



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

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### Audit matters

## Report on internal audit and investigation activities for the period from 1 January to 31 December 2014

### *Summary*

The present report provides information on the internal audit and investigation functions carried out for the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the period from 1 January to 31 December 2014. The internal audit function for UN-Women is carried out by the UN-Women Audit Unit of the Office of Audit and Investigations of the United Nations Development Programme in accordance with the financial regulations and rules of UN-Women (UNW/2012/6, annex I). The investigation function is carried out by the Office's Investigations Section. Information on the action taken and the management response to the present report are set out in the annex to the report and available on the website of UN-Women. As requested by the Executive Board in its decision 2014/4 (see UNW/2014/6), the report includes information on the number, nature and outcomes of investigation cases conducted during the year. The report of the Audit Advisory Committee of UN-Women and the management response thereto are contained in the addendum to the present report (UNW/2015/4/Add.1).

The Executive Board may wish to take note of the present report, express its continuing support for the audit and investigation functions within UN-Women and take note of the report of the Audit Advisory Committee.



## **I. Introduction**

1. The present report provides a description of the internal audit and investigation functions in the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the related activities for the year ended 31 December 2014. Information is presented relating to the main results of audits conducted during 2014 and to the status of management efforts to implement the recommendations made in the audit reports for current and prior years. Also presented is information on investigation activities, such as the number of new and continuing cases, the nature of the cases and the outcomes of the investigations conducted. The report of the Audit Advisory Committee of UN-Women and the management response thereto are contained in the addendum to the present report ([UNW/2015/4/Add.1](#)).

## **II. Assurance**

2. To provide assurance with regard to governance, risk management and control systems, audits conducted by the UN-Women Audit Unit continue to be focused on those areas of governance, management and operations assessed as posing a high level of financial, reputational, legal and functional risk to UN-Women and to the achievement of its goals.

### **A. Mandate**

3. In March 2012, a dedicated UN-Women audit unit was created within the Office of Audit and Investigations of the United Nations Development Programme as a result of a biennial service-level agreement between the Office and UN-Women. The Unit carries out the internal audit function for UN-Women in accordance with the Entity's financial regulations and rules ([UNW/2012/6](#), annex I). For the biennium 2014-2015, the Unit continued to provide internal audit services and the Office continued to provide reimbursable investigation services pursuant to a second service-level agreement, signed on 6 December 2013.

4. In addition, the Office confirms that in 2014 it continued to be operationally independent of the management of UN-Women and exercised freedom in determining the scope of its audits and investigations in accordance with international and generally accepted standards.

5. The Office confirms to the Executive Board that audits are performed in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors. In accordance with those standards, the work of the Unit is subject to review by the Quality Assurance and Policy Unit of the Office. Post-audit client surveys are conducted at the conclusion of each audit mission. The surveys received in relation to audits conducted in 2014 indicated overall satisfaction with the UN-Women Audit Unit and the work performed.

## **B. Independent external oversight**

6. The Audit Advisory Committee continued to provide advice to the Under-Secretary-General/Executive Director to promote and support the accountability framework, good governance and the effectiveness of the internal audit and investigation functions of UN-Women. In 2014, the Committee reviewed the annual workplan for the UN-Women Audit Unit for 2014 and monitored its implementation through quarterly progress reports and private meetings with the Director of the Office and the Chief of the Unit. In addition, the Committee reviewed and provided comments on the draft report for 2013 (UNW/2014/4).

7. The UN-Women Audit Unit communicated its annual workplan to the Board of Auditors in an effort to promote coordination and efficiency.

## **C. Risk-based audit planning**

8. The 2014 audit plan was formulated taking into consideration the input of senior management, divisions and other stakeholders and is based upon the risk assessment of the auditable offices or units. In 2014, the UN-Women Audit Unit reviewed country offices and headquarters units that were rated as high-risk and medium-risk.

9. The audit plan was reviewed by the Audit Advisory Committee in November 2013 before its submission to and approval by the Under-Secretary-General/Executive Director, in March 2014.

10. All fieldwork for the seven audits included in the 2014 plan was completed in 2014 as planned. Four of the seven audit reports were issued in 2014 and the remainder in January and February 2015.

## **D. Audit reports issued**

11. Audit reports for four field-based offices and four headquarters units were issued in 2014. Of those eight reports, four were related to fieldwork performed in 2014 and four to fieldwork performed in 2013.

