



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

Distr.: General
18 April 2022

Original: English

Annual Session of 2022

21–22 June 2022

Item 4 of the provisional agenda

Audit and investigation

Report on internal audit and investigation activities for the period from 1 January to 31 December 2021

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 2021 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 2021; (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 2021 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 UN-Women's governance, risk management and control processes. The criteria to form this opinion include the IAS risk-based audit plan for 2021; the results of internal audits and advisory services undertaken in 2021; and the status of management efforts to implement audit recommendations from this and prior years' reports.

II. MANDATE

2. In accordance with the IEAS and IAS Charters (see Annex 3) 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*)

A. Basis of opinion

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 2021; and the progress made by management in addressing internal audit and advisory recommendations. A concise summary of the work that supports this opinion is provided in Section IV.

B. Exclusions

6. The opinion does not cover processes and activities outsourced to UN system organizations or some commercial third-party providers (as well as some commercial fourth-party providers sub-contracted by third-party UN system organizations) such as:

- a) Various global and some local HR management activities and services depending on agreements in place.
- 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 based on arrangements at headquarters or globally, or in the field and 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. During 2021, IAS also conducted an audit of UN-Women's third-party risk management for outsourced services which provided a greater level of assurance in this area. This audit noted that internal audit arrangements of the UN system organizations providing services to UN-Women covered most of UN-Women's outsourced business areas. However, such audits may not always specifically focus on services provided to UN-Women. Third-party assurance arrangements also seemed to be limited for outsourced services such as medical insurance plans, safety and security services, or commercial providers of information and communication technology (ICT) services, particularly regarding data security. UN-Women management planned to strengthen its oversight of commercial ICT service providers. Key conclusions of this audit are also outlined in Section IX of this report.

C. Scope limitations

8. IAS also notes some scope limitations due to the COVID-19 pandemic, related to remote working and limited ability to access some supporting documents, assets, staff or stakeholders that are usually available during field visits. Scope limitations related to the nature of remote audits include the following activities:

- a) Review of some original supporting documentation could not be carried out; therefore, audit teams sometimes needed to rely on scanned copies. Where copies were not provided to IAS, there were no or limited means to obtain assurance.
- b) Meetings with some office personnel of some audited entities were carried out virtually, which can limit some understanding of the office's working environment.
- c) Project site visits, including physical meetings with counterparts/local beneficiaries, were not conducted.
- d) Physical verification of assets and inventory was not performed.
- e) ICT arrangements were not reviewed on site.

D. Overall opinion

9. Based on the sources of evidence, described in Section IV, including IAS' risk-based audit plan and the results of related IAS audit and advisory work performed in 2021, IAS' overall opinion is that the UN-Women's governance, risk management and control processes were generally established and functioning but *needed some improvement*.

10. IAS notes that UN-Women management continued enhancing its process in governance and risk management in 2021. In particular, the Business Review Committee has matured into a governing body for discussion of some corporate issues. IEAS is a regular observer at the Business Review Committee and regularly briefs the Committee members on issues related to independent evaluation, internal audit and advisory results. During 2021, the workplanning process for the new Strategic Plan was revisited by management and improvements are being rolled out in 2022. Management has initiated a process of Quarterly Business Reviews with key performance indicators, including aging audit recommendations, regularly presented to managers.

11. At the same time, IAS' 2021 audit and advisory assignments, as well as its monitoring of the follow-up of previous internal audit and advisory recommendations, identified some overarching areas for improvement that require executive and senior management attention, summarized below:

- (a) As highlighted in previous years, the need to continue to enhance the Entity's management oversight mechanisms, otherwise known as the 'second line of defence,' to ensure the assignment of and clarity over business process owners' accountability, authority and capacity for adequate design and effective monitoring of risk-based and cost-effective policy and business processes and ensuring compliance; and strengthening the role and capacity of Regional Offices as responsible for monitoring and oversight of the field offices in their region.
- (b) Management have emphasized that their ability to implement some oversight recommendations would be contingent upon adequate resources being made

available. While IAS appreciates the limited funding environment, and the goal to ensure that maximum resources reach those in most need, it believes in the importance of having strong governance, risk management and controls to ensure that the Entity can deliver on its mandate and commitments. During 2021, IAS observed that while management continued implementing audit and advisory recommendations, implementation of some corporate recommendations slowed down as there was a need to work on other strategic priorities such as finalizing the Strategic Plan, related work planning, new strategic initiatives and projects (e.g. new Enterprise Resource Planning system) or addressing crisis situations. The Entity has yet to finalize its project costing revision, including management support costing to better resource functional support and management oversight needed to implement some corporate recommendations.

- (c) As highlighted in previous year, the need to strengthen internal capacity at the country level, both in terms of staffing and skills to manage, monitor and report on the Entity's normative support functions, UN system coordination and operational activities, as well as to effectively perform responsibilities related to governance, risk management and compliance.
- (d) The need to advance preparations for an annual Statement of Internal Controls process to clearly establish management accountability and responsibility for risk management and internal controls, which has been recommended by IAS since 2019. 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 assured and asserted by management on an annual basis such as in the form of a Statement of Internal Controls.

12. 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*)

13. To formulate its opinion, IAS considered sources of evidence, such as: (a) development of its 2021 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 2021; and (f) work conducted by the United Nations Board of Auditors. IAS also relies on management to proactively identify and communicate to IAS known instances of materialized risks, potential control failures, irregularities, or regulatory non-compliance that could be material to governance or the control environment.

A. Risk-based audit plan for 2021

14. 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.

15. An annual risk-based audit plan cannot cover every risk, business process, organizational unit or office within UN-Women. Audit and advisory engagements in 2021 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.

16. Moreover, during 2021, IAS faced limitations in the full implementation of its approved workplan due to the COVID-19 pandemic. These limitations mainly related to remote auditing and the inability to travel to field offices. For its remote audits, in almost all instances, IAS had to rely on management to provide complete and accurate supporting evidence.

