E	Monitoring & Evaluation
OEEF	Organizational Efficiency and Effectiveness Framework
OHCHR	Office of the High Commissioner for Human Rights
PPO	Programme Presence Office
RMS	Results Management System
ROAP	Regional Office for Asia and the Pacific
RPRG	Regional Peer Review Group
SBAA	Standard Basic Assistance Agreement
SN	Strategic Note
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNRC	United Nations Resident Coordinator
UNSDCF	United Nations Sustainable Development Cooperation Framework
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US\$	United States Dollar
XB	Extra-budgetary resources

I. BACKGROUND

About the Programme Presence Office

UN Women (prior to 2012: UNIFEM) has had an office in China since 1998. Under UN Women's regional architecture, it reported as a Programme Presence Office (PPO) to the Regional Office for Asia and the Pacific (ROAP). In 2018, ROAP initiated steps to transition the PPO in China to a fully-fledged Country Office (CO). This was dependent on funding for a number of operational staff positions; further capacity building; delegation of authority (DoA) and status with the host country.

The PPO is located in Beijing.

The previous Representative was in office until June 2018, and the incumbent took office in July 2019. The interim period was covered by two Officers in Charge.

At the time of the audit mission in June 2019, the PPO employed two core budget funded personnel, eight non-core project-funded personnel and three interns. The Representative staff position, funded by Institutional Budget (IB), was vacant until July 2019.

The PPO's budget and expenditure are summarized in Table 1 below:

Table 1: PPO budget and expenditure, US\$

	2018	2019 (data as of 31 August 2019)
DRF budget target	1,371,337	2,199,762
DRF actual budget	1,057,679	2,076,785
DRF expenditure	763,623	681,166
OEEF budget target	543,925	599,536
OEEF actual budget	674,230	728,928
OEEF expenditure	395,212	225,256

Source: Results Management System (RMS) data

As of 30 November 2019, the country field programme 2018–2019 comprised 10 non-core funded projects with a total budget of US\$ 2.1 million, funded mainly by private, multilateral and bilateral donors.

The PPO's 2019 Annual Work Plan (AWP) focused on four Impact areas (women's income security; women and girls free from violence; frontier issues; and gender equality and empowerment of women) and six Outcomes under the Development Results Framework (DRF) and nine Outputs under the Organizational Efficiency and Effectiveness Framework (OEEF).

According to RMS data, the PPO's resource mobilization target of non-core funds for 2019 was US\$ 2.0 million. The PPO had secured US\$ 1.2 million of this funding at the time of the audit.

Atlas-recorded expenditure for the PPO (approved by ROAP or at headquarters level) totalled US\$ 1.2 million in 2018 and US\$ 1.0 million from January to August 2019. Overall, this consisted of: staff costs (16 per cent); other personnel costs (29 per cent); maintenance, utilities and common services (25 per cent); training activities (17 per cent); travel (9 per cent); and procurement (4 per cent). Twenty-five per cent of this expenditure was incurred by the selected Implementing Partners and grantees.

II. AUDIT RESULTS

A. Strategic priorities, programme planning and implementation

In line with the ROAP Strategic Note (SN) for 2019–2021, the PPO's AWP's guided its strategic and work priorities. ROAP supported preparation of the AWP's and implementation monitoring. The PPO, with support from ROAP, had an opportunity to develop a full SN to prepare for its expected transition to a CO and for the transition to a United Nations Sustainable Development Cooperation Framework (UNSDCF) in China.

Private and multilateral donors and partners provided most of the funding for UN Women's projects in China. Programme implementation was closely supported by strategic partners, including the United Nations Resident Coordinator's Office (UNRC), UN sister agencies, and bilateral and local partners. The PPO's Resource Mobilization Strategy focused on fundraising from the private sector, traditional donors and on cooperation with the China International Development and Cooperation Agency to support UN Women's priorities in other countries.

The limited scope audit assessed that the PPO's advocacy and coordination efforts; strategic planning; implementation and monitoring; and programme and project management were satisfactory overall. All stakeholders interviewed by IAS appreciated UN Women for its active leadership, expertise and proactive communication on gender issues, and acknowledged its visibility in the country, including through national social media and diverse campaigns. ROAP provided regular technical and programmatic support to the PPO. The PPO led an assessment of a gender equality scorecard for the Common Country Assessment (CCA) to support the UNSDCF for 2021–2025. The PPO should replicate its good practices in administration and risk management across all its managed projects and consider opportunities for transition from project to programme funding.