12. The audit reports issued for field-based offices were for the office in the Occupied Palestinian Territories (report No. 1226), the country office in Pakistan (report No. 1304), the multi-country office in Fiji (report No. 1305) and the office in Mali (report No. 1306). The reports issued for headquarters units were for the procurement function (report No. 1223), the United Nations Trust Fund in Support of Actions to Eliminate Violence against Women (report No. 1227), the Fund for Gender Equality (report No. 1228) and the UN-Women training centre in the Dominican Republic (report No. 1230). All the reports are available from <http://audit-public-disclosure.unwomen.org>.

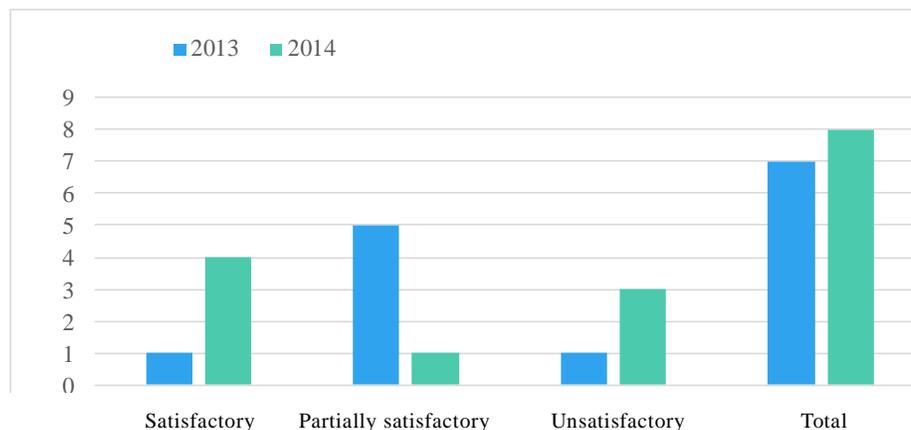
13. The audit reports issued in 2014 generally covered programmatic and operational activities carried out by UN-Women in 2013, meaning that the results generally reflect the status of programmes and operations during that year. Excluding the procurement function audit report to avoid double counting of procurement expenditure, the seven full-scope audits covered the programmatic and operational activities of the UN-Women offices or units and represented combined

expenditure of some \$63 million, or 23 per cent of the total expenditure of \$264 million reported by the Entity in its financial report for 2013 (A/69/5/Add.12). The audit coverage for 2014 compares favourably to 2013, where it covered 17 per cent of the total expenditure of \$235 million. The cross-functional audit of procurement covered expenditure of some \$120 million, or 45 per cent of the total expenditure reported by UN-Women for 2013.

## E. Audit ratings

14. On the basis of the results of an audit, the Office generally assigns an overall audit rating, relating to its assessment of governance, risk management and control processes. Three offices or units (37.5 per cent) audited were assessed as unsatisfactory, which meant that internal controls, governance and risk management processes either had not been established or were not functioning well and that the achievement of the overall objectives of the audited entity might be seriously compromised. One (12.5 per cent) was assessed as partially satisfactory, meaning that one or several issues that might negatively affect the achievement of its objectives were identified. The remaining four offices or units (50 per cent) were assessed as satisfactory, with no issues that might significantly affect the achievement of their objectives identified. Figure I provides a comparison of the audit ratings.

Figure I  
Comparison of audit ratings for 2014 and 2013



## III. Disclosure of internal audit reports

15. In accordance with Executive Board decision 2012/10 (see UNW/2012/16) and after ensuring proper due diligence and quality assurance, all internal audit reports were publicly disclosed 30 days after their issuance to management and the Member States concerned. Of the eight reports issued in 2014, one was partially redacted because it contained sensitive information regarding safety and security. No request was received from any organization or Member State for any other redaction of audit reports.