B. Individual audit engagement results and ratings

17. In 2021, IAS conducted 16 internal audit and advisory engagements related to the 2021 audit plan, with 14 final reports issued by mid-March 2022 and 2 internal audits carried forward to 2022. These engagements generally covered governance, risk management and controls in selected offices or were related to UN-Women systems and processes.

18. Twelve of the 14 reports issued were assurance type engagements with overall ratings to the audited entities or processes assigned as follows:

- Three entities/processes were assessed 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.
- Five 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.

- Three were assessed as *major improvement needed*, meaning that the assessed governance, risk management practices and controls were established and functioning, but needed major improvement.
- 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*).

19. Details on recurrent and significant findings identified in IAS' 2021 internal audit and advisory work are summarized in Section IX.

C. Progress made by management in implementing actions to address audit recommendations

20. The implementation rate of internal audit recommendations for the five-year rolling period prior to those made in 2021 was 94 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 19 long outstanding recommendations have not yet been implemented. Long outstanding recommendations comprised 10 per cent of total recommendations issued in 2019 and 8 percent of those issued in 2020. This is potentially due to the increased number of corporate and thematic recommendations, which require time and resources to implement, as well as emerging priorities. IAS continued to monitor and follow up these recommendations and encourages management to implement and sustain measures to address significant risks identified as a result of audits within agreed time frames.

V. STATEMENT OF INDEPENDENCE AND CONFORMANCE TO INTERNAL AUDIT STANDARDS (*decision 2015/4, point c*)

21. Throughout 2021, 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.

22. 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 2021, IAS conducted its internal review of its practices against the Standards. During 2022, IAS plans to undergo 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 processes and in individual engagements.

VI. RESOURCE ALLOCATION AND DEPLOYMENT (*decision 2015/4, point d*)

23. 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 2021, IAS received adequate resources to implement the activities in its 2021 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 (one of which was vacant for two months, but a qualified candidate was identified and recruited in a timely manner). IAS also participated in the UN-Women Young Women Leaders Programme¹ launched in 2021 by recruiting one UN Volunteer from the programme's applicants.

24. IAS is positioned within IEAS, which is led by a Director and supported by two Administrative Associates. In 2021, IAS received US\$ 447,000 for non-staff expenditure.

25. For investigations completed in 2021 (see Section XII), OIOS' estimated cost was US\$ 342,310.² In comparison, for a smaller number of investigations completed in 2020, OIOS invoiced UN-Women US\$128,152. OIOS directly invoices UN-Women on a cost-recovery basis. The IAS budget is not impacted by cost-recovery from OIOS.

26. In 2021, 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 information, data and cost-recovery from OIOS. The role involved coordination, monitoring and oversight efforts, including several desk reviews and inspections, for which IEAS did not have dedicated resources, while the role has become more demanding. IAS therefore used its internal audit budget to recruit a UN Volunteer to support in this area, including IAS' ability to provide proactive integrity and counter-fraud efforts and raise awareness of how to handle potential misconduct. In December 2021, in cooperation with senior management, IAS prepared an anti-corruption and anti-fraud communique and started working on lessons learned reports (see also Section XII). In its 2022 Annual Work Plan, IAS requested US\$ 82,000 to fund its investigation support and counter-fraud efforts, and IAS is pleased to note that this has been allocated. IAS will likely need to make similar requests in future years.

¹ The UN-Women Young Women Leaders Programme aims to support young women leaders through various learning opportunities and a structured professional development programme with a mentor.

² The cost includes received invoices for US\$63,381 and cost estimates for US\$278,929.

VII. IMPLEMENTATION OF THE 2021 RISK-BASED AUDIT PLAN

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

27. 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.

28. The 2021 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 2021 audit plan was reviewed by the Advisory Committee on Oversight before its submission to, and approval by, the UN-Women Executive Director.

29. Due to travel restrictions related to the COVID-19 pandemic, IAS had to modify its 2021 audit plan by: (a) introducing remote field audits with inherent scope limitation; and (b) focusing on thematic and headquarters emerging priorities and risk areas. IAS has also continued to closely collaborate with the Independent Evaluation Service in conducting joint Country Office evaluation and audits. IAS continued to provide feedback on emerging risks and draft policies and procedures as a part of its advisory mandate.

30. Fieldwork for all but two assignments included in the risk-based audit plan was completed in 2021. Two reviews have been carried forward from 2021 to 2022. Eight reports related to the 2021 audit plan were issued during 2021 and six reports were issued by mid-March 2022. IAS notes that management has, at times, taken longer to review and comment on IAS reports due to their complexity, as well as other work and emerging priorities.

B. Monitoring and coordination of audit activities

31. During 2021, the Advisory Committee on Oversight reviewed implementation of the IAS 2021 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.

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

33. Following the 2021 Executive Board decision [2021/4](#) to work with other UN agencies towards harmonized definitions and reporting for internal audits and

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.

investigation matters, and to provide feedback to the UN-Women Executive Board, IAS engaged in efforts to harmonize annual audit and investigation reports with the following agencies: UNDP, UNFPA, UNICEF and UNOPS. This exercise has been completed and a harmonized template was developed to be used by these UN agencies in their annual reporting.

C. Audit reports and ratings

34. 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.

35. Table 1 provides the overall ratings for 12 internal audits completed by IAS related to the 2021 audit plan. Of these reports, seven were internal audits of UN-Women field offices, and five were audits of thematic corporate processes. Annex 1 also presents the number of audit recommendations by priority.

