



Executive Board of the United Nations Entity for Gender Equality and the Empowerment of Women

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Audit and investigation

Report on internal audit and investigation activities for the period from 1 January to 31 December 2020

Summary

The Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) submits its annual report on internal audit activities for the period from 1 January to 31 December 2020 to the Executive Board. This report also provides a concise summary of investigation activities carried out by the Office of Internal Oversight Services (OIOS) of the United Nations for UN-Women during this period.

As requested by the Executive Board in its decision [UNW/2015/4](#), and in relation to internal audit activities, this report includes: (a) an opinion, based on the scope of work undertaken, on the adequacy and effectiveness of the Entity's framework of governance, risk management and control; (b) a concise summary of work and the criteria that support the opinion; (c) a statement of conformance with the internal audit standards being adhered to; and (d) a view on whether resourcing of the function is appropriate, sufficient and effectively deployed to achieve the desired internal audit and investigation coverage. The report also provides an update on the status of management implementation of internal audit recommendations.

The Executive Board may wish to: (a) take note of the report on internal audit and investigation activities for the period 1 January to 31 December 2020; (b) take note of the Advisory Committee on Oversight's report; and (c) encourage UN-Women management in its continuous efforts to further strengthen its second line of defence and the establishment of a Statement of Internal Controls.



I. Introduction

1. This report provides the Executive Board with a summary of the internal audit activities conducted in 2020 by the Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) and of investigation activities conducted by the Office of Internal Oversight Services (OIOS) of the United Nations for UN-Women. It provides an overall opinion on the adequacy and effectiveness of the UN-Women governance, risk management and control processes. The criteria to form this opinion include the IAS risk-based audit plan for 2020; the results of internal audits and advisory services undertaken in 2020; and the status of management efforts to implement audit recommendations from this and prior years' reports.

II. Mandate

2. In accordance with the IEAS Charter¹ and following the International Professional Practices Framework and Code of Ethics promulgated by the Institute of Internal Auditors Inc., IAS provides UN-Women's Executive Director with independent and objective assurance and advisory services designed to add value and improve the effectiveness and efficiency of UN-Women's work. IAS' primary objective is to assess whether UN-Women's governance, risk management and internal controls are adequate, effective and functioning as intended to meet the Entity's strategic and organizational objectives.

3. IEAS fulfils its internal oversight role through independent evaluation and internal audit and advisory services. In accordance with UN-Women Financial Rules and Regulations (UNW/2012/6), independent external oversight is provided by the United Nations Board of Auditors. The primary objective of the United Nations Board of Auditors is to express an opinion on UN-Women's financial statements.

4. The UN-Women Executive Director also receives independent advice on the effectiveness of the Entity's oversight functions from the Advisory Committee on Oversight comprised of senior professionals who are fully external to UN-Women.

III. Opinion (*decision 2015/4, point a*)

5. 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 based on implementation of its annual risk-based audit plan; the advisory services rendered in 2020; and the progress made by management on addressing internal audit and advisory recommendations. A concise summary of the work that supports this opinion is provided in Section IV.

6. The opinion does not cover processes and activities outsourced to UN system organizations or some commercial third-party providers such as:

(a) Various global and some local HR management activities and services depending on agreements in place.

¹ <https://www.unwomen.org/-/media/headquarters/attachments/sections/about%20us/accountability/un-women-charter-of-independent-evaluation-and-audit-services-en.pdf?la=en&vs=4942>.

- (b) Staff, service contract holders and UN volunteers' payroll preparation and payment.
- (c) Global and local bank payments.
- (d) Treasury and investment management.
- (e) ERP hosting and management (Atlas).
- (f) Firewall and vulnerability management, infrastructure maintenance and website hosting.
- (g) Local IT services provided in field offices as part of shared premises or shared back-office functions.
- (h) Other shared services provided by UN agencies in the field depending on local Service Level Agreements (SLAs) in place.

7. For such outsourced services, IAS relies on the internal audit office of the primary UN system entity providing the service to cover the governance, risk management and control of the service through the execution of their audit plans. In the case of local SLAs, IAS seeks to assess their effectiveness, relevant governance, risk management and controls in the context of its risk-based field audits. At the time of this report, IAS was conducting an audit of UN-Women's third-party risk management for outsourced services which will, *inter alia*, provide a greater level of assurance over this topic and will be reported on in the 2021 IAS annual report.

8. IAS also notes some scope limitations due to the COVID-19 pandemic, related to remote working and limited ability to access the supporting documents, staff or stakeholders that are usually available during field visits.

9. Based on the sources of evidence, described in Section IV, including IAS' risk-based audit plan and the results of related internal audit and advisory work performed in 2020, IAS' overall opinion is that the Entity's governance, risk management and control processes were generally established and functioning but needed some improvement.

10. IAS notes the efforts UN-Women has made to enhance governance and risk management in 2020. In particular, the Entity established a Business Review Committee where management discusses matters pertaining to organizational performance and risk, and has also provided IEAS with a regular opportunity to brief senior management on issues related to independent evaluation, internal audit and advisory results, among other inputs. At the same time, IAS' 2020 audit and advisory assignments have identified some overarching areas for improvement that require executive management attention, which are summarized below:

- (a) Enhance the Entity's management oversight mechanisms, otherwise known as the 'second line of defence,' to ensure assignment and clarity over business process owners' accountability, authority and capacity for adequate designing and effective monitoring of risk-based and cost-effective policy and business processes and ensuring compliance; and clearly defining and communicating the role of regional offices as responsible for monitoring and oversight of the field offices in their region.