## IV. Staffing and budget

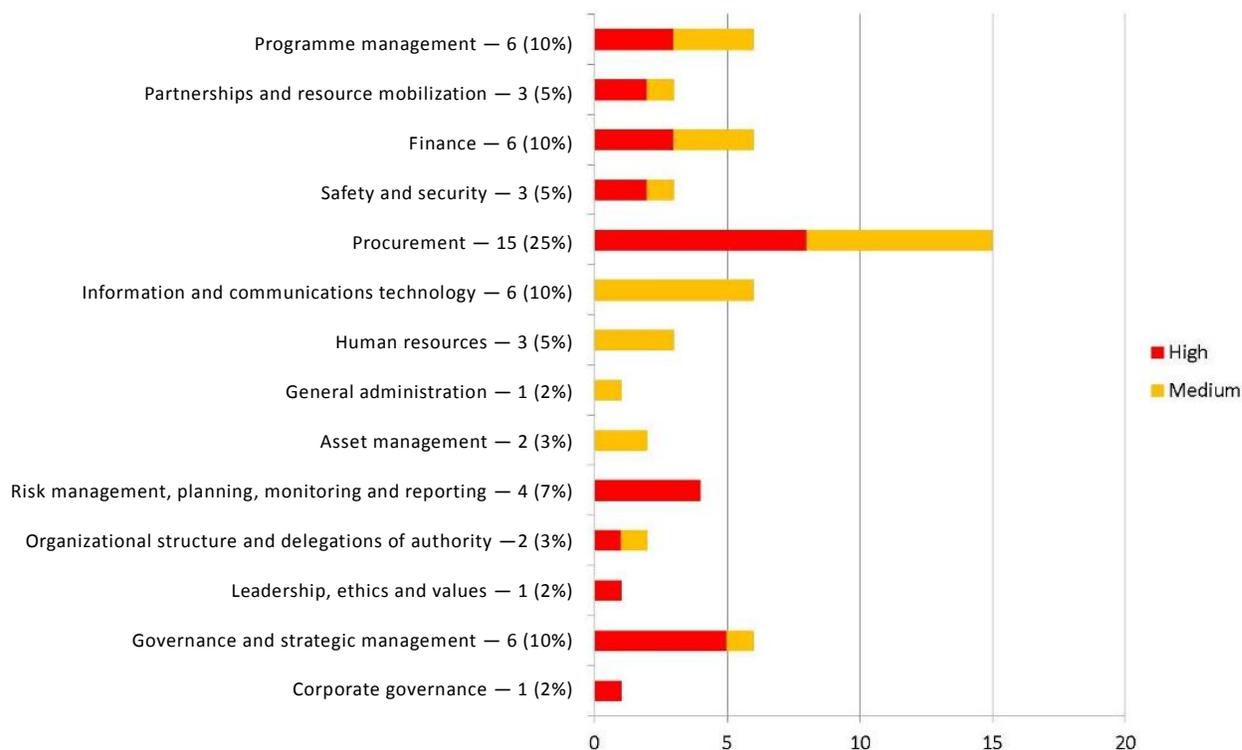
16. In 2014, all four approved posts in the UN-Women Audit Unit were filled until 17 November, when the holder of a P-4 position of Audit Specialist accepted a lateral move to another post in the Office. The vacated post was filled on 17 January 2015 through a lateral transfer.

17. In 2014, the UN-Women Audit Unit had an overall budget of \$1.2 million, representing an increase of some \$0.28 million compared with the 2013 budget. The audit and investigations expenditure amounted to \$1.1 million, which indicated underspending of the budget by 8 per cent, owing mainly to savings on salaries and benefits and the use of Office in-house personnel instead of consultants in carrying out case investigations.

## V. Significant internal audit results

18. The audit reports issued in 2014 resulted in 59 audit recommendations, of which 30 were rated as high-priority and requiring prompt action from management to ensure that UN-Women was not exposed to high risks. Figure II indicates the distribution and prioritization of all recommendations issued in 2014.

Figure II  
Distribution and prioritization of audit recommendations<sup>a</sup>



<sup>a</sup> Total number of recommendations: 59.

## **A. Headquarters audits**

19. In 2014, the Office issued four reports relating to audits of headquarters units or functions, namely the United Nations Trust Fund in Support of Actions to Eliminate Violence against Women, the Fund for Gender Equality, the UN-Women training centre and the procurement function.

20. Combined, the four audit reports resulted in 30 recommendations. Three (75 per cent) of the audits (Fund for Gender Equality, UN-Women training centre and procurement function) resulted in findings demonstrating the need for further clarity regarding resource needs, mandate and/or responsibilities for oversight and training. Two audits (UN-Women training centre and procurement function) resulted in findings relating to the insufficiency of the structure and processes for results management, monitoring and reporting.

## **B. Field office audits**

21. In 2014, the Office issued four reports relating to audits of three country offices and the office in the Occupied Palestinian Territories.

22. In total, those audits resulted in 29 recommendations, of which 6 (21 per cent) pertained to programme management, 5 (17 per cent) to procurement matters, 4 (14 per cent) to finance, 3 (10 per cent) to partnerships and resource mobilization, 2 (7 per cent) each in four categories (asset management, human resources, information and communications technology and safety and security) and 1 each in the remaining three categories (corporate governance, general administration and risk management, planning, monitoring and reporting).