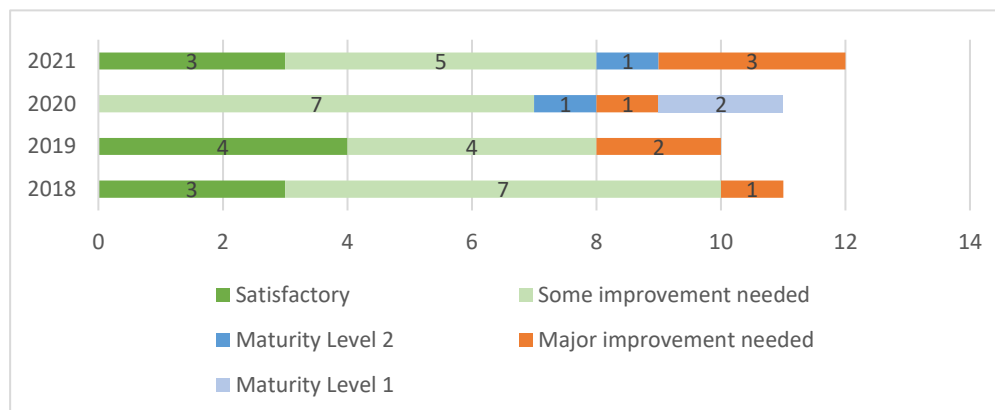
Table 1: Distribution of audit ratings by region and thematic area, 2021

Audited Area	Number of Audits	Satisfactory	Some Improvement Needed	Major Improvement Needed
Country/Programme Presence Office	7	3	3	1
Palestine	1	1		
Pakistan	1		1	
Ethiopia	1	1		
Serbia	1	1		
Democratic Republic of the Congo	1			1
Tajikistan	1		1	
Meta-synthesis of field office audits	1		1	
Thematic/headquarters	4	-	2	2
Individual consultant management				1
Third-party risk management for outsourced services	1		1	
Communications and Advocacy Function	1			1
Assets and lease management	1		1	
Total	11	3	5	3

36. One assurance engagement used maturity level to as a rating for an audit opinion. In particular IAS assessed the maturity level of the anti-fraud programme at UN-Women as **Level 2 (Initial)** with some elements of **Level 3 (Repeatable)** identified.

37. IAS completed 44 assurance engagements from 2018 to 2021 against its annual risk-based audit plans. Figure 1 below is an overview of the overall ratings assigned to assurance engagements by IAS from 2018 to 2021.

Figure 1: Overview of internal audit ratings, Audit Plans (2018-2021)



Source: Compiled by IAS

38. In addition to the above assurance engagements, IAS completed two advisory reviews that do not contain an assurance rating: (i) snapshot assessment of UN-Women Enterprise Resource Planning system project progress and challenges as of 20 February 2021; and (ii) Spotlight Initiative: independent risk assessment and identification of lessons from UN-Women's implementation of Phase I. See Annex II for summaries of these advisory engagements.

VIII. IMPLEMENTATION OF AUDIT RECOMMENDATIONS

A. Implementation rate

39. The implementation rate of internal audit recommendations prior to those made in 2021 was 94 per cent based on the rolled forward statistics for five years prior to 2021. Overall, as of 23 March 2022 annual implementation rates for recommendations have slowed: for recommendations issued in 2019, the total long outstanding recommendations were at 10 per cent, and for 2020 they were at 8 percent.

40. Nineteen audit recommendations were long outstanding (i.e. dating prior to 2021), seven of which are high priority while 12 are medium priority. Table 2 shows the high priority recommendations and related audit engagements.

Table 2: High priority long-outstanding recommendations

Audit engagement title	Action owner and Brief description of recommendation
2019 - Afghanistan Country Office Audit	The Programme Support Management Unit (PSMU) to develop guidance for situations where UN Women Country Offices receive unearmarked funding for Strategic Notes.
2019 - Management of Implementing Partners (IP) and Responsible Parties	Directors of the Policy, Programme and Intergovernmental Division (PPID), and the Management and Administration Division (DMA) to assign and define the accountability, authority, roles and responsibilities for the end-to-end IP management process in line with the Three Lines of Defence model.
	PSMU to conduct an end-to-end process risk assessment and map risks identified to the controls outlined in the current Policy, Procedure and Guidance Framework, so that gaps or duplications in policies and corresponding controls are addressed.
2019 – Regional Office for Asia & Pacific Audit	The Director, PPID , in line with potential staffing changes as a result of the Change Management initiative, to explore solutions for increased headquarters technical oversight, policy guidance and knowledge exchange for the technical (programme) officers in Regional Offices and other field offices.
2019 - Travel Management Audit	The Director, DMA , to establish a business process owner for travel with the proper authority, capacity and accountability for overseeing the effectiveness of the Duty Travel Policy, monitoring compliance therewith and ensuring process effectiveness and efficiency.
	The designated business process owner to conduct an end-to-end risk assessment of the travel process and emphasize the principles of focusing on results, prudence, cost consciousness and duty of care in the Duty Travel Policy.
2020 - Audit of Somalia Programme Presence Office	The Regional Director of the Regional Office for East and Southern Africa , together with Change Management and SPRED, to clarify expectations for the Somalia Programme Presence Office, including strategic rethinking about UN-Women’s footprint in the country and prioritizing the office’s focus between normative work, technical advice, coordination or field programme implementation.

Source: Compiled and monitored by IAS in Teammate

41. Table 3 below shows the status of outstanding audit recommendations as at 23 March 2022 by priority based on the original agreed time frame.

