



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

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Audit and investigation

Report on internal audit and investigation activities for the period from 1 January to 31 December 2018

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 2018 to the Executive Board. This report also provides a concise summary of investigation activities carried out for UN-Women during this period.

As requested by the Executive Board in its decision [UNW/2015/4](#), 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 successful in-housing of IAS and its co-location with the Independent Evaluation Service, noting that the independence of both functions continues to be preserved; (b) take note of the annual report of the internal audit function; (c) express its continuing support for strengthening the capacity of IAS; and (d) take note of the Audit Advisory Committee's report.



I. Introduction

1. This report provides a description of the internal audit and investigation functions in UN-Women and the related activities for the year ended 31 December 2018. It includes information on the main results of internal audits undertaken in 2018 and the status of management efforts to implement the related recommendations from these and prior years' reports. Information is also presented on investigation activities carried out on behalf of UN-Women in 2018.

2. From March 2012 to December 2017, the UN-Women internal audit function was carried out by the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) under a Service Level Agreement (SLA). From 2018, an in-house Internal Audit Service (IAS) under the Independent Evaluation and Audit Services (IEAS) was established and began implementation of its transitional audit plan.

3. UN-Women's investigation function is now carried out by the Office of Internal Oversight Services (OIOS) of the United Nations under a Memorandum of Understanding signed by both parties on 18 December 2017 for all allegations reported after 1 January 2018. During 2018, UNDP OAI, which had previously provided investigation services to UN-Women, continued to investigate allegations reported before 1 January 2018. All but one allegation carried over from 2017 was completed in 2018. The remaining case was closed in the first quarter of 2019.

II. Mandate

4. In accordance with its Charter and following the International Professional Practices Framework and Code of Ethics promulgated by the Institute of Internal Auditors Inc., IAS provides the 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's 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.

5. 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.

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

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

7. UN-Women management is responsible for designing and maintaining effective governance, risk management and control processes to ensure that UN-Women's objectives are achieved.

8. As requested by the Executive Board, IAS presents an opinion on the adequacy and effectiveness of the Entity's framework of governance, risk management and control. IAS's opinion is primarily based on the results of audit and advisory services

rendered in 2018 and the status of outstanding internal audit recommendations. A concise summary of the work that supports this decision is described in Section IV.

9. Previous audit opinions provided relied on, among other things, financial coverage, including the results of financial audits of selected UN-Women projects implemented under the Direct Implementation Modality (DIM). In line with professional standards and modern practices, internal audits 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. 2018 was a transition year for IAS where the focus of internal audits continued to be primarily on field offices and financial audits of selected projects. As IAS continues to refine its audit risk universe and to extend its audit coverage of key risk areas, including function and business process areas, it will be in a better position to enrich the basis for its overall audit opinion.

10. Based on the internal audit work performed in 2018, IAS's annual overall opinion is that no significant weaknesses were identified in the Entity's governance, risk management and control processes that would seriously compromise the achievement of UN-Women's strategic and operational objectives.

11. IAS will encourage UN-Women to introduce an annual Statement of Internal Control, which would help to further strengthen management accountability for ensuring effective governance, risk management and control.

12. This opinion does not cover the processes and activities outsourced to UN-system organizations or third-party providers such as:

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

In 2018, IAS had no reason to believe that the governance, risk management and control processes covering these areas and activities were not adequate and functioning. These functions have since been included in the IAS audit risk universe and IAS will seek to obtain assurance from the relevant providers as needed.

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

13. To formulate its opinion, IAS considered sources of evidence such as: the 2018 transitional audit plan and its implementation; individual audit engagement ratings; the status of implementation of internal audit recommendations; and work conducted by the United Nations Board of Auditors. IAS also relies in part on management to advise of known instances of potential control failures, irregularities, or regulatory non-compliance that could be material to the control environment.