23. Although management has been responsive to recommendations specific to offices or units, as indicated in section VI below, the UN-Women Audit Unit observed some consistency between the issues raised in the previous two annual reports and those referred to herein. A further analysis of all the recommendations from 2014 revealed the re-emergence of some issues, such as delays in strategizing and initiating the mobilization of funds (2 offices and 2 headquarters units), inadequate project or results monitoring and oversight processes and the lack of monitoring frameworks or plans (1 office and 2 headquarters units), inadequate vendor due diligence and management (3 offices), weaknesses in the management of advances to implementing partners (3 offices) and weaknesses in management of capital and information assets (3 offices).

24. Of special concern was the proportion of field audits in which issues were noted relating to project advances to implementing partners (75 per cent) and the absence or inadequacy of resource mobilization strategies and efforts identified in 50 per cent of all audits conducted.

25. The UN-Women Audit Unit also noted pre-financing of non-core projects, which is expressly prohibited by UN-Women policies and procedures, in two (50 per cent) of the field office audits.

26. In responding to the recommendations made in the audits, management not only should look to address the recommendations as they pertain to the location audited, but also should consider whether the risks identified apply to the broader

organization and could be more effectively mitigated through a more global response, such as a policy or process change or clarification.

27. As at 31 December 2014, 12 of the 59 recommendations made in 2014 had been fully implemented, with 47 still outstanding, of which 13 (28 per cent) pertained to reports issued in the final quarter of 2014. Of the 47 outstanding recommendations, 26 (55 per cent) were rated as high-priority.

## **VI. Follow-up on audit recommendations**

28. The audit reports issued between 1 July 2010 and 31 December 2014 included a total of 236 audit recommendations. As at 31 December 2014, 10 of the recommendations had been withdrawn, given that they were no longer relevant, owing to changes in the organizational structure and operations of UN-Women. Of the remaining 226 recommendations, 169 (75 per cent) had been fully implemented, 38 (17 per cent) were in the process of being implemented, and implementation activities had yet to be initiated for 19 (8 per cent).

29. Of the 38 recommendations in the process of being implemented, 3 or 1 per cent (2 rated high-priority, 1 rated medium-priority) had been outstanding for more than 18 months without being fully implemented. Two of the long-outstanding recommendations were implemented during the first quarter of 2015. The remaining recommendation required UN-Women to develop a corporate policy on risk management to assist field offices in identifying, assessing, monitoring and reporting risks associated with its programmes. As part of the follow-up process, the UN-Women Audit Unit confirmed that implementation was in progress and that UN-Women was working towards the implementation of enterprise risk management.

30. Of the 19 recommendations whose implementation had not yet started as at 31 December 2014, 13 related to audit reports issued in the fourth quarter of 2014. Table 1 indicates the status of implementation of audit recommendations as at 31 December 2014.

Table 1  
**Status of implementation of audit recommendations as at 31 December 2014**

Report issued	Audit No.	Audit report title	Report rating <sup>a</sup>	Number of recommendations					High priority outstanding > 18 months
				Total	Implemented	In progress	Not implemented	Withdrawn	
September 2010	719	UNIFEM Pacific subregional office	Unsatisfactory	23	22	–	–	1	–
December 2010	743	UNIFEM Arab States subregional office	Satisfactory	9	9	–	–	–	–
December 2010	753	UNIFEM Southern Africa and Indian Ocean States subregional office	Partially satisfactory	19	19	–	–	–	–
December 2010	774	UNIFEM subregional office for Mexico, Central America, Cuba and the Dominican Republic	Partially satisfactory	16	16	–	–	–	–
May 2011	823	UN-Women subregional office for the Southern Cone	Follow-up	24	16	–	–	8	–
October 2011	827	UN-Women Caribbean subregional office	Partially satisfactory	7	6	–	–	1	–
December 2011	863	UN-Women Central and Eastern Europe subregional office	Satisfactory	9	9	–	–	–	–
11 April 2013	982	UN-Women country office in Afghanistan	Partially satisfactory	9	9	–	–	–	–
28 June 2013	1077	UN-Women East and Horn of Africa subregional office in Kenya	Partially satisfactory	16	13	3	–	–	2
7 June 2013	1121	UN-Women subregional office in India	Partially satisfactory	9	9	–	–	–	–
29 October 2013	1220	UN-Women country office in the Democratic Republic of the Congo	Unsatisfactory	13	9	4	–	–	–
31 October 2013	1221	UN-Women country office in South Sudan	Partially satisfactory	10	9	1	–	–	–
1 November 2013	1222	UN-Women country office in Colombia	Satisfactory	5	5	–	–	–	–
18 December 2013	1224	UN-Women country office in Haiti	Partially satisfactory	8	6	2	–	–	–
13 February 2014	1223	Procurement function	Unsatisfactory	12	5	7	–	–	–
25 February 2014	1226	UN-Women Office in the Occupied Palestinian Territories	Satisfactory	1	–	1	–	–	–
17 March 2014	1227	United Nations Trust Fund in Support of Actions to Eliminate Violence against Women	Satisfactory	2	–	2	–	–	–
17 March 2014	1228	Fund for Gender Equality	Satisfactory	5	3	2	–	–	–
6 June 2014	1230	UN-Women training centre in the Dominican Republic	Unsatisfactory	11	–	8	3	–	–