Table 3: Recommendation aging based on original time frame as of 23 March 2022

Priority	Total outstanding recommendations	< 12 months	12–18 months	>18 months
High	29	22	5	2
Medium	57	45	7	5

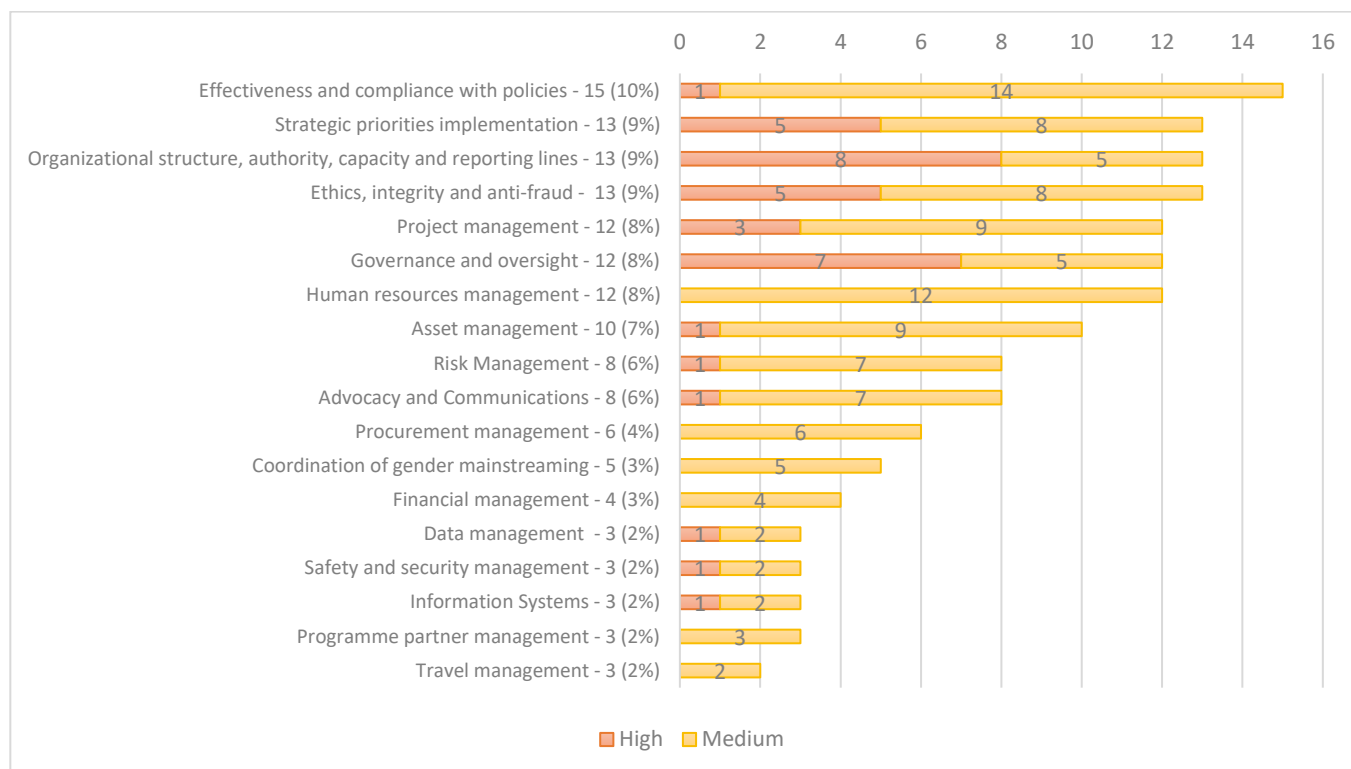
Source: Compiled and monitored by IAS in Teammate

IX. KEY INTERNAL AUDIT AND ADVISORY RESULTS

42. IAS identified and summarized by functional areas the key issues arising from its 2021 risk-based audit plan engagements for both its audit assignments (see Figure 2

and paragraphs below). Observations from advisory engagements are not included in Figure 2.

Figure 2: Key observations identified in 2021 by functional area



Source: Compiled by IAS

43. In 2021, IAS identified key observations in the following functional areas:
- Effectiveness of UN-Women policies and procedures:** Thematic audit engagements identified areas where the Entity needs to (i) develop policies relating to ensuring value for money; communications and advocacy; third-party service providers; (ii) revisit its policies for managing individual consultants and vendor-contracted consultants, assets, anti-fraud, and to align existing policies with the new ERP system being rolled out, operational processes, risk management and internal control frameworks, business needs and priorities; and (iii) improve its compliance with the existing internal control framework and policies including on individual consultants, assets and leases, procurement and human resources.
 - Strategic Note priorities development and implementation:** Field audits highlighted areas for improvement in: (i) guidance on development and implementation of Strategic Notes, enhancing the results-framework elements used to measure actual performance of expected impact and changes, in addition to outputs and activities reporting; (ii) enhancing monitoring, reporting and evaluation framework, function and associated activities to ensure results-focused reports and data quality; (iii) accelerating implementation of planned changes and results; and (iv) monitoring effectiveness of resource mobilization strategies and their targets, enhancing related guidance on how to plan,

implement, monitor and adjust resource mobilization strategies, and the role of regional and headquarters offices in supporting field offices. IAS is pleased to note that the Entity revised and has started implementation of its new workplanning process including through a pilot Strategic Dialogue process, introducing Strategic Notes at headquarters and enhancing them for Regional and Country Offices, and a continued review of field office strategies, where IEAS participates as an observer to ensure that key risks and findings are addressed.