- (b) Assess and improve management absorption capacity to implement corporate audit and advisory recommendations which require leadership direction, coordination and resources. While recognizing that COVID-19 had a significant impact on prioritization and the Entity's ability to address these recommendations, IAS expects management to focus on these recommendations during post-crisis stabilization, in 2021 and 2022.

(c) Strengthen capacity, particularly in the field, both in terms of staffing and skills to manage, monitor and report on its normative support functions, UN system coordination and operational activities, as well as to effectively perform responsibilities related to governance, risk management and compliance.

(d) As recommended in the 2019 report on internal audit and investigation activities, initiate preparation of an annual Statement of Internal Controls to clearly establish management accountability and responsibility for risk management and internal controls. Currently, while the Internal Control Framework states that management is responsible for designing and maintaining effective governance, risk management and control processes, discharge of this responsibility is not asserted by management on an annual basis in the form of a Statement of Internal Controls.

11. If these issues are not adequately addressed, risks might materialize and could affect the achievement of the Entity's strategic and organizational objectives.

IV. Summary of work and criteria for the opinion (*decision 2015/4, point b*)

12. To formulate its opinion, IAS considered sources of evidence, such as (a) development of its 2020 risk-based audit plan approved by the Executive Director after review by the Advisory Committee on Oversight and the plan's implementation; (b) individual audit and advisory engagement results and ratings; (c) progress made by management on implementing actions to address audit and advisory recommendations; (d) cumulative knowledge stemming from IAS' participation as an observer in internal governance meetings/forums, which shaped IAS' understanding of governance, risk and control processes; (e) issues with control deficiencies noted from investigation reports provided by OIOS in 2020; and (f) work conducted by the United Nations Board of Auditors. IAS also relies on management to proactively identify and communicate known instances of materialized risks, potential control failures, irregularities, or regulatory non-compliance that could be material to the control environment.

Risk-based audit plan for 2020

13. In line with professional standards and modern practices, the internal audits and advisory services carried out by IAS provide assurance on the effectiveness of governance and management actions to identify and manage key risks to the achievement of UN-Women's objectives. IAS continued to refine its audit universe and extend its audit coverage of key risk areas, including areas covering field offices, cross-cutting functions and business processes. In refining its audit universe and related audit plan, IAS aligns its plan with the UN-Women Strategic Plan and considers (a) corporate risk management and feedback from business process owners and field office management, including that related to areas of Information Systems and Technology and anti-fraud; and (b) the internal control framework, including roles and responsibilities of risk owners (first line of defence) and the monitoring and oversight role of business process owners and regional offices (second line of defence). IAS coordinates implementation of its audit plan with other assurance providers in the third line of defence to avoid duplication of work and to expand its risk coverage. Risks are measured based on a set of risk factors representing the potential impact and likelihood of events that might affect achievements of objectives of individual business units/offices, processes, functions and systems.

14. The 2020 risk-based audit plan could not cover every risk, business process, organizational unit or office within UN-Women. Audit and advisory engagements were therefore selected from a comprehensive risk assessment of organizational units,

offices and business processes and the availability of resources to cover those risks based on risk ratings and professional judgment. As such, there are inherent limitations in IAS' ability to express a comprehensive opinion on the overall governance, risk management and control processes with regards to UN-Women's strategic, financial, operational or compliance objectives.

15. Moreover, during 2020, IAS faced limitations in the full implementation of its approved workplan due to the ongoing COVID-19 pandemic. These limitations mainly related to remote auditing; the inability to travel to field offices; and the Entity's limited digitalization of some programmatic, financial and administrative records. Due to travel restrictions, IAS only audited four of the nine field offices it had planned to audit. For its remote audits, IAS had to rely on management to provide complete and accurate supporting evidence. UN-Women would benefit from improving its digital archiving and records management so that key file information can be electronically accessed when needed. This would also support business process owners to carry out remote monitoring and controlling activities.

Individual audit engagement results and ratings

16. In 2020, IAS conducted 16 internal audit and advisory engagements related to the 2020 audit plan, with all final reports issued by the first week of March 2021. These engagements generally covered governance, risk management and controls in selected offices or were related to UN-Women systems and processes.

17. IAS assigned the following overall ratings to the audited entities or processes as follows:

- Seven were assessed as **some improvement needed**, meaning that the assessed governance, risk management practices and controls were generally established and functioning but needed some improvement.
- One was assessed as **major improvement needed**, meaning that the assessed governance, risk management practices and controls were established and functioning, but needed major improvement.
- Two maturity assessments assigned ratings between Level 1 and Level 2, while the desired maturity Level would be Level 3/4 (corresponding broadly to major improvement needed).
- One maturity assessment assigned a rating of Level 2 with some elements of Level 3, while the desired maturity Level would be Level 4 (corresponding broadly to some improvement needed).

18. Details on recurrent and significant findings identified in IAS' 2020 internal audit and advisory work are summarized in Section VIII.

Progress made by management in implementing actions to address audit recommendations

19. The implementation rate of internal audit recommendations prior to those made in 2020 was 93 per cent. This demonstrates management's commitment to appropriate and timely action as and when improvements in governance, risk management and control processes are necessary. However, IAS notes that implementation of audit recommendations prior to those made in 2020 has slowed, potentially due to the increased number of corporate and thematic recommendations, which require time and resources to implement, as well as emerging priorities related to managing the COVID-19 crisis. IAS continued to monitor and follow up these recommendations, and encourages management to close audit recommendations within agreed time frames.