Report issued	Audit No.	Audit report title	Report rating <sup>a</sup>	Number of recommendations					High priority outstanding > 18 months
				Total	Implemented	In progress	Not implemented	Withdrawn	
17 July 2014	1304	UN-Women country office in Pakistan	Partially satisfactory	10	–	7	3	–	–
8 December 2014	1305	UN-Women multi-country office in Fiji	Satisfactory	5	4	1		–	–
28 November 2014	1306	UN-Women office in Mali	Unsatisfactory	13	–		13	–	–
<b>Total</b>			–	<b>236</b>	<b>169</b>	<b>38</b>	<b>19</b>	<b>10</b>	<b>2</b>
<b>Total (percentage)</b>			–	<b>100</b>	<b>72</b>	<b>16</b>	<b>8</b>	<b>4</b>	<b>1</b>

Abbreviation: UNIFEM, United Nations Development Fund for Women.

<sup>a</sup> Follow-up audit reports are not assigned an overall rating.

## VII. Advisory services

31. The UN-Women Audit Unit continued to provide, upon request, advice and detailed comments to UN-Women managers at headquarters and field offices. The advice covered a range of topics, including donor requests for information, external assessments, procurement and anti-fraud policies and procedures, proposed terms of reference and draft policies, audit/investigation clauses in donor and non-standard agreements, non-renewal of lease agreements, writing-off of receivables, audits of projects implemented by national Governments or non-governmental organizations, determination of the useful life of assets and reporting against the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women.

## VIII. Investigations

32. In accordance with the service-level agreement, the Office provides investigation services covering allegations of fraud, corruption or other wrongdoing, including workplace harassment, the abuse of authority or retaliation against whistle-blowers, by UN-Women staff members, non-staff personnel and contractors.

### A. Caseload

33. In 2014, the Office opened 17 new cases. It also carried over nine cases from 2013, bringing the total caseload in 2014 to 26, an increase of 30 per cent over the total caseload in 2013 (20 cases), as shown in table 2.

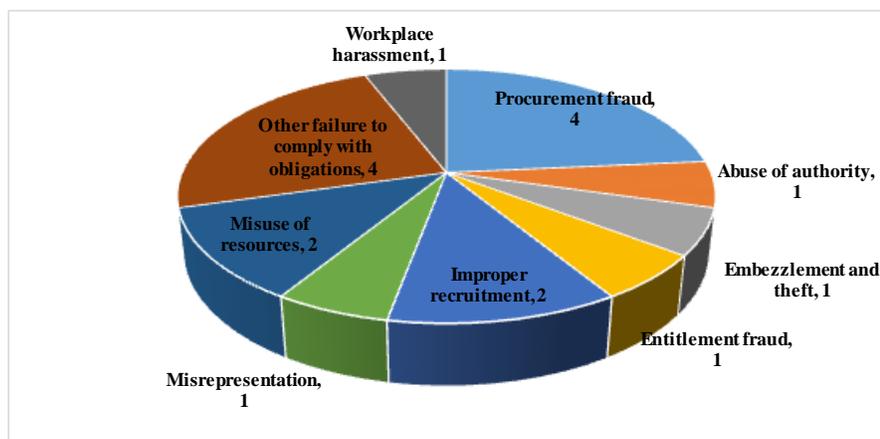
Table 2  
Caseload in 2013 and 2014

<i>Caseload</i>	<i>2013</i>	<i>2014</i>
Carry-over as at 1 January	2	9
Intake during the year	18	17
<b>Total</b>	<b>20</b>	<b>26</b>
Closed (from cases carried over)	1	5
Closed (from intake)	10	12
<b>Total</b>	<b>11</b>	<b>17</b>
Carried over as at 31 December	9	9