14. By nature, the 2018 audit plan did not cover every risk, business process, organizational unit or office of UN-Women. Audit engagements were selected based on a judgmental sample from a risk assessment of organizational units and offices. As such, there are inherent limitations to the ability to express at a specific point in time an opinion on the overall governance, risk management and control processes with regards to UN-Women's strategic, financial, operational, or compliance objectives.

15. Two audit reports related to completion of the 2017 audit plan were issued by UNDP OAI in early 2018. Nine internal audit engagements related to the 2018 audit plan were conducted by IAS in 2018 with all final reports issued by mid-February 2019. These engagements generally covered programme, governance and operational arrangements in the relevant offices or functions of UN-Women.

16. The eleven audit engagements were rated as follows:

- Three audit engagements had overall ratings of satisfactory, meaning that no issues were identified that might significantly affect the achievement of UN-Women's objectives.
- Seven were assessed as some improvement needed, meaning that the assessed governance, risk management practices and controls were generally established and functioning but needed some improvement.
- One was assessed as major improvement needed, meaning that the assessed governance, risk management practices and controls were established and functioning, but needed major improvement.

17. In addition to the audits conducted by IAS, 18 financial audits of the expenditure and assets related to selected projects directly implemented by UN-Women were conducted by outsourced contractors. All 18 resulted in unqualified audit opinions on the projects' statements of expenditure and statements of fixed assets.

18. Combined expenditure of the offices/units audited amounted to approximately US\$ 61.3 million, or 16 per cent of the total expenditure of US\$ 379.6 million reported by UN-Women in its 2018 financial report.

19. The implementation rate of internal audit recommendations prior to those made in 2018 was 99 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.

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

20. Throughout 2018, IAS continued to be operationally independent of UN-Women management and exercised freedom in determining the scope of its audits in accordance with applicable international and generally accepted standards. UN OIOS, being an external service provider for investigations, shares the same independence.

21. IAS aims to carry out its work with the highest standards of professionalism and efficiency. In this regard, IAS follows the International Professional Practices Framework of the Institute of Internal Auditors Inc. As a newly established function, IAS is not yet in a position to receive an External Quality Assessment as required by the International Standards for the Professional Practice of Internal Auditing (the "Standards"). Therefore, IAS cannot yet use the statement that it conforms with the Standards. Nonetheless, IAS continues to follow the Standards and is committed to undergoing an External Quality Assessment by 2020.

VI. Resources allocated to IAS and their deployment

(decision 2015/4, point d)

22. The Executive Board's decision No. 2015/4 requires IAS to indicate whether, in its view, the resourcing of the internal audit and investigation function is appropriate, sufficient and effectively deployed to achieve the desired coverage. During 2018, IAS received adequate resources to implement the activities in its 2018 audit plan. Financial resources were deployed in line with the IAS plan and UN-Women rules and policies. IAS staffing was fully funded with five approved posts: one P-5 (Chief), two P-4 and two P-3 posts. IAS is positioned within IEAS, which is led by a Director and supported by two Administrative Associates. In 2018, IAS received US\$ 510,000 for non-staff expenditure, which was mainly used for audit consultants and travel to field offices. In addition, US\$ 164,000 related to outsourced financial audits of selected projects directly implemented by UN-Women was charged directly to the relevant projects.

23. In 2018, investigation expenditure, which is not part of the IEAS budget but is managed from the Division of Management and Administration, amounted to US\$ 138,000. In 2018, further to the Audit Advisory Committee's recommendation in its 2017 report, the role of Responsible Official for receiving and transmitting investigation reports; coordinating and monitoring implementation of other reports; and for directing referrals and recommendations from the investigation function was transferred from the Director, Division of Management and Administration to the Director, IEAS to reflect this independent oversight role. The role involves coordination, monitoring and oversight effort for which IEAS does not currently have dedicated resources. Further support in this area would help to increase IEAS's proactive counter-fraud efforts; assist in the timely resolution of allegations which have been deemed not to warrant an investigation; and monitoring of the implementation of measures to prevent the recurrence of issues identified. This is of particular importance for prohibited conduct, namely workplace disputes.