V. Statement of independence and conformance to internal audit standards (*decision 2015/4, point c*)

20. Throughout 2020, IAS continued to be operationally independent of UN-Women management and exercised freedom in determining the scope of its work in accordance with applicable international and generally accepted standards. UN OIOS, being an external service provider for investigations, shares the same independence.

21. IAS aims to carry out its work with the highest standards of professionalism and efficiency. In this regard, IAS follows the International Professional Practices Framework of the Institute of Internal Auditors Inc. IAS has made progress in preparing for its first Quality Assessment as required by the International Standards for the Professional Practice of Internal Auditing (the “Standards”). In 2020, IAS implemented most of its action plan from a self-assessment gap analysis of its practices against the Standards. During 2021, IAS plans to commission an independent Quality Assessment to review its compliance with the Standards. IAS cannot yet use the statement that it conforms with the Standards; nonetheless, IAS continued to follow the Standards in its overall process and in individual engagements.

VI. Resources allocated to IAS and their deployment (*decision 2015/4, point d*)

22. Executive Board decision No. 2015/4 requires that IAS indicate whether, in its view, the resourcing of the internal audit and investigation function is appropriate, sufficient and effectively deployed to achieve the desired audit and investigation coverage. During 2020, IAS received adequate resources to implement the activities in its 2020 audit plan. Financial resources were deployed in line with the IAS plan and UN-Women rules and policies. IAS staffing was fully funded with five approved posts: one P-5 (Chief), two P-4 and two P-3 posts. IAS is positioned within IEAS, which is led by a Director and supported by two Administrative Associates. In 2020, IAS received US\$ 447,000 for non-staff expenditure, some of which was returned to the organization due to the reduced costs of travel to field offices, with the understanding that this was a one-time measure due to COVID-19 contingencies.

23. For investigations completed in 2020, OIOS invoiced UN-Women US\$ 128,152. In comparison, for investigations completed in 2019 (according to earlier and subsequent additional OIOS invoices received as of 31 March 2021), OIOS invoiced UN-Women US\$ 160,056.² OIOS directly invoices UN-Women on a cost-recovery basis. The IAS budget is not impacted by cost-recovery from OIOS.

24. In 2020, the Director, IEAS, with the support of two IAS staff, continued to carry out the role of Responsible Official for receiving and transmitting investigation reports; coordinating and monitoring implementation of other reports; and for directing referrals, recommendations and requests for cost-recovery from the investigation function. The role involved coordination, monitoring and oversight efforts for which IEAS did not have dedicated resources. Although demanding, but manageable at current activity levels, further support in this area would help to increase IAS’ ability to provide proactive integrity and counter-fraud efforts and raise awareness of how to handle potential misconduct. In its 2021 Annual Work Plan, IAS requested an additional US\$ 82,000 to fund its investigation supporting and counter-fraud efforts.

² Previously reported as estimated cost of US\$ 181,000 in the report on internal audit and investigation activities for the period from 1 January to 31 December 2019, paragraph 21: <https://undocs.org/UNW/2020/3>.

VII. Implementation of the 2020 risk-based audit plan

A. Risk-based audit planning and completion of the annual workplan

25. On its establishment in 2018, IAS developed a risk-based audit strategy for 2019–2021. The strategy aimed to support a vision, *inter alia*, of a combined assurance concept to enhance the effectiveness and efficiency of UN-Women’s governance and oversight. This vision was based on the concept of the Three Lines of Defence model³ to promote results-focused accountability and good governance, enhanced risk management and cost-effective internal controls.

26. The 2020 internal audit plan was formulated on IAS’ independent risk assessment, after obtaining input from senior management and other stakeholders on key risks. The planning process included the analysis of quantitative and qualitative data to assess the risks relating to each auditable office and unit. The 2020 audit plan was reviewed by the Advisory Committee on Oversight before its submission to, and approval by, the UN-Women Executive Director.

27. Due to travel restrictions related to the COVID-19 pandemic, IAS had to modify its 2020 audit plan by: (a) postponing some field audits; and (b) adding emerging priorities and risk areas. IAS has also explored opportunities to conduct agile audits on emerging topics and risks, and provided feedback on emerging risks and draft policies and procedures.

28. Fieldwork for all but four assignments included in the risk-based audit plan was completed in 2020. Four reviews have been carried forward from 2020 to 2021. Eight reports related to the 2020 audit plan were issued during 2020 and eight reports were issued by the first week of March 2021. IAS notes that management has, at times, taken longer to review and comment on IAS reports due to their complexity, as well as other working and emerging priorities related to the COVID-19 pandemic. Due to limited digitalization of records and remote working, it has also taken time for offices to collect requested supporting documents for audits and advisory reviews.

B. Monitoring of IAS activities and coordination

29. During 2020, the Advisory Committee on Oversight reviewed implementation of the IAS 2020 risk-based plan through progress reports and meetings with the Director, IEAS and Chief, IAS. In addition, the Advisory Committee on Oversight reviewed and provided comments on this draft annual report.

30. IAS also communicated its annual workplan and meets with the United Nations Board of Auditors to promote coordination and efficiency.

C. Audit reports and ratings

31. For internal audits of UN-Women offices and functions, IAS assigns an overall audit rating of satisfactory, some improvement needed, major improvement needed, or unsatisfactory based on its overall assessment of the relevant governance, risk management and control processes examined. Table 1 provides the overall ratings for 11 internal audits completed by IAS related to the 2020 audit plan. Of these reports,

³ According to the IIA Position Paper on Three Lines of Defence in Effective Risk Management and Controls, management control is the first line of defence in risk management, the various risk control and compliance oversight functions established by management are the second line, and independent assurance is the third.

four relate to internal audits of UN-Women field offices, and seven relate to thematic corporate processes. Table 1 also presents the number of audit recommendations by priority.