### B. Types of complaint

34. The 17 complaints received during 2014 are detailed in figure III.

Figure III  
Case intake by category, 2014



35. Geographically, the 17 cases received in 2014 were from Asia and the Pacific (6), Arab States (4), the Americas and the Caribbean (3), Africa (3) and headquarters (1).

### C. Financial implications

36. Of the 17 cases opened, 7 had potential for financial implications, namely procurement fraud, embezzlement and theft and entitlement fraud. Three cases were closed, either because the allegations were not substantiated or because the alleged offender had left UN-Women and the Entity sustained no financial loss in those cases.

37. Four cases relating to financial irregularities remain open from the 2014 intake. Two are currently under investigation and two under assessment. The total amount involved is \$129,689.

38. In addition to the carry-over of the four cases opened in 2014, two cases relating to procurement fraud carried over from 2013 remain open, with a total reported financial implication of \$735,400.

39. The amounts indicated in paragraphs 37 and 38 were provided when the allegations were reported to the Office. The losses, if any, will be determined upon completion of the investigations.

### D. Cases resolved/closed

40. The Office closed 17 cases in 2014, 15 after a preliminary assessment owing to insufficient evidence of wrongdoing to justify an investigation or because an investigation was not warranted and 2 after investigation. Of the latter, one case, relating to misrepresentation, resulted in an investigation report and the other in a closure report.

41. The case that resulted in an investigation report was transmitted to the Division of Management and Administration pursuant to the requirements of the UN-Women Legal Framework for addressing Non-Compliance with United Nations Standards of Conduct. The staff member who was the subject of the investigation was charged with making a material misrepresentation on her personal history form and submitting a falsified document in support of the same, in violation of regulation 1.2 (b) of the Staff Regulations. The staff member received the allegations of misconduct on 4 November 2014 and was requested to respond. On 15 December, however, she tendered her resignation and was subsequently separated from the Entity. She submitted no response to the allegations before separation, meaning that the disciplinary proceedings were not completed.

42. Table 3 sets out the disposition of cases in 2013 and 2014.

Table 3  
**Disposition of cases in 2013 and 2014**

<i>Action taken</i>	<i>Cases in 2013</i>	<i>Cases in 2014</i>
<b>After preliminary assessment</b>		
Closed (investigation not warranted)	10	15
<b>Subtotal</b>	<b>10</b>	<b>15</b>
<b>After investigation</b>		
Closed (not substantiated)	1	1
Closed (substantiated)	–	1
<b>Subtotal</b>	<b>1</b>	<b>2</b>
<b>Total</b>	<b>11</b>	<b>17</b>
Investigation reports issued	1	2

## **E. Cases carried forward**

43. At the end of 2014, the Office had nine open cases for UN-Women, Five were at the assessment stage and four under investigation.

## **IX. Conclusion**

44. With the resources available to the Office in 2014, it was able effectively to carry out its mandate to provide internal audit and investigation services to UN-Women. The collective results of the audits of headquarters units, the corporate function and country offices indicated that the governance, risk management and internal control systems were generally functioning well. All offices concerned were responsive in implementing audit recommendations.

45. During the year, the Office was able to close more investigation cases and issue more investigation reports than in the previous year.

46. The continuing support of the Executive Board, senior management and the Audit Advisory Committee will enable the Office to continue to provide value-added internal audit and investigation services that will contribute to the achievement of the goals of UN-Women, as defined its strategic plan.

## Annex

### **Management response to the report on internal audit and investigation activities for the period from 1 January to 31 December 2014**

1. The United Nations Entity on Gender Equality and the Empowerment of Women (UN-Women) is pleased to present its management response to the report of the Director of the Office of Audit and Investigations of the United Nations Development Programme (UNDP) on internal audit and investigation activities for the period from 1 January to 31 December 2014.
2. UN-Women acknowledges the findings and is addressing the key issues identified in section V of the report, “Significant internal audit results”, under the following headings to highlight the improvements being undertaken.