IAS advises the Representative to: prepare PPO staff for the changes in roles and responsibilities after the expected transition to a CO; develop a communications and advocacy strategy; and further enhance communication and collaboration with in-country partners.

KEY ISSUES AND CONCLUSIONS

Issue 1: Opportunity to develop a full SN

As a PPO, the office did not require its own SN. However, a detailed "strategic cover note" was developed with the assistance of ROAP and linked to the ROAP SN for 2019–2021. Despite this, PPO staff focused their work on the AWP and were not familiar with the "strategic cover note".

The PPO had an opportunity to develop a full SN to prepare for its expected transition to a CO and for the transition to a UNSDCF in China.

Recommendation 1 (Medium):

The Representative, in collaboration with ROAP, to consider upgrading the PPO's "strategic cover note" to a full SN, taking into account: the required country consultations and peer review process; and covering key issues around advocacy, partnerships, coordination and resource mobilization.

Issue 2: Ensuring a gender-responsive UNSDCF

UN Women, together with the United Nations Population

Fund (UNFPA), co-chaired the United Nations Country Team (UNCT) gender thematic group. The PPO, in collaboration with ROAP, also contributed to the development, implementation and mid-term review of the 2016–2020 United Nations Development Assistance Framework (UNDAF). However, the current UNDAF was not preceded by a CCA exercise, which may have reduced opportunities to establish a gender-responsive framework. The UNDAF mid-term review highlighted that UN interventions were addressing the root causes of gender inequality, although not systematically. There was an absence of UN system-wide capacity building on the use of gender-responsive approaches in programming. The UN system in country would benefit from conducting gender-screening of project proposals. In particular, the UNDAF outcomes were not gender-mainstreamed, and about half of national-level Monitoring & Evaluation (M&E) framework indicators were gender-neutral. As there was no reporting against the framework, no data was collected to measure changes related to gender equality. Similarly, data on gender parity across the UN system in China was not collected. The review recommended strengthening data disaggregation for evidence-based programming.

During the limited scope audit, the PPO led an assessment of a gender equality scorecard for the CCA, which was considered an opportunity for UN Women to ensure a

gender-responsive UNSDCF for 2021–2025. Gender was envisaged as a cross-cutting theme.

Recommendation 2 (High):

The Representative to ensure that gender-related lessons from the UNDAF mid-term review are taken into account in the CCA and UNCT Gender Scorecard to inform the UNSDCF for 2021–2025.

Issue 3: Managing small multi-donor projects

The PPO managed 10 small to medium sized non-core funded projects (between US\$ 35,000 and US\$ 1.2 million) over a number of years. Most were funded through multiple small donor agreements, which increased the administrative workload. However, the PPO employed a good practice and negotiated requirements with most of the donors for one multi-donor project to reduce the transactional and reporting burden.

Due to the lack of a full SN, the PPO could not have used a programmatic approach to consolidate multiple donor funding towards country priorities, with one requirement to report on results. Instead, the project design modality

was common among projects managed by the PPO. Multiple donors were proactively approached to fund upcoming projects. Some of the donors, particularly the emerging ones, may have preferred to contribute to projects that were also supported by other donors.

Recommendation 3 (Medium):

The Representative to:

- Replicate the good practice of reducing the transactional and reporting burden to other multi-donor projects, and take into account project size and timeline when engaging multiple donors.
 - Consider opportunities for transition from a project funding to a programme funding approach, based on the Office's future SN.
-

B. Governance, risk management and internal controls

The PPO's overall budget rose from US\$ 1.7 million in 2018 to US\$ 2.8 million in 2019. Although it has grown over time, at the time of the audit the PPO in China was among the smallest UN Women offices in terms of personnel, with one staff position – the Country Representative (vacant from July 2018 to July 2019 and upgraded to P5 level as of July 2019) – 10 non-staff personnel and 3 interns. ROAP, with support from headquarters, re-targeted additional IB and core funds from its regional envelope to support PPO staffing. However, further funds needed to be identified for operational positions to ensure the PPO's transition to CO status.

The PPO was working towards implementing its mandate, despite its limited resources and non-CO status. ROAP supported the PPO effectively both programmatically and operationally, and with capacity building. However, the PPO's status created limitations in fully representing UN Women in China.. ROAP had developed a business case for the PPO's transition to CO status, but this remained to be implemented and was dependent on the provision of necessary funding.