Table 1: Internal audit reports with rating and recommendations

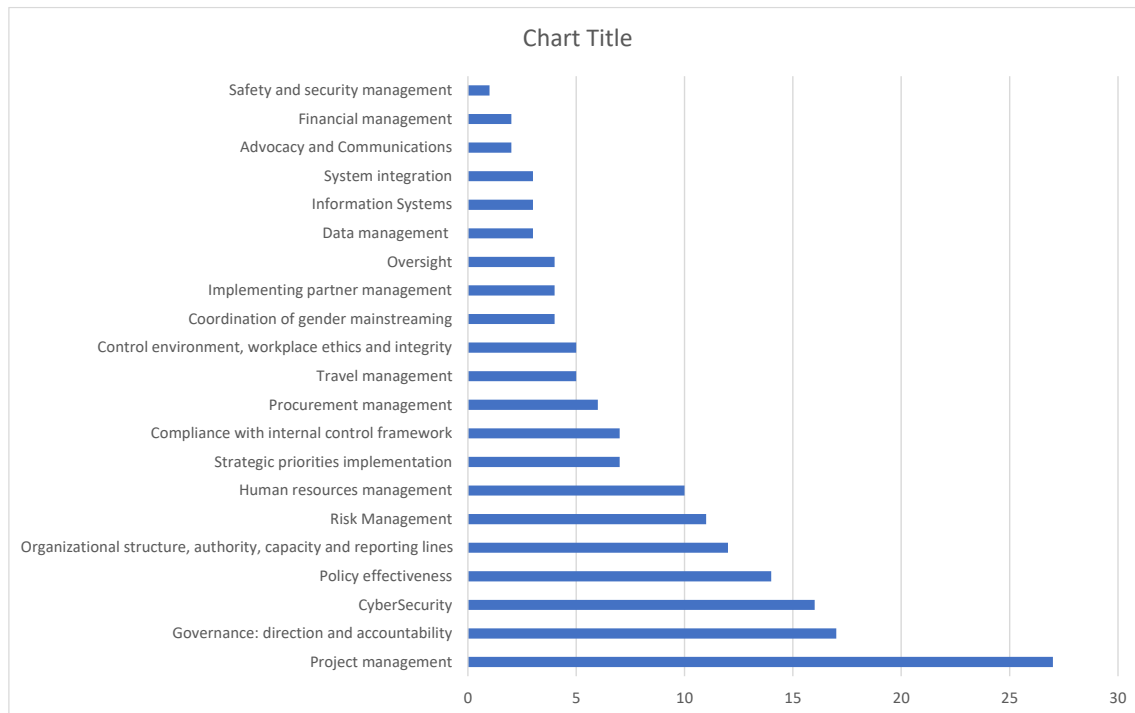
<i>Title</i>	<i>Audit Rating</i>	<i>Audit recommendations</i>	<i>High</i>	<i>Medium</i>
1. East and Southern Africa Regional Office	Some Improvement Needed	15	6	9
2. Kenya Country Office	Some Improvement Needed	13	6	7
3. Somalia Programme Presence Office	Major Improvement Needed	18	7	11
4. UN-Women's Role as the Secretariat of UN and UN-Women Trust Funds	Some Improvement Needed	7	2	5
5. Compliance with Donor Requirements	Some Improvement Needed	9	3	6
6. Managing Temporary Staff Placement	Some Improvement Needed	5	1	4
7. Peace, Security and Humanitarian Section	Some Improvement Needed	16	5	11
8. Policy Cycle Management	Maturity Level 2 with some elements of Level 3	13	5	8
9. Vietnam Country Office (Country Portfolio Evaluation + Audit)	Some Improvement Needed	7	5	2
10. Cybersecurity assessment	Maturity Level 1 with some elements of Level 2	16	11	5
11. Rapid Assessment of Cash-Based Interventions	Maturity Level 1 with some elements of Level 2	7	not rated	not rated
Total recommendations		126	51	68

32. The five other reviews completed were advisory in nature and as such do not contain an assurance rating: (i) Ethics and Integrity Benchmarking Assessment; (ii) HeForShe: limited review of governance, risk and compliance; (iii) two memorandums on lessons learned from OIOS investigations on potential control gaps; and (iv) rapid assessment of governance in the UN coordination mandate. See Annex 1 for summaries of these advisory engagements.

33. IAS also contributed to the IES effectiveness and efficiency assessment of UN-Women's Flagship Programme Initiatives and Thematic Priorities of the Strategic Plan 2018–2021. This independent corporate evaluation raised several recommendations on corporate governance and accountability.

VIII. Key internal audit and advisory results

34. IAS identified and summarized by functional areas the key issues arising from its 2020 risk-based audit plan engagements for both its audit and advisory assignments (see Figure 1 and paragraphs below).

Figure 1: Key issues and recommendations identified in 2020 by high-level functional areas

Source: IAS reports.

35. In 2020, IAS identified key issues in the following functional areas:

(a) **Programme and project management:** Several recurrent issues were reported in internal audit and advisory engagements related to the programme and project life cycle in terms of the need to enhance: (i) project design for robust theory of change, results framework and cost-effectiveness of implementation modalities and related sustainability provisions; (ii) effective risk management during project design and implementation; (iii) beneficiary management processes especially while working remotely to ensure that targeted beneficiaries are reached by UN-Women and its programme partners; (iv) effectiveness of monitoring and reporting frameworks, related activities and function; (v) reporting on programme and project performance in terms of results-based narrative and financial reports against the agreed results and resources framework; and (vi) knowledge and learning management by collecting, consolidating, sharing and addressing the results from lessons learned and good practices identified during monitoring, mid-term reviews, assessments and evaluations of past and ongoing interventions. At the same time, IAS is pleased to note that the Entity has initiated implementation of the project cycle enhancement road map proposed by IAS in its advisory review in 2019. However, some progress had slowed linked to the new Enterprise Resource Planning project (#NextGenERP) and a lack of clarity, at the time of this report, whether the project module would be included in scope.