- (c) **Organizational structure, authority, capacity and reporting lines to implement strategic priorities:** In its field audits, IAS found that field office structures were often fragile and needed to better match their ambition with their ability to deliver on agreed priorities and mandate, including revisiting Programme Presence Offices' strategic footprint to align expectations for these offices with a new country typology. Field offices were often impacted by (i) turnover and vacancies in key positions; (ii) no availability of funding to sustain some functions in field office structures, e.g. monitoring, reporting and evaluation, coordination and operations; (iii) inability to rapidly increase capacity, including pooling funding for supporting functions when significant non-core funds have been mobilized; and (iv) needed clarity around accountability for ensuring results, roles, internal coordination and reporting lines.
- (d) **Ethics, integrity and anti-fraud efforts:** Areas for improvement included clarifying the anti-fraud programme coordination role; strengthening ethic and integrity culture; finalizing fraud risk assessments for headquarters and key processes; consolidating and evaluating effectiveness of mitigating controls; maximizing control automation and exception reporting; revisiting the UN-Women Legal Policy and investigation timelines; and developing a monitoring framework to measure the effectiveness of the existing anti-fraud programme. On a positive note, the Entity has hosted a series of webinars on fraud risk assessments. However, field audits confirmed the need to further reinforce fraud and corruption awareness, including regular training and dedicated discussions about standards of conduct, fraud risks and controls, duty and how to report wrongdoings.
- (e) **Programme and project management:** Project management issues continue to be reported in internal audit engagements in terms of the need to enhance: (i) effective risk management during project design and implementation; (ii) beneficiary management processes to ensure that targeted beneficiaries are reached by UN-Women and its programme partners; (iii) effectiveness of monitoring and reporting frameworks and related activities; (iv) reporting on programme and project performance in terms of results-based narrative and financial reports against the agreed results and resources framework; (v) knowledge and learning management; and (vi) guidance on budgeting of direct project management costs. IAS notes that the Entity has initiated implementation of the project cycle enhancement road map proposed by IAS in its advisory review in 2019.
- (f) **Governance, oversight and performance management:** Thematic and field audits identified a need for: (i) clarifying the oversight role between headquarters and Regional Offices for field office performance, enhancing capacity and strengthening accountability of business process owners in functional areas, enhancing policy/strategic themes ownership and coherence, as well as enhancing Regional Offices (which together represent the second line of defence) to ensure effective management oversight and compliance monitoring; (ii) basic corporate

governance and policy framework for outsourcing of business processes and functions; and (iii) regular performance management of the third-party service providers used by UN-Women.

- (g) **Human resources management:** Findings mainly related to enhancing the policy on management of individual consultants and recruiting units' compliance with existing controls to ensure principles of value for money, competitiveness and transparency in recruiting consultants, establishing their fees and ensuring they deliver agreed outputs in a timely manner and to the agreed quality. In its field office audits, IAS identified a need for: (i) longer-term HR strategies to be developed by field offices with guidance from headquarters HR, if necessary, which would map current capacities with those needed to deliver strategic priorities, accompanied by a functional staffing analysis, adequate project budgeting and negotiation with donors, to ensure funding for staffing needs, as well as expediting recruitment plans; (ii) guidance on field office learning and development plans for validation and cost-effective training; (iii) exploring the new ERP system for processing all personnel categories in one HR module to ensure key data is available for workforce planning and management; and (iv) periodically reviewing and considering risks of prolonged senior vacancies and temporary replacements.
- (h) **Risk management:** Audit engagements found that risk management in the field and headquarters needed improvement, including in proactive risk identification, discussions, mitigation and the timely escalation of issues to higher management, where needed. IAS is pleased to note that the Entity is implementing the Risk Management enhancement road map proposed by IAS in its advisory review in 2019.
- (i) **Advocacy and communications:** IAS identified a need for (i) a clear organizational strategic direction for communications activities and a clear mandate for the Communications and Advocacy Section delineating both its and other offices' communications responsibilities; (ii) organization-wide communications policy framework and guidance at executive level on prioritization criteria; (iii) brand visibility and advocacy clarity; (iv) minimizing fragmented functions and coordination across units through integration between headquarters and field offices; and (v) finalizing the crisis communication plan, and reinforcing the role played by communications in business continuity, humanitarian and crisis planning at headquarters and in field offices. This has been supported by observations in field office audits related to advocacy and communications.
- (j) **Procurement management:** IAS recommended working on a strategy to professionalize the regional procurement function, and exploring the new Enterprise Resource Planning system for procurement exception reports and monitoring dashboards, which will enable the offices to strengthen the management of procurement carried out locally by establishing realistic procurement plans and effective strategies; 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. IAS has carried forward the thematic audit of governance and management of procurement of services into 2022.
- (k) **UN system coordination:** Field offices approached their UN coordination mandate differently, not always defining their coordination strategy due to limited resources and need for guidance. UN-Women requires a better articulated

vision, updated strategy, accountability framework and clarity on resources invested in UN system coordination.

X. ADVISORY SERVICES

44. During 2021, IAS completed two advisory engagements: (a) snapshot assessment of UN-Women's ERP project progress and challenges as of 20 February 2021; and (b) Spotlight Initiative: independent risk assessment and identification of lessons from UN-Women's implementation of Phase I. The summaries of these engagements can be found in Annex II.

45. In addition, IAS regularly interacted with the Independent Evaluation Service to coordinate audit and evaluation assignments; share information; and provide input where relevant to the Country Portfolio Evaluations conducted by IES. Two joint reviews were initiated by IAS and IES with separate reports: Country Portfolio Evaluation + Audit in the Country Office in Pakistan; and Country Portfolio Evaluation + Audit in the Country Office in the Democratic Republic of the Congo. IAS also contributed to the formative evaluation of UN-Women Crisis Response in Asia and the Pacific.

46. 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 was a regular proactive observer and adviser at meetings of the Senior Management Team, Business Review Committee and the Project Board for the Enterprise Resource Planning system implementation and other forums. In addition, IAS regularly provided comments on draft policies and procedures, management requests and other initiatives.

47. IAS has been developing training material on Gender-Responsive Auditing, to become available to the internal audit community that promotes gender mainstreaming in the audit processes. With assistance of the UN Women's Communications and Advocacy Section, IAS also updated its website to ensure it is user friendly and informative.

XI. DISCLOSURE OF INTERNAL AUDIT REPORTS

48. Thirty days after issuance, all the internal audit reports issued against the audit plan 2021 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: <https://www.unwomen.org/en/about-us/accountability/audit/internal-audit-reports> . No requests were received internally or from any organization or Member State requesting redaction of audit reports.