VII. Implementation of 2018 transitional audit plan

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

24. The 2018 transitional audit plan was formulated on the basis of an independent risk assessment and 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 audit plan was reviewed by the Audit Advisory Committee before its submission to and approval by the Under-Secretary-General/Executive Director.

25. Fieldwork for all audits included in the 2018 transitional audit plan was completed as planned in 2018. Two audit reports were issued by UNDP OAI in early 2018 which related to completion of the 2017 plan. Five audit reports related to the 2018 audit plan were issued in 2018, and four audit reports (Colombia, Albania, South Sudan and Mozambique) related to the 2018 workplan were issued by mid-February 2019.

B. Monitoring of IAS activities and coordination

26. During 2018, the Audit Advisory Committee monitored implementation of the 2018 audit plan through progress reports and meetings with the Directors ad interim,

IEAS and Chief, IAS. In addition, the Audit Advisory Committee reviewed and provided comments on this draft annual report.

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

C. Audit reports and ratings

28. For internal audits of UN-Women offices and functions (excluding financial audits of projects), 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. Figure 1 provides the overall ratings for the two audit reports issued by UNDP OAI in early 2018, which related to the 2017 plan, and the nine audit reports issued by IAS related to the 2018 audit plan. Of these reports, nine related to internal audits of UN-Women field offices, and two to headquarters units/corporate functions. Figure 1 also presents report ratings and the number of audit recommendations by priority.

Figure 1
Internal audit reports with rating and recommendations

Title	Overall rating	Audited expenditure US\$	Recommendations	
			High	Medium
Resource Mobilization Function*	Major improvement needed	N/A	2	4
Iraq*	Satisfactory	5,100,000	–	2
Nepal	Some improvement needed	4,690,000	–	7
Cameroon	Some improvement needed	3,500,000	2	5
Nigeria	Some improvement needed	6,790,000	–	7
Jordan	Satisfactory	4,700,000	–	3
Civil Society Division	Some improvement needed	900,000	–	4
Colombia	Some improvement needed	6,000,000	1	7
Mozambique	Some improvement needed	5,650,000	2	7
Albania	Satisfactory	4,100,000	1	7
South Sudan	Some improvement needed	5,000,000	1	8
Total			9	61

* These reports were issued by UNDP OAI in early 2018 and relate to the 2017 plan.

29. For 18 financial audits of projects directly implemented by UN-Women, the opinions provided by outsourced contractors on the projects' expenditure and assets were unqualified. These audits raised nine recommendations, all of them medium priority.

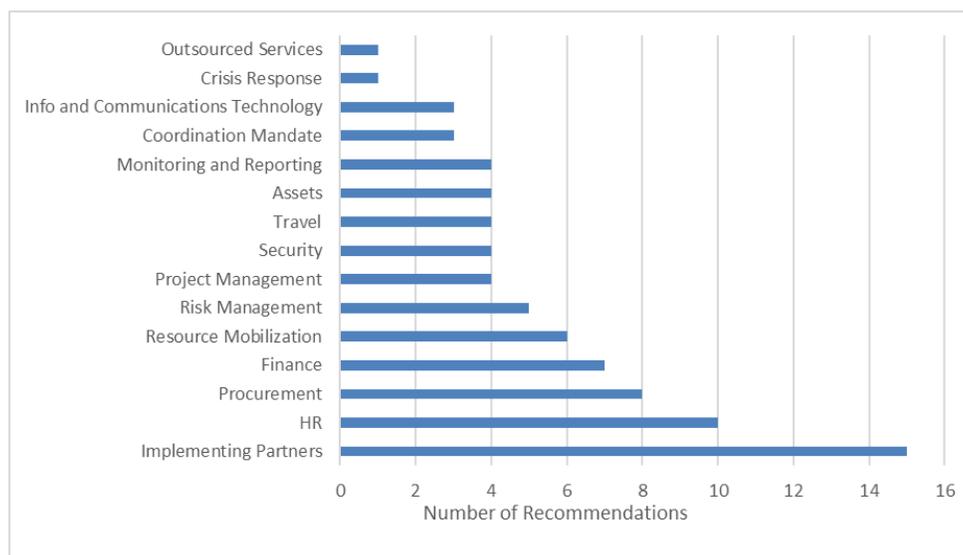
Figure 2
Financial audit reports on projects implemented by UN-Women