(b) **Governance arrangements:** There were some areas where management could be more specific in articulating its vision, direction and operationalization strategies. Some areas and processes would benefit from clearer accountability frameworks including functional statements (role and authority), reporting lines and resources.

(c) **Cybersecurity, Information System integration and data management:** The following issues were identified: (i) audit and advisory engagements confirmed a range of not fully integrated information systems in UN-Women, creating potential additional workload for users to repeatedly input or extract potentially incompatible data; (ii) UN-Women had no end-to-end project management system (beyond limited functions within the current ERP system), including functionality for generating results-based financial and narrative reporting to donors through one integrated system; (iii) while UN-Women's Data Protection and Privacy Policy is being developed, the Entity also needs to update its Records Management Policy in line with current digitalization standards and practices used during remote working, as this impacts the quality of supporting documents (availability and completeness); and (iv) UN-Women needs to enhance its cybersecurity posture, including overall awareness, and mature its cybersecurity culture and habits.

(d) **Effectiveness and compliance with policies and procedures:** Audits and advisory engagements identified areas where the Entity needs to (i) establish, consolidate or revise its policies, for example its ethics and integrity policy framework, UN-Women's role as a Secretariat of Trust Fund management and grants, its overall internal policy cycle aligning existing policies with operational processes, risk management and internal control frameworks, strategic priority and annual work planning processes; (ii) improve its compliance with the existing internal control framework and policies including travel, procurement and human resources; (iii) include change management such as training, helpdesk, tools and system to monitor compliance when introducing and operationalizing of new policies and procedures; and (iv) enhance capacity and strengthen accountability of business process owners in functional areas and policy/strategic themes ownership and coherence, as well as regional offices (which together represent the second line of defence) to ensure effective management oversight and compliance monitoring.

(e) **Responsibilities, capacity, skills and structure needed to implement strategic priorities:** Field audits repeatedly found that field office structures were often fragile and needed to better match their ambition with their ability to deliver. This was impacted by (i) significant turnover and vacancies in leadership positions; (ii) the absorption capacity of some functions, services and teams to support implementation of increased core funding which was not always aligned to increased investment in operations; and (iii) headquarters oversight arrangements over field offices not yet fully operationalized.

(f) **Risk management:** Audits and advisory engagements found that risk management in the field and headquarters needed improvement, including in proactive risk identification, discussions, mitigation and timely escalation of issues to higher management, where needed. Risk management was often not embedded in programme and project management decision-making processes and was largely considered a compliance requirement. Policy and procedures were not always risk-driven or derived from end-to-end risk assessments. At the same time, IAS is pleased to note that the Entity has initiated implementation of the ERM enhancement road map proposed by IAS in its advisory review in 2019.

(g) **Human resources management:** Findings mainly related to enhancing the policy on temporary staff placement, issues in consultant management, and the lack of a fully developed and implemented corporate learning and development strategy. UN-Women's current ERP did not facilitate a comprehensive corporate workforce management and monitoring, for example, to cover all consultants. In the meantime, UN-Women had developed an alternative personnel monitoring dashboard. IAS is conducting an audit of the management of individual consultants on Special

Service Agreements, the results of which will be reported on in the 2021 annual report.

(h) **UN system coordination:** Field offices approached their UN coordination mandate differently due to limited resources to implement their UN coordination strategies. Regional offices need to conduct stocktaking exercises of UN coordination work at country level and articulate regional strategies. UN-Women requires a better articulated vision, updated strategy, accountability framework and clarity on resources invested in UN system coordination.

(i) **Development and implementation of Strategic Note priorities:** Field audits highlighted areas for improvement in the development and implementation of Strategic Notes, their related resource mobilization strategies and Annual Work Plans. Strategic Notes often included a large number of impacts, outcomes and results and Annual Work Plans included many activities and performance indicators not always fully aligned with the Strategic Notes, making it difficult to focus efforts, and monitor and evaluate results. There was a need for realistic, up-to-date and dynamic resource mobilization strategies to support Strategic Notes. IAS is pleased to note that the Entity started revision of its work planning process through dedicated working groups, where IAS participates as an observer to ensure that its findings are addressed.

(j) **Management of programme partners:** Several field audit findings related to the need to enhance programme partner management. IAS is pleased to note that the Entity is proceeding with implementation of audit recommendations related to the thematic audit of programme partner management. However, the process is slow because of insufficient resources provided to the business process owner which had to absorb the sub-processes transferred from another function without corresponding resources.

(k) **Travel management:** Several field audit findings and lessons learned from investigations related to the enhancement of travel management. IAS notes that most of the recommendations related to its 2019 travel management audit have yet to be implemented.

(l) **Procurement management:** Recommendations were made to field offices to strengthen the management of procurement carried out locally by establishing realistic procurement plans and effective strategies; ensuring adequate monitoring control and oversight of procurement activities; strengthening internal mechanisms to emphasize considerations of cost consciousness; conducting periodic market research to establish a wide selection of potential vendors; and ensuring confidentiality and fairness in the tendering process.