49. 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 II.

XII. INVESTIGATIONS

50. OIOS provided investigation services in 2021 covering allegations of misconduct committed by UN-Women personnel or by third parties to the detriment of UN-Women.

51. In 2021, 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

52. In 2021, OIOS registered intake of 36 new allegations for UN-Women compared to 27 new allegations in 2020 and 52 new allegations in 2019. The OIOS caseload in 2021 and its comparison with 2019 and 2020 are illustrated in the Table 4 below:

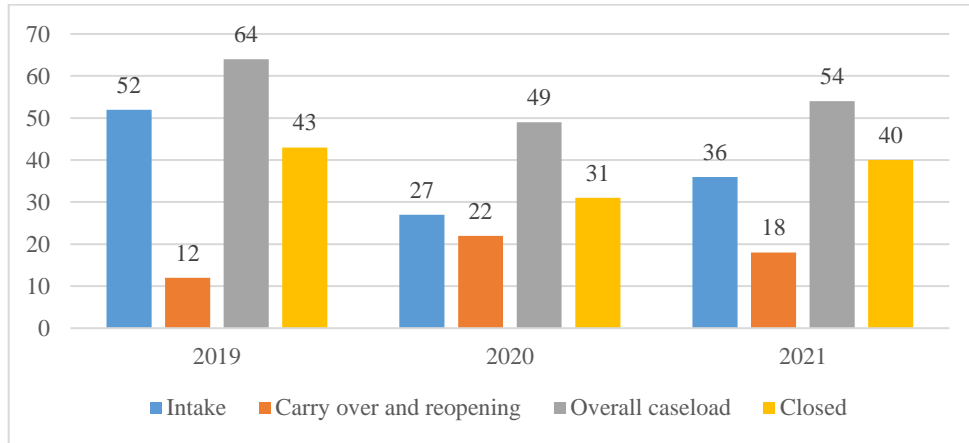
Table 4: OIOS investigation caseload in 2021

Caseload	2021
Carry over as of 1 January	18
Intake during the year	36
Reopened from previous year	-
Total cases during the year	54
Closed from cases carried over	15
Closed from intake	25
Total closed during the year	40
Cases ongoing as of 31 December 2021	14

Source: OIOS quarterly reports

53. Figure 3 below compares the OIOS case intake, caseload and completion during 2019 – 2021.

Figure 3: OIOS case intake, caseload and completion comparison for 2019-2021



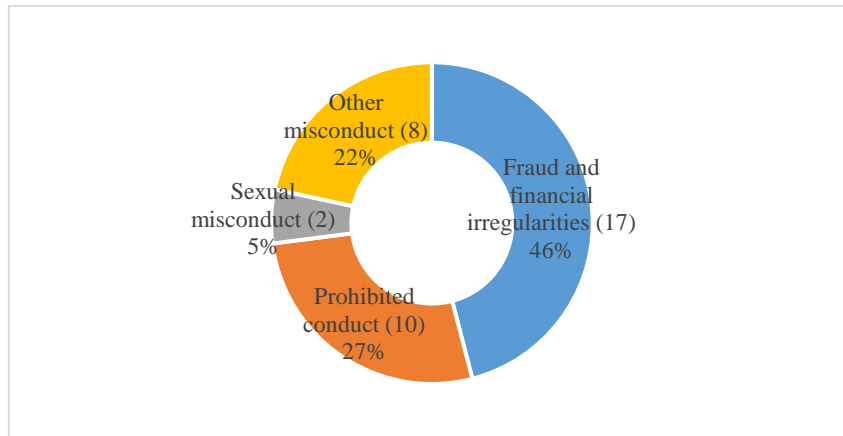
Source: OIOS quarterly reports

54. In 2021, the 36 new allegations were received by OIOS via the hotline (53 per cent), by email (39 per cent) or through other means (8 per cent). Sources of allegations were either UN personnel (56 per cent), referrals from other UN entities (22 per cent), external parties (11 per cent), known to OIOS but undisclosed to IEAS (8 per cent), or anonymous (3 per cent).

B. Types of allegations

55. An allegation received and registered by OIOS may include more than one type of alleged misconduct. In 2021, the 36 new allegations received related to 37 instances of alleged misconduct and are broken down by summarized categories as detailed in Figure 4 below. A comparison with 2019 and 2020 is provided in Table 5 below.

Figure 4: Allegations intake by category in 2021



Source: OIOS quarterly reports⁴.

⁴ Notes: (1) Cases may include multiple categories of alleged misconduct, therefore are being counted more than once. (2) OIOS categorizes allegations in more detail; however, this report summarizes such categories based on a harmonized annual report approach among UNDP, UNFPA, UNICEF, UNOPS and UN-Women.

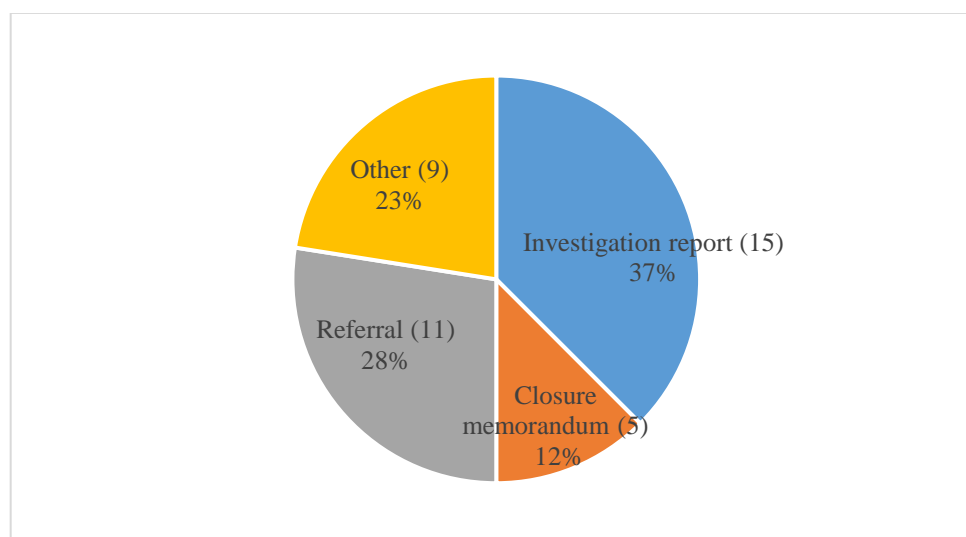
Table 5: Allegations intake by category comparison for 2019-2021