<i>Office</i>	<i>Project number</i>	<i>Audit opinion</i>	<i>Audited expenditure</i>	<i>Fixed assets</i>	<i>Recommendations</i>
Kenya	82755	Unqualified	687 760	19 513	–
Kenya	98355	Unqualified	288 508	–	–
South Sudan	81114 (2015)	Unqualified	1 390 822	105 845	2
South Sudan	81114 (2017)	Unqualified	551 131	66 501	2
DRC	82701	Unqualified	967 955	57 247	–
DRC	94611	Unqualified	395 497	11 374	–
Afghanistan	91905	Unqualified	1 259 588	27 688	–
Liberia	103829	Unqualified	581 031	9 985	1
Egypt	95582	Unqualified	757 973	25 237	–
Nigeria	90680	Unqualified	1 133 699	110 351	–
Nigeria	99893	Unqualified	70 978	59 207	–
Rwanda	88138	Unqualified	160 315	1 364	1
Jordan	99884	Unqualified	991 864	78 702	–
Mali	103593	Unqualified	680 528	12 259	1
Tanzania	92154	Unqualified	144 944	61 866	1
Senegal	83049	Unqualified	1 163 683	254 316	–
Zimbabwe	90514	Unqualified	1 047 034	26 191	–
Thailand	104702	Unqualified	1 634 155	9 763	1
					9

VIII. Significant internal audit results

30. Of the 79 internal audit recommendations in figure 1 and 2 above, nine were rated as high priority, requiring prompt action from management to ensure that UN-Women was not exposed to high risks. Seven recommendations were raised to improve corporate policies, guidance and training on crisis response, managing implementing partners, and enhancing monitoring and reporting. The key processes identified as needing improvement related to managing implementing partners, finance, resource mobilization, procurement, Human Resources, assets, monitoring and reporting, risk management, travel, security and information technology (see figure 3 below).

Figure 3
Key processes by number of recommendations issued



31. In 2018, IAS noted recurring issues in some areas:

(a) There is a need to strengthen compliance with procurement policies and procedures (recommendations related to different phases of the procurement process, e.g. evaluation, tendering and monitoring); assets (recommendations related to recording, disposing and annual count); travel and event management (recommendations related to ensuring appropriate supporting documents); and security (recommendations related to safety and security assessments, Business Continuity Plan testing, and attending security meetings). IAS recommended training staff, closer supervision and periodic compliance spot checks.

(b) IAS further identified a need to improve the effectiveness of risk management processes (recommendations related to more proactive risk management including regular fraud risk assessments); finance (monitoring of advances for programme activities, training in appropriate coding and recording of transactions, and segregating incompatible duties); resource mobilization (recommendations related to strategy and plans on resource mobilization and donor coordination); and monitoring and reporting (recommendations on improving data collection and validation processes).

(c) There is a need to address some office capacity gaps and develop longer-term local HR strategies to be able to deliver UN-Women's mandate and country priorities. In this regard, recommendations were that field offices should seek to reduce, where possible, vacancies and over-reliance on short-term contracts, sustain and leverage accumulated knowledge and enhance capacity in monitoring, coordination, communication and advocacy.

(d) IAS identified areas for improvement in managing implementing partners, in particular: clarifying corporate policies and guidelines; strengthening partner selection; partner programmatic and financial monitoring; and ensuring appropriate supporting documents in liquidation of advances. IAS also made recommendations relating to process improvement for partner capacity development and monitoring.

(e) Several recommendations related to the need to improve project progress tracking, project risk management and monitoring.