#### **Governance and strategic management**

##### **Resource needs, mandate and/or responsibilities for oversight and training**

3. The primary issue identified focuses on governance and strategic management and relates to the audit of headquarters units or functions, namely the procurement function, the Fund for Gender Equality, the United Nations Trust Fund in Support of Actions to Eliminate Violence against Women and the UN-Women training centre. UN-Women acknowledges the observation made as to the need for further clarity regarding resource needs, mandate and/or responsibilities for oversight and training and has taken action to address the issue at the corporate level. The Procurement Section reviewed the organizational structure of procurement at headquarters and strengthened its capacity by hiring additional staff. In addition, procurement policies, procedures and tools were revamped and new systems developed, thereby ensuring adequate oversight and management of the function.
4. With regard to the trust funds, a review of project documents of the Fund for Gender Equality was performed and a new project document for 2014-2017 finalized and approved to reflect the approved governance and management structure and sustainability strategy. The United Nations Trust Fund in Support of Actions to Eliminate Violence against Women has developed a new strategic plan for 2015-2020 to guide its efforts in the coming years in consultation with a range of donors and Member States, current and past grantees, civil society experts and Programme Advisory Committee members. The strategy will be finalized in May 2015. In the area of training, UN-Women intends to develop an interim strategy with regard to data collection methods and training mechanisms, while a full strategy is developed.

##### **Insufficiency of the structure and processes for results management, monitoring and reporting**

5. The issue pertaining to the insufficiency of the structure and processes for results management, monitoring and reporting was raised in relation to the audit of the procurement function and the training centre. At the corporate level, the

Procurement Section enhanced the systematic oversight and monitoring of procurement activities by:

(a) Creating more than 30 checklists covering all procurement activities to provide requesters, buyers and approving authorities with a list of mandatory documents, steps and actions;

(b) Developing more than 10 guidance documents to support the procurement processes and use of checklists;

(c) Developing and disseminating training materials (more than 15 webinars and 10 video tutorials, along with five regional training sessions for all buyers in UN-Women);

(d) Creating an online procurement planning platform that ensures consolidated requirements;

(e) Creating a real-time dashboard compiling information on overall spending trends at the global, regional and local levels, down to individual purchase orders;

(f) Revising the Programme and Operations Manual to include adequate oversight and monitoring mechanisms to mitigate risk.

6. UN-Women performed a structural and functional review of the Procurement Section to ensure adequate segregation of duties, monitoring and oversight in the decentralized environment. Activities posing a significant risk were defined. In addition, Atlas reporting queries and tools were developed to generate useful information to help buyers and users with the periodic closure processes, reviews of purchase orders and the review and accrual of Atlas receipts, in addition to monitoring and tracing aggregate amounts for suppliers. The Atlas procurement catalogue has been revised to streamline the modalities for reporting on procurement expenditure. The Section has connected and integrated all internal stakeholders through a procurement community network, which has almost 1,000 members, and cross-functional working groups for updating existing and forthcoming tools, processes and procedures.

7. With regard to the training centre, the centre will, on the basis of the budget templates, prepare separate budgets for each activity and a separate Atlas project code for each course development project to facilitate the tracking of and reporting on course development and delivery. Management plans to develop a facilitated training schedule and budget, as funding permits. In addition, UN-Women will initiate internal consultations to develop a strategy for monitoring progress on each Atlas project.

### **Risk management**

8. UN-Women formally adopted an enterprise risk management policy following its review and approval by the senior management team in November 2014. It will serve as the foundation for the implementation of a risk management approach suitable to UN-Women that is comprehensive in scope and integrated into the existing governance structure, decision-making, activities and processes. The establishment of the policy and related procedures makes risk management explicitly part of the accountability system at UN-Women.

**Resource mobilization**

9. Resource mobilization is a top organizational priority and UN-Women notes the internal audit observations in that regard. UN-Women updated its resource mobilization strategy in 2014 and, consequently, regional, multi-country and country offices have developed individual resource mobilization strategies and action plans. Those strategies reflect the overarching objectives of the organizational resource mobilization strategy, but are tailored to the unique context of each country or region. In addition, headquarters provided tailored support to field offices through special training sessions, sharing of best practices and targeted information about donor priorities and decision-making process. Consequently, UN-Women significantly increased the mobilization of non-core funds to a historic high of \$158 million, mobilized largely at the regional and country levels.