Allegation category	2019	2020	2021
Fraud and financial irregularities	24	14	17
Prohibited conduct	17	9	10
Sexual misconduct	3	1	2
Retaliation	1	0	0
Other misconduct	14	11	8
Total	59	35	37

Source: OIOS quarterly reports, see footnote below.

C. Cases resolved/closed/carried forward

56. As illustrated in Figure 5, OIOS closed 40 cases in 2021 (as compared to 31 in 2020):

Figure 5: Cases closed in 2021

Source: OIOS quarterly reports

57. Of the 40 closed cases, 20 were closed after preliminary assessment that an investigation was not warranted (compared to 21 in 2020) and 20 after investigation (compared to 10 in 2020). Of the 20 cases closed after preliminary assessment, OIOS referred 11 of the cases (subject to consent by the complainant, where applicable) for management consideration and potential action by UN-Women (compared to 10 referred in 2020). 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 offices, further desk reviews or inspections by IEAS, or consideration in future IAS audits. Of the 20 cases closed after investigation, 15 cases were substantiated and resulted in an investigation report (compared to four in 2020),

and five were found to be unsubstantiated and resulted in a closure memorandum (compared to three in 2020).

58. The 15 cases substantiated in 2021 (comprising four cases carried over from 2019, five cases carried over from 2020 and six cases opened in 2021) related to:

- abrasive management style by a staff member, creating a threatening and intimidatory office culture;
- prohibited conduct and irregularities in attendance records by a staff member;
- misrepresenting personal information during recruitment by UN-Women, conflict of interest in procurement, falsifying a document requested by OIOS, and waste of resources in the amount of US\$ 26,000 when buying a new vehicle, by a staff member;
- irregularities with receipts and waste of resources by a service contractor, costing UN-Women US\$ 2,755;
- forgery of payment documents by a consultant in the amount of US\$ 741, but not resulting in material financial loss;
- misuse of office, including intimidation of UN-Women personnel, and recruitment irregularities by a staff member;
- falsification of financial documents by a programme partner's personnel, resulting in misuse of UN-Women funds in the amount of US\$ 141,051;
- fraudulent claims by a staff member for reimbursement of accommodation in the amount of US\$ 5,808, but not resulting in financial loss;
- adding a personal phone account by a staff member to UN-Women's phone account, resulting in billing UN-Women for private phone costs in the amount of US\$ 84 (ultimately reimbursed to UN-Women);
- non-disclosure of a conflict of interest by a UN-Women vendor's technical engineer (engaged by UN-Women to supervise construction works and participate in the selection of a construction company), while being the owner of one of the bidding construction companies;
- recruitment irregularities by a staff member;
- irregular bidding practices and/or collusion between three UN-Women vendors in several procurement exercises (in three cases); and
- failure to observe the standards expected of a staff member by not disclosing a known medical condition during recruitment by UN-Women.

59. Of the 15 substantiated cases, eight cases in relation to UN-Women staff members were being referred for action under the UN-Women Legal Policy. For three cases in relation to, respectively, a separated service contractor, an earlier consultant and a programme partner, the UN-Women Legal Adviser, in collaboration with other UN-Women offices, considered or was taking relevant action in accordance with UN-Women agreements with these parties. For four cases in relation to vendors, the UN-Women Legal Adviser, in collaboration with the Management and Administration Division and in consultation with IEAS, was considering relevant action by instituting a vendor sanction procedure. Such a procedure had not been in place in UN-Women since 2018, after UNDP ceased providing investigation services to UN-Women. For 6

of the 15 substantiated cases, the UN-Women Legal Adviser was also considering or, in consultation with the United Nations Office of Legal Affairs, decided on referral of the cases to local law enforcement authorities. 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 2021” will also contain information on disciplinary measures and other actions taken in 2021.

60. As at 31 December 2021, OIOS carried over 14 cases to 2022. As at 31 March 2022, four of these cases had been closed and 10 remained under investigation. Of the four closed cases, one was closed after preliminary assessment (referred for management consideration and potential action by UN-Women) and three were closed after investigation (two cases were found to be unsubstantiated and one case was substantiated). The substantiated case related to misappropriation of funds by programme partner’s personnel in the amount of US\$ 6,823. In this case, UN-Women offices were taking relevant action in accordance with UN-Women agreement with the programme partner, and the UN-Women Legal Adviser was also considering a referral of the case to local law enforcement authorities.

D. Anti-fraud and anti-corruption activities

61. As well as supporting OIOS investigations, IEAS conducted its own anti-fraud, anti-corruption, outreach and awareness activities within UN-Women.

62. Furthermore, IEAS has provided advice in the discussions on and drafting process of donor agreements with other UN entities, UN Member States, multilateral agencies and other third parties. IEAS has also been involved in discussions with other UN internal audit and investigations offices to develop harmonized language for future donor agreements.

63. In addition, in 2021, in collaboration with SPRED and senior management, IEAS launched the first anti-corruption campaign on International Anti-Corruption Day (9 December). A UN-Women global broadcast was issued that reminded all UN-Women personnel of their responsibilities to prevent, detect and report fraud and corruption.