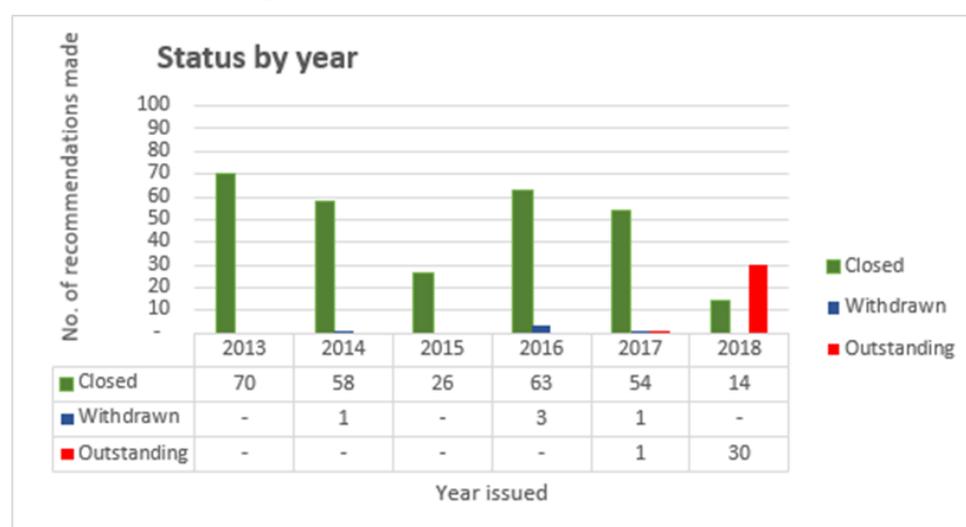
(f) Lastly, IAS identified some issues with post-facto purchase orders, which could be addressed by better planning project-related activities, and by following provisions under existing procedures.

IX. Follow-up on audit recommendations

32. Four internal audit reports and one DIM audit report related to the 2018 plan were issued in early 2019. The 35 recommendations related to these reports are not included in follow-up statistics in this section as at 31 December 2018. Figure 4 below shows the number of internal audit recommendations and the closure rate over the last six years. The overall closure rate is 99 per cent for recommendations for the period ending 31 December 2017, which is in line with the average closure rate in the last annual report.

Figure 4

Recommendation implementation status by year



Source: CARDS system statistics.

33. Figure 5 below shows the status of outstanding audit recommendations as at 31 December 2018 by priority and time passed from report issuance.

Figure 5

Age of outstanding recommendations by priority

Priority	Total outstanding recommendations	Less than 6 months	Between 6 and 12 months	Between 12 and 18 months	Between 18 and 24 months
High	3	2	1	-	-
Medium	28	22	5	-	1
Total	31	24	6	-	1

34. At 31 December 2018, there was one long outstanding medium-priority audit recommendation related to lack of policy and guidance on managing micro-grants. Management has committed to taking action and IAS is closely following implementation progress.

X. Advisory services

35. Over the reporting period, IAS provided comments on several policies and procedures which were reviewed and updated as part of the new Policy, Procedure and Guidance Framework. IAS also participated in different working groups and initiatives.

36. IAS conducted a preliminary analysis for the purposes of assurance mapping¹ during the last quarter of 2018. This is aimed at contributing to IAS's vision, inter alia, of "facilitating and coordinating a combined assurance concept aimed to enhance the effectiveness and efficiency of UN-Women governance and oversight by aligning assurance providers so that they can collectively rely on the work of other assurers". This vision is based on the concept of Three Lines of Defence,² and is expected to contribute to the higher maturity and efficiency of collective assurance in UN-Women over time. As part of this analysis, IAS started to map all assurance providers in UN-Women. This analysis will serve as a basis for IAS to further promote concepts of accountability, good governance, enhanced risk management maturity and effective and efficient internal controls. It will also help management to move towards producing a Statement of Internal Control.