10. UN-Women recognizes the importance of annual resource mobilization plans for the United Nations Trust Fund in Support of Actions to Eliminate Violence Against Women and the Fund for Gender Equality. Both trust funds have developed and implemented fundraising plans for 2014 to secure contributions from bilateral donors and to engage potential donors from other sectors, including the private sector and foundations. Consequently, the Fund for Gender Equality raised \$6.6 million in 2014 and added nine new partners to its donor list (two Governments, a private sector partner, a foundation and five national committees). In addition, the United Nations Trust Fund in Support of Actions to Eliminate Violence against Women met its fundraising target of \$15 million, with contributions from 10 Governments. It also established three new private sector partnerships in the fashion/arts sector to further expand and diversify its range of donors.

11. UN-Women believes that its financing is a continuing joint responsibility of the Entity and the Executive Board. In that spirit, it is engaging Board members in a structured dialogue on financing at every second regular session of the Board, beginning in 2015, to raise awareness of the funding needs and attract stronger financial commitments.

**Programme and project management**

12. UN-Women has taken action to strengthen the oversight and monitoring of project advances to implementing partners. It has taken action at several levels to identify problems and implement corrective measures, such as:

- (a) Identifying specific challenges experienced with partners and long-outstanding advances and providing dedicated support to recover balances;
- (b) Supporting countries by providing country-dedicated training to both staff and partners;
- (c) In addition to the regular review through the month-end closure instructions and the country office assessment tool, providing oversight by regional offices of outstanding advances in relation to country offices;
- (d) Revising relevant sections of the Programme and Operations Manual to further strengthen partner selection processes, especially with regard to capacity assessments of partners and appropriate payment modalities.

13. UN-Women particularly recognizes the importance of internal controls through strengthened accountability of field offices and oversight of regional offices in this regard. Specific training sessions have also been developed to ensure that implementing partners have a good understanding of the management, monitoring and reporting procedures for resources in order to achieve the intended results. As at 31 December 2014, there had been a reduction in outstanding partner advances of \$32.5 million (76 per cent) compared with 31 December 2013.

14. Senior-level meetings will be held to drive action to liquidate advances that have been outstanding for more than six months and to improve compliance with partner management policies.

### **Vendor due diligence and management**

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

### **Management of capital and information assets**

16. UN-Women is continuously reinforcing its controls over the management of assets. As part of its internal control process, it verifies physical assets twice a year to ensure their existence. Those controls are regularly monitored from headquarters through the monthly closure procedures, in line with the International Public Sector Accounting Standards. UN-Women reviewed the asset management chapter of the Programme and Operations Manual and strengthened guidance on delegation of authority in relation to the approval of the addition, disposal and donation processes. UN-Women developed additional guidelines with regard to impairment reviews of assets and the physical verification process.

17. UN-Women conducted additional online and face-to-face training sessions for all country offices to increase capacity and to ensure compliance with the asset management policies and procedures. It also implemented a monthly close and reconciliation process to ensure that any errors identified would be proactively addressed and communicated immediately to the country office concerned for resolution. Consequently, UN-Women has seen a reduction in the scope of asset adjustments from \$745,000 (166 assets) in 2013 to \$15,000 (49 assets) in 2014. In addition, UN-Women developed an Atlas standard operating procedure for asset focal points to ensure that the asset register would be updated in a timely fashion. It has noted a reduction of 78 per cent in the number of assets without serial numbers and tag numbers in the register.

18. Concerning information assets, observations were made with regard to the Pakistan and Mali offices, together with the Fiji multi-country office, in relation to controls over information and communications technology assets. The offices have taken action to respond to the recommendations. In Pakistan, access to the server

room has already been restricted and items therein have been rearranged. In Mali, the office is working with UNDP to put in place a back-up system that is secure and accessible to all staff. An access control system was established in January 2015. In addition, information sessions on security and access to digital information were conducted during a staff retreat in January 2015. In Fiji, all office assets were tagged and a process to update the location of assets in Atlas was also completed on 2 July 2014. Asset verifications were conducted in Kiribati, Solomon Islands and Vanuatu in June and July 2014.

### **Pre-financing of non-core projects**

19. The issue of pre-financing of non-core projects in the Mali office was addressed by clarifying the accountability lines for compliance with the Programme and Operations Manual and through special training for staff, in particular new staff. Similar interventions were made to ensure compliance with the Harmonized Approach to Cash Transfers. In the case of the Fiji multi-country office, issues relating to expenditure limits and accurate recording of expenses were tackled by clarifying accountability lines and establishing a requirement to seek headquarters approval in such scenarios, as well as through staff training.

### **Investigations**

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

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