IX. Follow-up on audit recommendations

36. The implementation rate of internal audit recommendations prior to those made in 2020 was 93 per cent. The statistics are calculated as a yearly average over the past five years. The closure rate for 2019 recommendations was 80 per cent. In addition, as of 24 February 2021, management had already addressed 59 per cent of the recommendations issued during 2020 and was taking action on the remaining outstanding recommendations.

37. There were only four long-outstanding audit recommendations (prior to those made in 2020), all of which are medium priority. These recommendations relate to: mechanisms for ensuring adequate control of the payment process for implementing partners in remote areas; protracted operational and financial closure of projects; formalizing a coordination strategy for gender mainstreaming to consolidate a country office's efforts; and delegation of authority to ensure that necessary distinction is

made regarding the level of procurement authority. In all cases, management has committed to action and IAS is monitoring implementation.

X. Advisory services

38. During 2020, IAS completed five advisory engagements: (i) Ethics and Integrity Benchmarking Assessment; (ii) HeForShe: limited review of governance, risk management and control processes; (iii) two memorandums on lessons learned from OIOS investigations on potential control gaps; and (iv) rapid assessment of governance of the UN system coordination function. The summaries of some of these engagements can be found in Annex 1.

39. In addition, IAS regularly interacted with the Independent Evaluation Service (IES) to coordinate audit and evaluation assignments; share information; and to provide input where relevant to the Country Portfolio Evaluations conducted by IES. Two joint reviews were initiated by IAS and co-led with input from IES: Country Portfolio Evaluation + Audit in the Country Office in Viet Nam; and a rapid assessment of Cash-Based Interventions. IAS also contributed to the corporate evaluation of FPIs conducted by the IES team.

40. During the reporting period, IAS participated as an active observer in different working groups related to Change Management in the organization and preparations for the Strategic Plan 2022–2025. The Director, IEAS met periodically with the Executive Director of UN-Women to brief on the results of IAS' work and was a regular proactive observer and adviser in Senior Management Team, Business Review Committee meetings and other forums. In addition, IAS regularly provided comments on draft policies and procedures, management requests and other initiatives.

41. IAS also developed a Rapid Guide “Gender, COVID-19 and Audit”⁴ discussing key audit risks affecting women and girls in the COVID-19 pandemic as well as guidance on how to include gender perspectives in audits in an emerging global emergency context.

XI. Disclosure of internal audit reports

42. Thirty days after issuance, all but one of the internal audit reports issued against the audit plan 2020 were publicly disclosed in accordance with Executive Board decision 2012/10 (see [UNW/2012/16](#)) and are available on the UN-Women audit disclosure website: <http://audit-public-disclosure.unwomen.org>. No requests were received internally or from any organization or Member State requesting redaction of audit reports. One audit report related to cybersecurity was not published due to the highly sensitive information reported, including potential vulnerabilities in corporate cybersecurity controls.

43. While advisory reports are not published, copies were provided to senior management and the Advisory Committee on Oversight. Key highlights are summarized in this annual report and in Annex 1.

⁴ <https://www.unwomen.org/en/digital-library/publications/2020/04/brochure-rapid-guide-gender-covid-19-and-audit>.

XII. Investigations

44. OIOS provided investigation services in 2020 covering allegations of misconduct committed by UN-Women personnel or by third parties to the detriment of UN-Women.

45. In 2020, the Director, IEAS continued the role of Responsible Official for coordinating and receiving information on investigation activities. The UN-Women Legal Adviser and the Director, Human Resources, continue to play integral roles in this area as outlined in the UN-Women Legal Policy for Addressing Non-Compliance with United Nations Standards of Conduct (“Legal Policy”).

A. Caseload

46. In 2020, OIOS registered intake of 28 allegations for UN-Women (27 new allegations and one allegation closed in 2019 and re-opened in 2020) compared to 52 allegations registered in 2019. In 2020, UNDP OAI also completed work on one outstanding allegation registered in 2019, in relation to UNDP services provided to UN-Women.⁵

Table 2: OIOS caseload in 2020, compared to 2019

<i>Caseload</i>	<i>2020</i>	<i>2019</i>
Carry over as at 1 January	21	12
Intake during year – new allegations	27	52
Intake during year – re-opened allegations	1	-
Total	49	64
Closed from cases carried over	14	9
Closed from intake	17	34
Total	31	43
Carried over as at 31 December	18	21

47. In 2020, the 27 new allegations were received by OIOS via the hotline (85 per cent) or by email (15 per cent). Sources of allegations were either known to OIOS but undisclosed to IEAS (56 per cent), anonymous (22 per cent), UN personnel (18 per cent) or an external party (4 per cent).