XI. Disclosure of internal audit reports

37. All audit reports issued in 2018 were publicly disclosed in accordance with Executive Board decision 2012/10 (see [UNW/2012/16](#)) and are available on the UN-Women audit disclosure website: <http://audit-public-disclosure.unwomen.org>.

38. All reports are subject to IAS internal quality assurance processes prior to issuance to management and the Member States concerned. Thirty days after issuance, all internal audit reports are publicly disclosed through posting to the UN-Women public website. No requests were received internally or from any organization or Member State requesting redaction of audit reports, nor was any part of any report redacted.

XII. Investigations

39. OIOS provided investigation services for cases reported in 2018 covering allegations of fraud, corruption and other wrongdoing including sexual exploitation and abuse, sexual harassment, workplace harassment, abuse of authority and retaliation allegedly committed by UN-Women personnel or by third parties to the detriment of UN-Women. In 2018, UNDP OAI completed work on nine of the ten allegations reported before 1 January 2018 that it had carried over from 2017. Three additional cases were opened and closed by UNDP OAI in 2018 as they related to cases it had formerly investigated.

¹ According to the Supplemental Guidance of the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors Inc. (IIA) on the Coordination and Reliance/ Developing of an Assurance Map, an assurance map is a matrix comprising a visual representation of the organization's risks and all the internal and external providers of assurance services that cover those risks, which exposes coverage of gaps and duplications.

² According to the IIA Position Paper on Three Lines of Defense in Effective Risk Management and Controls, management control is the first line of defense in risk management, the various risk control and compliance oversight functions established by management are the second line, and independent assurance is the third.

40. In 2018, the Director of IEAS assumed the role of Responsible Official for coordinating and receiving information on investigation activities. Previously, the Director of the Division of Management and Administration was assigned this role. The UN-Women Legal Adviser continues to play an integral role in this area as outlined in the UN-Women Legal Framework for Addressing Non-Compliance with United Nations Standards of Conduct.

A. Caseload

41. In 2018, OIOS registered intake of 36 allegations for UN-Women compared to the 17 registered by UNDP OAI in 2017. In 2018, UNDP OAI also opened and handled three allegations which were connected to older cases it had already investigated.

Figure 6
Caseload in 2018 and 2017

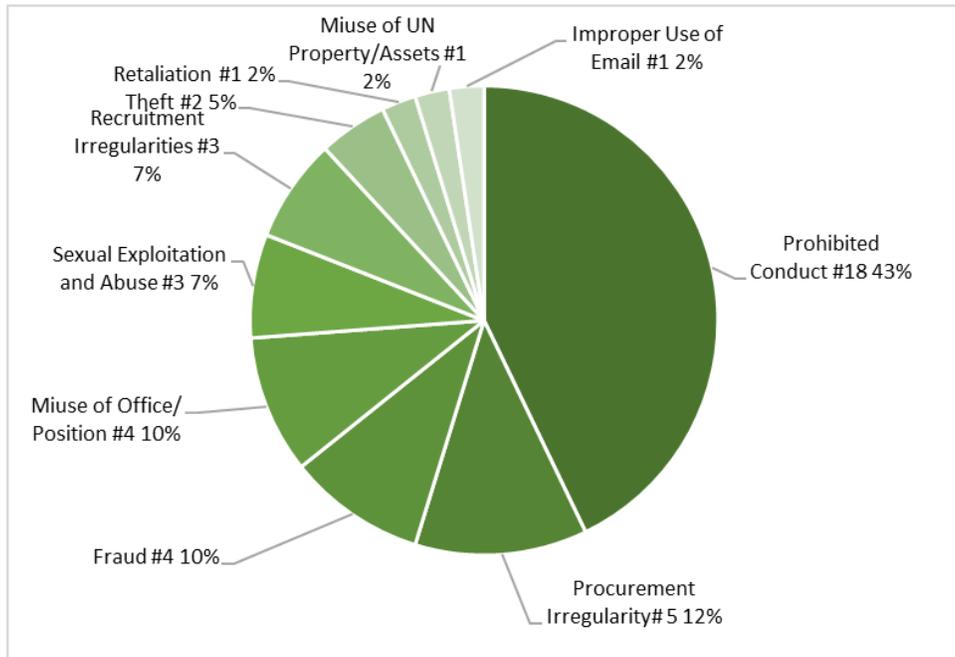
<i>Caseload</i>	<i>2018</i>	<i>2017</i>
Carry over as at 1 January (UNDP OAI)	10	26
Intake during year (2018: OIOS (36) & UNDP OAI (3), 2017: UNDP OAI)	39	17
Total	49	43
Closed from cases carried over (UNDP OAI)	9	21
Closed from intake (2018: OIOS (24) & UNDP OAI (3), 2017: UNDP OAI)	27	12
Total	36	33
Carried over as at 31 December (2018 OIOS (12) & UNDP OAI (1), 2017: UNDP OAI)	13	10