IAS reviewed the PPO's control environment and office culture, state of internal controls and data management, which were found to be satisfactory. The PPO had limited DoA, and most operational decisions were made by ROAP, within its Internal Control Framework (ICF). The PPO employed good practices in its extended use of electronic records and very limited use of paper records. Risk management in the Office needed some improvement, e.g. fraud risk identification; monitoring of risk mitigation actions; and integration of risk data in the corporate risk register, the Enterprise Risk Management (ERM). The PPO also needed a resource solution to be able to employ an administrative staff member with relevant training. At the time of the audit, administrative tasks were distributed among programme staff.

KEY ISSUES AND CONCLUSIONS

Issue 4: UN Women's status in the country

The UN Women PPO in China was considered a United Nations Development Programme (UNDP) suboffice and benefitted from the existing UNDP Standard Basic Assistance Agreement (SBAA) with the Chinese Government. The PPO's limited status, as well as the extended absence of a Country Representative, created limitations in the Office's ability to fully represent UN Women in China. For instance, successful coordination of UN Women operations often depended on support from UNRC or UNDP. The PPO's status also impeded local opportunities for resource mobilization. The UNCT Senior Management Team (SMT) meetings generally could only be attended by international staff, such as a Representative. UN Women also did not have its own quota for diplomatic privileges.

The UN partners and other stakeholders interviewed by IAS indicated it was unfortunate that UN Women did not have a full presence in the country, where the Beijing Declaration and Platform for Action on gender equality was adopted; and that such a presence and full registration could notably expand UN Women's opportunities for cooperation with the government, advocacy, partnerships and resource mobilization.

ROAP had developed: (a) a business case for the PPO's transition to a CO, to foster a stronger UN Women presence in China; and (b) a framework for DoA to PPOs in the region. These documents foresee the creation of several operational positions with subsequent training and capacity building to be provided by ROAP to consider full DoA by the first quarter of 2020. However, funds for these positions had not been identified at the time of the audit.

Recommendation 4 (High):

The Regional Director, ROAP, with the support of the Executive Director's Office and the Programme Division, to develop:

- An action plan to obtain the funds required to enable transition of the PPO in China to a CO with full DoA.
- A business case regarding the potential registration of the UN Women CO in the country.

Issue 5: Enhancing risk management

The PPO maintained a results-focused risk register, which was updated on an annual basis during preparation of the AWP. However, there was no mechanism to monitor that the risk mitigation actions indicated in the risk register were actually taking place. Similarly, project risks were included

in project documents and detailed in individual project risk registers. However, for three reviewed projects, risks and their mitigation measures were not systematically monitored and updated during project implementation. As a result, the PPO and project risk registers may not have served their main purpose to help to monitor, mitigate and update risks in a systematic manner. Another project showed good practice in risk management, particularly in mitigation measures, which were built into the grantee selection process and were regularly updated. This practice could be replicated in other projects.

The PPO's risk register did not indicate potential fraud risks in the Office. However, in May 2019, ROAP provided fraud and corruption prevention training to PPO staff, including guidance on fraud risk assessments and completion of a fraud risk register.

The PPO's risk data was not integrated in the corporate risk register in ERM and could not be used in corporate programming and project planning. ERM updates are ROAP's responsibility and this task could not be undertaken by PPO staff.

Recommendation 5 (Medium):

The Representative to:

- Strengthen the PPO's management of potential fraud risks, systematic monitoring and updates of risk

mitigation actions (including as part of the project management process).

- Access the corporate risk register in ERM for integration of risk data.

Issue 6: Identifying administrative support

Following the departure of the Administration and Communications Associate in October 2018, local administrative tasks were split among six Programme Officers and Assistants, to ensure their continuity. This created additional workload and pressure on staff's programme management responsibilities. Programme staff were not specifically trained for these tasks, apart from the overall guidance and a capacity building mission from ROAP in May 2019. This could result in instances of non-compliance and potential conflicting duties, as discussed in the next section.

Recommendation 6 (Medium):

The Representative to identify resources for assigning administrative tasks to a dedicated administrative staff member with relevant training.

C. Operations

Atlas-recorded expenditure for the PPO (approved by ROAP or at headquarters level) totalled US\$ 1.2 million in 2018 and US\$ 1.0 million from January to August 2019.

The PPO had limited DoA, with most operational decisions made by ROAP. The limited scope audit assessed that the PPO's local operational processes and corresponding controls were satisfactory overall, including in selection of Implementing Partners and grantees, procurement, staff performance management, financial monitoring, management of petty cash, travel, assets, and safety and security.