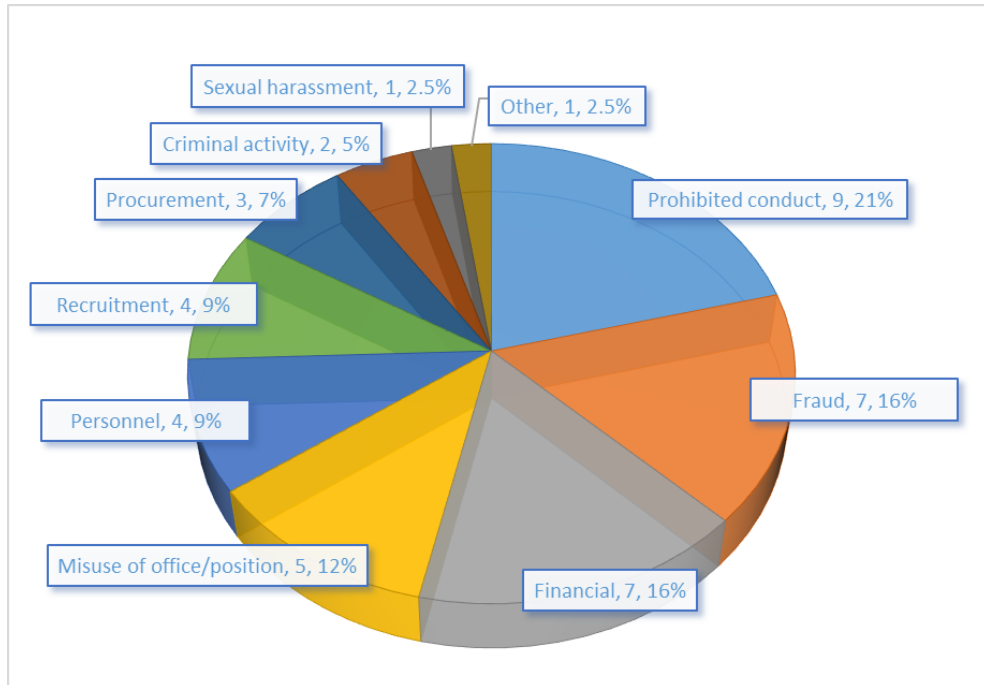
B. Types of allegation

48. An allegation received and registered by OIOS may include more than one type of alleged misconduct. In 2020, the 27 new allegations received related to 43 types of alleged misconduct and are broken down by category and detailed in Figure 2 below. It should be noted that, in addition to allegations generally categorized as ‘fraud’, some other types of alleged misconduct also may or may not indicate potential fraud,

⁵ This allegation was not indicated as ‘carried over as at 31 December’ in the previous report on internal audit and investigation activities for the period from 1 January to 31 December 2019 (<https://undocs.org/UNW/2020/3>), paragraph 44, because IEAS learned about this UNDP OAI investigation from the case closure notice received in 2020.

for instance those categorized as ‘financial’, ‘procurement’ or ‘recruitment’ irregularities, ‘misuse of office/position’ or ‘criminal activity’.

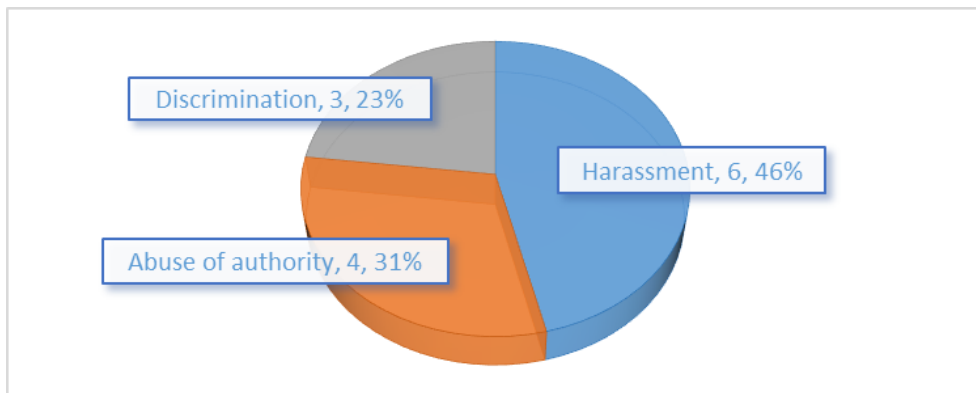
Figure 2: 2020 allegations by type, count and percentage (%) of total



Source: OIOS quarterly reports.

49. OIOS defines prohibited conduct⁶ as allegations related to workplace harassment, abuse of authority and discrimination. Prohibited conduct was the most common type of alleged misconduct (21 per cent) registered by OIOS in 2020. The types of alleged prohibited conduct received by OIOS in 2020 are broken down by category and detailed in Figure 3 below (Note: an allegation received and registered may include more than one type of alleged prohibited conduct).

Figure 3: 2020 allegations related to prohibited conduct by type, count and percentage (%) of total



Source: OIOS quarterly reports.

⁶ Sexual harassment also qualifies as ‘prohibited conduct’ but is categorized by OIOS separately (see Figure 2).

C. Cases resolved/closed/carried forward

50. OIOS closed 31 allegations in 2020 (compared to 43 in 2019). Of the 31 allegations, 21 were closed after preliminary assessment where it was assessed that an investigation was not warranted (compared to 35 in 2019) and 10 after investigation (compared to 8 in 2019). Of the 21 allegations closed after preliminary assessment, OIOS referred 10 of the allegations (subject to consent by the complainant, where applicable) for potential management action by UN-Women (compared to 25 referred in 2019). The Director, IEAS, in consultation where applicable, with Human Resources, Legal Office, Programme Support Management Unit or a relevant country office, decided on the most appropriate and confidential action, for instance, through interventions by these services or consideration in future IAS audits.

51. Of the ten allegations closed in 2020 after investigation, four cases were substantiated, three were found to be unsubstantiated, and three cases were reported as merged with another investigation case (which was closed and substantiated in 2019).

52. The four cases substantiated in 2020 (for three allegations carried over from 2019 and one allegation received in 2020) related to: solicitation by a non-staff personnel of undue fees of at least US\$ 779 and acceptance of such fees of at least US\$ 189 from consultants recruited for a UN-Women funded project; use of dismissive language, sexual harassment and physical assault; prohibited conduct; and unauthorized use of an official vehicle resulting in an accident, causing two fatalities and damage to this and another vehicle and third-party property. As noted above, one case may include more than one type of misconduct.