42. In 2018, allegations were received by OIOS via the hotline (73 per cent), email (24 per cent) and post (3 per cent). Sources of allegations were UN-Women staff (58 per cent), anonymous (24 per cent) and other (18 per cent).

B. Types of allegation

43. An allegation received and registered by OIOS may include more than one type of alleged misconduct. In 2018, the 36 allegations received related to 42 types of alleged misconduct including prohibited conduct. Prohibited conduct is a term used by OIOS to refer to workplace harassment, sexual harassment, abuse of authority and discrimination. The types of alleged misconduct received by OIOS in 2018 are broken down by category and detailed in figure 7 below.

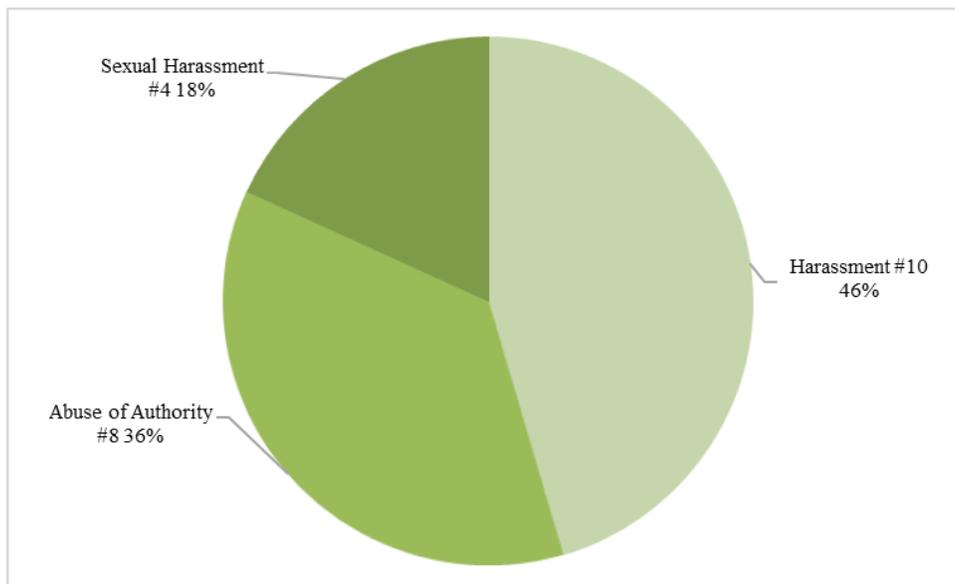
Figure 7
2018 allegations by type, count (#) and percentage (%) of total



Source: OIOS quarterly reports.

44. Prohibited conduct made up the highest category (43 per cent) of types of allegations registered by OIOS in 2018. Of these prohibited conduct allegations, 46 per cent related to harassment, 36 per cent related to abuse of authority, and 18 per cent related to sexual harassment. No allegations of discrimination were received by OIOS in 2018.

Figure 8
2018 allegations related to prohibited conduct by type, count (#) and percentage (%)



Source: OIOS quarterly reports.