Some improvements were needed in Implementing Partner and grantee monitoring, procurement process, and Information and Communication Technology (ICT) management. The PPO could consider opportunities for better monitoring of the value for money of travel. IAS also advises the PPO to finalize implementation of the Regional Security Specialist's recommendations on compliance with security requirements, most of which were completed at the time of the audit.

KEY ISSUES AND CONCLUSIONS

Issue 7: Strengthening Implementing Partner and grantee monitoring

Implementing Partner (IP) and grantee performance was well monitored through various means, including review of partner progress reports (i.e. Funding Authorization and Certificate of Expenditure [FACE] forms and narrative reports) *vis-à-vis* requirements in the project document, as well as regular project site visits and post-assessments. Adequate procedures were in place for liquidation of advances to IPs and grantees, approved at ROAP level. However:

- For one project, grantee monitoring was mostly carried out on an ad hoc basis through participation of PPO project staff in grantee activities around research, training and advocacy. No monitoring plan was prepared by the PPO based on grantees' timelines in their project proposals. Therefore, grantee monitoring may not have been risk-based.
- Another project involved cash payments (honoraria and travel expenses) made by the IPs to third parties. Although PPO and ROAP staff reviewed such expenses at the time of reviewing IP progress reports (FACE forms), no spot checks of such cash payments were undertaken on a sample basis by PPO project staff. Spot checks were not planned as part of IP monitoring. This presents a higher risk of irregularities in cash payments.

Recommendation 7 (Medium):

The Representative to strengthen systematic planning of IP and grantee monitoring, including spot checks of high-risk activities.

Issue 8: Strengthening the procurement process

The PPO's limited procurement procedures were adequately planned, competitive, transparent, documented and followed procurement policies. Key procurements were included in the annual procurement plan, which was updated during the year. The PPO had started to use the rolled-out eProcurement system systematically. Procurements above US\$ 5,000 were reviewed by a local evaluation committee. Final procurement decisions were made and procurement contracts were signed at ROAP level. Vendor performance was evaluated prior to final payments to vendors.

However, following the departure of the Administration and Communications Associate in October 2018, local procurement tasks were handled by a Programme Officer and a Programme Assistant. This created certain conflicts of duties between requisitioner and procurement processor roles. Programme staff had not received the necessary procurement training, apart from CIPS Level 1 training for the Programme Assistant.

Furthermore, IAS noted that some of the PPO's vendor and consultant selection records were stored in UN Women SharePoint folders accessible to all UN Women staff, which could raise the risk of a potential

leak of confidential records. UN Women's Contract and Procurement Management Policy states that *'the work of the Evaluation Committee is strictly confidential and information about submissions or proposals shall not be publicly revealed.'*

Recommendation 8 (Medium):

The Representative to ensure that confidential records on vendor and consultant selection are stored in dedicated OneDrive folders with restricted access.

Please also refer to Recommendation 6 on the handling of administrative tasks by a dedicated administrative staff member with relevant training. IAS advises the Representative to ensure separation of procurement duties between requisitioners and an administrative staff member in charge of procurement.

Issue 9: Strengthening ICT management

The PPO generally had adequate procedures for management of its ICT resources. The local server was located in an adequate facility. Its data was backed up regularly and was progressively being moved to a SharePoint environment.

In addition to corporate system passwords, office computers were protected with local passwords. However, there was no procedure for periodic change of local passwords, increasing the risk of compromised computer access.

The PPO had a Disaster Recovery Plan (DRP) in place, but it had not been recently tested, increasing the risk of business interruption and data loss in the case of a disaster event.

Recommendation 9 (Medium):

The Representative to ensure annual DRP testing and establish a procedure for periodic change of local computer passwords.

Issue 10: Value for money of travel activities

The PPO generally had adequate procedures for travel management and travel expenses conformed to the policy. All travel was approved through travel authorizations and supported with travel claims and expense supporting documents. Staff travel was planned and authorized ahead through quarterly mission and leave plans and was supported with back-to-office reports. Tickets were purchased by ROAP based on quote comparisons from one or more travel service providers under Long-Term Agreements (LTAs).

Project site visits were the principal means of monitoring partner and grantee activities across the country. Consequently, PPO staff travelled frequently. Some staff went on mission up to nine times in a quarter. In 2018, the PPO's travel costs totalled US\$ 139,587 or 12 per cent of all expenses. Although this cost was moderate, there are opportunities for the PPO to monitor the value for money of, and alternatives for, travel activities as a means to achieve the desired objectives.