53. Two of the four substantiated cases were referred for action under the UN-Women Legal Policy, while the other two cases (in relation to two subjects which were UN Volunteers engaged by UN-Women) were referred for such action under the relevant framework of UN Volunteers. The “Report of the Executive Director of UN-Women on disciplinary measures and other actions taken in response to misconduct and wrongdoing by UN-Women staff members, other personnel or third parties, and cases of possible criminal behaviour, 1 January–31 December 2020” contains information on disciplinary decisions taken during the course of 2020.

54. As at 31 December 2020, 18 allegations were carried over to the next year by OIOS. As at 31 March 2021, 3 of these allegations were closed and 15 remained under investigation. Of the three allegations closed, one was closed after preliminary assessment (it was referred for potential management action by UN-Women) and two were closed after investigation (one was substantiated and one was found to be unsubstantiated). The one substantiated case (allegation received in 2020) related to forgery of payment documents, attempting to defraud UN-Women and obtain undue benefit of about US\$ 741. The subject in this case was a contractor (not a staff member) and had been separated from the organization. There was no material financial loss to UN Women.

55. UNDP OAI also closed one allegation in 2020 (carried over from 2019) in relation to UNDP services provided to UN-Women. This allegation was investigated and substantiated. It related to an email phishing attack by an unidentified third party resulting in a UNDP payment to an unauthorized bank account. Despite attempted recovery, the fraud left a loss of US\$ 11,491 to UN-Women funds. UN-Women is following up with UNDP with regard to compensation of these funds.

Annex 1

Summaries of advisory engagements

Benchmarking and Maturity Assessment of Ethics and Integrity in the UN-Women

This advisory engagement assessed UN-Women's ethics and integrity objectives. Ethics and integrity were of interest to the Executive Leadership Team which made a serious effort to establish standards of behaviour across the Entity and to embed ethics and integrity into the fabric of UN-Women's culture.

The assessment showed that, overall, UN-Women's ethics and integrity maturity had some way to go before it could demonstrate, on a sustained basis, that behaviours and principles across the Entity were exemplary. A number of underlying root causes affected full ethics and integrity maturation:

- UN-Women did not have its own unique corporate ethics and integrity culture or a dedicated in-house ethics function.
- Due to budget constraints and the absence of a dedicated process owner (in-house ethics office), opportunities for training and development were limited.

It was repeatedly mentioned by internal stakeholders that while non-core funding had increased, funding for supporting some organizational structures had not been sufficiently augmented.

IAS made 11 recommendations related to the need for senior management to articulate its ethics and integrity strategy to support and sustain the Executive Director's aspirations for a well-developed ethics and integrity culture across the Entity. Senior Management should consider bringing together the currently scattered components of UN-Women's ethics and integrity management services; existing policies and procedures; performance management and training to identify any missing elements; determine roles, responsibilities and policy owner(s); and ensure that ethics and integrity-related risks are integrated into future policy work. A Deputy Executive Director should be designated to champion ethics and integrity through all levels of UN-Women (both at headquarters and in the field).

Limited Scope Review of the HeForShe Campaign

IAS conducted a limited scope review of the HeForShe campaign's governance, risk management and control processes. The review aimed to provide focused assurance, but was not a full-scope internal audit engagement. It also sought to identify whether there were lessons to be learned for managing similar, future campaigns.

Envisaged as an awareness raising and behaviour-change campaign, HeForShe reached a large audience and engaged high-profile supporters through its innovative approach to advocacy. The campaign successfully mobilized funds from different types of donors, including corporate and private entities. However, not all resource pledges materialized.

IAS proposed 10 recommendations and 14 lessons learned to be considered for similar, future initiatives. None of these issues pointed to major systemic weakness in UN-Women's overall governance, risk management and internal control arrangements.

A longer-term shared vision for the campaign would have provided a platform for greater scale up and integration as an advocacy and resource mobilization tool, particularly for field offices. A medium-term plan would have helped to develop

clearer performance or success targets which may also have helped to mobilize more funding. As new and innovative programmes represent greater risks, a full and documented cost–benefit analysis and risk assessment should be carried out and ‘piloting project’ protocols established.

A strategy for resource mobilization is required for campaigns. When private partners are committed to donations, UN-Women needs to ensure that formal agreements for the use of funding are in place. Formal agreements are required between UN-Women, donors and National Committees to formalize and clarify the purpose of funding, roles and responsibilities and any conditions related to funding.

**Governance of UN Women’s UN System Coordination Function:
Rapid Assessment**

IAS conducted a rapid advisory assignment on the governance of UN coordination in UN-Women. The review found that the following elements should be considered to ensure UN-Women’s UN system coordination efforts are effective, impactful and strategic:

- A clear articulation and clear vision of what UN-Women executive management considers strategic and impact-focused coordination of the UN system.
- A strategy to operationalize the vision(s), mainstreamed in UN-Women’s work, with a theory of change, a strong results framework with key performance indicators, clarity of roles and responsibilities, and time frames for implementation. UN-Women’s UN coordination strategy needs to be mainstreamed into individual themes/programmes based on common standards.
- An internal UN-Women organizational governance and accountability framework of commonly agreed standards and results outlining who does what and when.
- Defining and allocating sufficient budget and human resources dedicated to UN system coordination, further tracking and reporting in terms of cost-effectiveness of results achieved and services provided.

Moreover, UN-Women should ensure that recommendations from the 2016 independent corporate evaluation on UN system coordination, from the Change Management process and other related reviews are implemented or, if some recommendations are no longer considered relevant, that this is justified and documented for accountability and knowledge management purposes.