45. Three investigations opened by UNDP OAI in 2018 related to cases it had previously investigated. Two cases related to failure to comply with obligations and one case related to procurement fraud.

C. Cases resolved/closed/carried forward

46. OIOS closed 24 allegations in 2018 (compared to 33 closed by UNDP OAI in 2017), 21 after preliminary assessment where it was assessed that an investigation was not warranted (compared to 16 by UNDP OAI in 2017) and three after investigation (compared to 17 after investigation by UNDP OAI in 2017).³ Of the three cases closed by OIOS after investigation, one case was substantiated and two were unsubstantiated.

47. The one case substantiated by OIOS in 2018 related to a former staff member who was found to have used UN-Women's property without authorization for personal purposes. As the staff member transferred to another UN agency during the investigation, the matter was referred to that UN agency for action. Measures were also taken by UN-Women management to prevent recurrence of a similar incident. No financial loss was sustained as the subject reimbursed the total amount upon being notified that they were the subject of an investigation.

48. As at 31 December 2018, eight allegations were under investigation, and four allegations were under assessment by OIOS.

49. In 2018, UNDP OAI completed work on nine of the ten allegations that it had carried over from 31 December 2017. Three were substantiated and the related investigation reports were issued by UNDP OAI to UN-Women in 2018. One case was still under investigation as at 31 December 2018.

50. Of the cases carried over by UNDP OAI from 2017:

(a) In one of the substantiated cases, a staff member was found to have committed procurement fraud, misrepresentation, forgery and false certification, and other failures to comply with obligations such as failure to declare conflicts of interest. The staff member was dismissed. The report concluded it likely that UN-Women had sustained a financial loss in the amount of US\$ 4,080. This formed part of the referral to the UNDP Vendor Review Committee⁴ as set out under (b) below.

(b) In the second substantiated case, and connected with the substantiated case reported above, a vendor was found to have committed procurement fraud. The case was submitted to the UNDP Vendor Review Committee.

(c) In the third substantiated case, a staff member was found to have committed sexual exploitation and abuse, sexual harassment and misuse of UN Information Communication and Technology Resources. The staff member was dismissed.

51. Three cases opened by UNDP OAI in 2018 related to older cases it had previously investigated, two were closed as unsubstantiated and one related to procurement fraud conducted by a vendor was substantiated. The case was submitted to the UNDP Vendor Review Committee. There was no financial loss associated with this case.

³ Of the 17 cases investigated by UNDP OAI in 2017, 10 cases were found to be unsubstantiated and 7 cases were substantiated.

⁴ The Vendor Review Committee (VRC) is a technical advisory body, tasked with considering allegations made against UN-Women vendors. The VRC may issue Notices of Administrative Action, including sanctioning vendors, when it determines that an investigation has provided information that indicates that one or more vendors have engaged in proscribed practices.

52. A final report on the last outstanding case being handled by UNDP OAI at 31 December 2018 was provided to UN-Women in the first quarter of 2019. The case related to allegations of misrepresentation, forgery and false certification by a Civil Society Organization (CSO) that had entered into a Project Cooperation Agreement with UN-Women (UNIFEM at the time) in the context of a project with the UN-Women Fund for Gender Equality from 1 December 2010 to 31 December 2014. The report concluded that the allegations were substantiated and that there was a loss to UN-Women of US\$ 2,345,985. At the request of UN-Women, UNDP OAI subsequently clarified that, based on the available evidence, the investigation was unable to conclude that the loss was a result of fraud.

53. UN-Women notes that a 2015 financial audit report by an external audit firm covering the CSO's expenditure and project in the amount of US\$ 1,425,018 over the period from 1 January 2013 to December 2014 was unqualified. The audit report highlighted several weaknesses in the CSO's internal controls in some areas, but concluded that only \$3,130 (0.2 per cent) of the amount under audit was questionable. On this note it was highlighted that the investigation was performed approximately three years later than the financial audit by the external audit firm, and that not all available records and information were available to the investigators.