Recommendation 10 (Medium):

The Representative to:

- Plan monitoring activities, potentially combining them to reduce travel time and cost.
- Consider other opportunities for ensuring the value for money of travel.

III. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
1: Opportunity to develop a full SN	1. The Representative, in collaboration with ROAP, to consider upgrading the PPO's "strategic cover note" to a full SN, taking into account: the required country consultations and peer review process; and covering key issues around advocacy, partnerships, coordination and resource mobilization.	Strategy and resource mobilization	China PPO	Medium	<p>The China office has planned the development of Strategic Note (2021-2023) of China office in 2020 AWP, subject to final approval of the AWP by RO and HQ and developed a tentative road-map for the same.</p> <p>The UN Women Head of the Office has already initiated bi-lateral discussion with key partners including Government, the UN, CSOs and donors, on SN development road-map and will ensure to undertake required consultation and review process in drafting and finalization. Issues of partnership, coordination, advocacy, resource mobilization and management will be covered by the SN. The SN will be aligned to the UN Sustainable Development Cooperation Framework, 2021-2025 (UNSDCF) of China, which is currently under development along with UN Women corporate and China 14th Five Year Development Plan, which is also currently being formulated by the Government of China.</p>	Ongoing. Will be completed by Q3 2020.
2: Ensuring a gender-responsive UNSDCF	2. The Representative to ensure that gender-related lessons from the UNDAF mid-term review are taken into account in the CCA and UNCT Gender Scorecard to inform the UNSDCF for 2021–2025.	Coordination of gender mainstreaming	China PPO	High	<p>UN Women China office is actively involved in the CCA process and the development of the new UNSDCF 2021-2025.</p> <p>In close coordination with the Resident Coordinator's office and the UN Theme Group on Gender, UN Women China office has led the coordination and technical assistance for the gender score-card exercise to review and strengthen UN's system-wide accountability to Gender Equality and Women's Empowerment. In addition, UN Women provided technical support for gender capacity development of the UN staff in China, through interagency effort involving UN Women, UNICEF, OHCHR and UNFPA. This was to take forward the</p>	<p>Gender score-card exercise and UN staff training: completed.</p> <p>CCA under-development and will be completed by Q2 2020.</p> <p>UNSDCF to be completed by</p>

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					<p>recommendation from the mid-term review of the current UNDAF. This was the first ever gender and human rights training conducted for UN development system in China. In addition to this, UN Women is coordinating and providing technical support to develop a gender profile to inform UNSDCF.</p> <p>The UN Women Head of the Office is closely coordinating with the UNRC, the UNCT and drafting team of the CCA and UNSDCF to ensure the new UNSDCF fully gender responsive.</p>	2020.
3: Managing small multi-donor projects	<p>3. The Representative to:</p> <ul style="list-style-type: none"> ●Replicate the good practice of reducing the transactional and reporting burden to other multi-donor projects, and take into account project size and timeline when engaging multiple donors. ●Consider opportunities for transition from a project funding to a programme funding approach, based on the Office's future SN. 	Programme management	China PPO	Medium	<p>Since the arrival of the Head of office in July 2019, the office is already looking into moving away from project funding to multi-year high impact programme funding, by looking at synergies and alignment in the existing signed contracts and designing new programmes that are large scale and multi-year. The development of SN is planned and costed in the 2020 AWP (subject to final approval by the RO and HQ). The office plans to use newly developed SN to do donor outreach and resource mobilization for implementation of programme funding approach.</p> <p>In addition to this, the office will continue to use CGF's good practice of one-donor report for multi-donor funded project as relevant.</p>	Ongoing and to be fully implemented by June 2020.
4: UN Women's status in the country	<p>4. The Regional Director, ROAP, with the support of the Executive Director's Office and the Programme Division, to develop:</p> <ul style="list-style-type: none"> ●An action plan to obtain the funds required to enable transition of the PPO in China to a CO with full DoA. ●A business case regarding the potential registration of the UN Women CO in the 	Organizational structure, authority, capacity and reporting lines	ROAP	High	<p>Discussion regarding transition into country office with full DoA is already taking place. The China office is fully engaging with the Resident Coordinator to facilitate the dialogue with the Government on registration process as well as closely liaising with the Regional Director and HQ to facilitate a dialogue with the permanent mission on the registration.</p> <p>The new UNSDCF and Beijing+25 process provides as excellent opportunity for UN Women to make a strong business care for</p>	Ongoing and expected to be completed by 2020 (subject to approval and clearance by the Government).