Annex I - Audit and advisory reports issued in 2021

No.	Reference #	Number of Recommendations		Overall Audit Conclusion
		Total	High Priority	
Field audits				
1	Palestine Country Office	10		Satisfactory
2	Pakistan Country Office (in collaboration with IES)	12	5	Some improvement needed
3	Ethiopia Country Office	12	4	Satisfactory
4	Tajikistan Programme Presence Office	10	1	Some improvement needed
5	Serbia Programme Presence Office	2	1	Satisfactory
6	Democratic Republic of the Congo Country Office (in collaboration with IES)	21	8	Major improvement needed
7	Meta Synthesis of Field office Audits	16	1	Some improvement needed
Headquarters audits				
1	Audit of Communications and Advocacy Function	15	4	Major improvement needed
Thematic area audits				
1	Audit of Third-Party Risk Management for Outsourced Services	5	2	Some improvement needed
2	Audit of Anti-Fraud Programme	12	5	Maturity Level 2
3	Audit of Individual Consultant Management	15	4	Major improvement needed
4	Audit of Assets and Lease Management	10	1	Some improvement needed
Advisory engagements				
1	Snapshot assessment of UN-Women ERP project progress and challenges as of 20 February 2021			
2	Spotlight Initiative: independent risk assessment and identification of lessons from UN-Women's implementation of Phase I			

Annex II – Summaries of advisory reviews

IAS ERP Snapshot Assessment as of 20 February 2021

The main objectives of this snapshot assessment were to assess: the effectiveness of current project governance arrangements; the planning process in defining the scope, time frame and budget; risk management; and the progress that had been made so far against the plan. At the time of the assessment in February 2021:

- In terms of governance: IAS observed that project governance mechanisms would benefit from an effective Project Board, a recognized role of the Project Executive, and role and authority of the Project Manager.
- In terms of the planning process: IAS confirmed that UN-Women greatly depends on UNDP as an outsourced ERP provider and its decision to move away from Atlas. Challenges included formalizing an Inter-Agency Project Charter, activating the Inter-Agency Project Board and approving UN-Women’s Project Document, including assessment of the original scope of the project and new ERP key functionalities, and how discrepancies between the original scope and functionalities would be addressed.
- In terms of progress made so far: IAS agreed with management efforts to finalize UN-Women’s own project detailed plan and budget, and IAS raised a need to maintain originally included in the project scope business transformation and process reengineering; to manage dependencies between the inter-agency project and UN-Women considering competition with other strategic priorities.
- In terms of risk management: Risk management was one of the most advanced areas within this project, where UN-Women showed a high level of maturity in identifying and documenting project risks, escalating them to senior management. To be fully effective, risk management process could improve decision-making on escalated risks.

Spotlight Initiative: independent risk assessment and identification of lessons from UN-Women’s implementation of Phase I

This assessment aimed to assist management in identifying the key achievements, challenges and lessons learned from UN-Women’s perspective during implementation of Phase I of the Spotlight Initiative’s governance, coordination, technical coherence role, project implementation and operations. Some of the observations were outside of UN-Women’s control.

Strengths included the mobilization of senior UN-Women leadership to champion the Spotlight Initiative; the appointment of a dedicated team in the Ending Violence Against Women Section of UN-Women to manage the Spotlight Initiative; the eventual mobilization of in-house operational support; and the dedication and commitment of UN-Women personnel involved in regional and country programmes. The Spotlight Initiative gained notable political momentum, becoming a strategic and highly visible priority in the Spotlight countries and for the United Nations Secretary-General and his Deputy, who continued to champion these objectives, especially during the COVID-19 crisis. The Spotlight Initiative is one of the first United Nations reform “demonstration funds” for the Sustainable Development Goals, representing a litmus test for the United Nations system to demonstrate whether agencies can work together in developing long-lasting results in multiple dimensions with multiple partners.

The overall time frame of the Spotlight Initiative was ambitious compared with its expected impact and geographical coverage. Delivery has been challenging, even without the further complexity of a global pandemic. The chosen inclusive partnership approach with governments and civil society organizations (CSOs), with significant funding for enhancing the role and capacity of CSOs, bears an inherent challenge in governments and CSOs' capacity to deliver on the expected results combined with COVID-19 health and economic crises, lockdowns and competing national priorities. Governance of the Spotlight Initiative was complex and not operationalized into clear standard operating procedures in a timely manner with clearly defined roles, responsibilities and timelines.

There should have been more focus on UN-Women's internal feasibility assessment and investment in the structural preparedness needed for such a "signature programme" to deliver its technical coordination and programme implementation roles within existing constraints. Despite limited resources to absorb such a large, complex and ambitious programme, as well as the challenge of performing the dual roles of technical coordination and programme implementation, UN-Women has stepped up in the ongoing United Nations reform process and in its implementation approach. The expectations for UN-Women in its technical and implementation roles were demanding and represented an important time for UN-Women's field offices to scale up their structure, capacity and capability and to provide timely support. However, resources were not always sufficiently allocated when needed to ensure that UN-Women's field offices could deliver on both roles.

The key lessons learned included:

- a need for feasibility and capacity assessment to ensure UN Women's readiness to absorb new large programmes.
- institutionalizing project oversight mechanisms and ensuring clear accountability for delivery, enhancing budget management for large programmes, and planning and distribution of support cost to relevant central supporting sections.
- Clarifying key functions and in-house responsibilities in monitoring and management oversight of the Spotlight Initiative with dedicated risk updates.

Annex III – IEAS and IAS Charters

Charter of the Independent Evaluation and Internal Audit Services

[UN-Women-Charter-of-Independent-Evaluation-and-Audit-Services-en.pdf](#)

Charter of the Internal Audit Service

[UN-Women-Charter-of-Internal-Audit-Service-en.pdf](#)