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
	country.				<p>becoming a country office in China.</p> <p>While awaiting the finalization of UN Women system wide change management process, which will determine the corporate approach to China office and the allocation of resources, the China office, in consultation with RO, has included XB and core supported non-project staff in the 2020 AWP (subject to further approval by RO and HQ), to enable smooth transition of the PPO to full-fledged country office with DoA.</p>	
5: Enhancing risk management	<p>5. The Representative to:</p> <ul style="list-style-type: none"> Strengthen the PPO's management of potential fraud risks, systematic monitoring and updates of risk mitigation actions (including as part of the project management process). Access the corporate risk register in ERM for integration of risk data 	Risk management	China PPO	Medium	<p>The China office has organized training for all staff on Operation/Risk (including Fraud) Management in May 2019, and subsequently, another training on HR and Fraud risk management in Sept 2019. Staff in China Office have been trained and have 100 per cent compliance on risk and fraud management.</p> <p>China office has also developed a risk management plan and fraud management matrix, which has been shared with ROAP for review and will be uploaded on ERM system once approved as part of the RPRG of 2020 AWP.</p> <p>China office has also designated a Risk and Fraud Management focal point (along with the Head of the Office), who is ultimately accountable, to make sure the risk and fraud management will be monitored and updated regularly as well as promptly addressed if needed.</p>	To be fully completed by December 2019.
6: Identifying administrative support	6. The Representative to identify resources for assigning administrative tasks to a dedicated administrative staff member with relevant training.	Internal control framework	China PPO	Medium	The Head of the office has included dedicated XB sources for administrative staff in the 2020 AWP, subject to approval by RO and HQ. The staff once recruited will be sent to RO for relevant training and orientation.	To be completed by Q2 2020.
7: Strengthening	7. The Representative to strengthen systematic planning of IP and grantee	Implementing Partner	China PPO	Medium	All programme documents of the office includes monitoring and quality control aspects. With the arrival of Head of the	Completed. Meeting minutes

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
Implementing Partner and grantee monitoring	monitoring, including spot checks of high-risk activities.	management			office, the office has instituted as a practice, to regularly update these plans and discussion on corrective actions at weekly staff meeting. As a result, the office now has already started roll out training orientation to partners on the same. Spot checks of high-risk activities are now also considered and included in the monitoring plan.	were provided, where systematic monitoring including spot checks was discussed and agreed. Also, a sample from a recent training on fraud conducted for a partner was provided.
8: Strengthening the procurement process	8. The Representative to ensure that confidential records on vendor and consultant selection are stored in dedicated OneDrive folders with restricted access.	Procurement management	China PPO	Medium	UN Women China office has actively worked with the Regional office to limit the grant of access to the confidential records and information on vendor and consultants on the UN Women Share Point, to the Head of the office and procurement focal point. In addition, the Office has a plan for a position of Procurement Associate in 2020 AWP, which is subject to a final approval of the AWP by the RO and HQ. The office will be able to strengthen its procurement process more systematically once a dedicated staff is on board.	Completed – relevant evidence provided.
9: Strengthening ICT management	9. The Representative to ensure annual DRP testing and establish a procedure for periodic change of local computer passwords.	ICT	China PPO	Medium	China office has been planning a DRP testing which will take place before end of 2019 with the mission to China of the Regional ICT Associate. Starting from 2020, China office will organize DRP testing on an annually recurring basis. China office is in the process of rolling out the information security initiative, which includes automatic periodic renewal	To be completed by Q4 2019.

Issue	Recommendation	Process	Responsible Unit	Priority	Action Plan	Implementation date
					of local computer passwords, through close collaboration with ICT focal points at HQ and the regional office.	
10: Value for money of travel activities	<p>10. The Representative to:</p> <ul style="list-style-type: none"> • Plan monitoring activities, potentially combining them to reduce travel time and cost. • Consider other opportunities for ensuring the value for money of travel. 	Travel management	China PPO	Medium	With the arrival of the Head of the office, China office already initiated a dedication session on planning and coordinating monitoring visits and travel plans at weekly staff meeting to reduce travel time, cost and to maximize its efficiency and relevance to UN Women. The office has agreed on reducing travel costs and frequency by looking into possibility of remote support/monitoring, combining tasks and looking into the role/importance of travel by the requested traveler and limiting the number of travelers for the same event/task (unless necessary). Travel authorization which includes details on purpose of travel, role of the traveler and other relevant information, is required, in order to seek approval by Head of the office.	Completed – relevant evidence provided.

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 Country Office management, 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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