



AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

THE DEMOCRATIC REPUBLIC OF THE CONGO

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Report on the audit of UN Women Democratic Republic of the Congo Executive Summary

From 4 to 22 March 2013, the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP) conducted an audit of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) Country Office in the Democratic Republic of the Congo (the Office). The audit covered the activities of the Office during the period from 1 January to 31 December 2012. During the period reviewed, the Office recorded programme and management expenditures totalling \$1.8 million. This was the first audit conducted of the Office.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit rating

OAI assessed the Office as **unsatisfactory**, which means “Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.” This rating was mainly due to unsatisfactory management of the governance processes, programme and projects, resource mobilization, information technology, management of assets and operational support provided by UNDP. Ratings per audit area and sub-areas are summarized below.

Audit Areas	Not Assessed/ Not Applicable	Unsatisfactory	Partially Satisfactory	Satisfactory
1. Governance and strategic management				
1.1 Organizational structure and delegations of authority	Unsatisfactory			
1.2 Leadership, ethics and values	Satisfactory			
1.3 Risk management, planning, monitoring and reporting	Unsatisfactory			
2. Programme activities				
2.1 Programme and project management	Unsatisfactory			
2.2 Partnerships and resource mobilization	Unsatisfactory			
3. Operations				
3.1 Human resources	Partially Satisfactory			
3.2 Finance	Partially Satisfactory			
3.3 Procurement	Partially Satisfactory			
3.4 Information and communication technology	Unsatisfactory			
3.5 General administration	Partially Satisfactory			
3.6 Safety and security	Satisfactory			
3.7 Operational support provided by UNDP	Unsatisfactory			
3.8 Asset management	Unsatisfactory			
3.9 Leave management	Partially Satisfactory			

Key issues and recommendations

The audit raised 15 issues and resulted in 13 recommendations, of which 7 (54 percent) were ranked high (critical) priority, meaning “Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women and may affect the organization at the global level.”

The high priority recommendations are as follows:

Organizational structure and delegations of authority (Issue 1)	<u>Lack of readiness to operate as a Country Office.</u> The Office was in the process of transitioning from a Programme Office to a Country Office and did not yet have delegated authority, adequate staffing levels, and the ability to achieve the planned activities in its Strategic Note/Annual Work Plan which was developed on the basis of the Office achieving Country Office status within 2012. OAI recommends that the Office prepare a detailed action plan that would fast-track its achievement of Country Office status within a pre-determined time period. This plan should include defined dates for: (a) the achievement of each of the corporate delegation criteria and further sub-delegations to appointed staff members; and (b) the review and analysis of the existing organizational structure and determination of the resources required to achieve the programmatic and management goals detailed in the Strategic Note/Annual Work Plan.
Risk management, planning, monitoring and reporting (Issue 2)	<u>Inadequate risk management, planning, monitoring and reporting.</u> OAI noted that the Office did not adequately manage core funds available during 2012. Supervision of its Sub-office was weak and Office personnel did not have adequate access to Atlas in order to perform their functions, which increased the risk of poor decision making, loss of funds and irregular activities. OAI recommends that the Office, in collaboration with the Programme Support Division, immediately take steps to strengthen its ability to identify and manage risk and to plan, monitor and report on all its activities by: (a) ensuring that the Office’s management receives training on the financial regulations and rules, policies and procedures, financial planning and management of Country Office operations, and ensuring adequate monitoring and oversight of the Sub-office by developing and implementing procedures that include the types and frequency of reports to be submitted to the Country Representative, as well as periodic visits to the Sub-office as part of the supervision activities; (b) requesting appropriate Atlas rights to allow for the approval of transactions within the delegated authority of the Office and training staff in the use of Atlas queries and reports developed at the headquarters level to facilitate reporting at the Office level of activity; and (c) determining and developing the programmatic and operational reports required on a daily, monthly and quarterly basis to adequately capture key activities, trends and statistics of the operations that are critical to support informed decision making and to manage the Office.
Programme and project management (Issue 3)	<u>Inadequate programme and project activities and processes.</u> During 2012, the Office was unable to achieve its planned targets. Moreover, the Office did not comply with the corporate procedures on project formulation, capacity assessments of Implementing Partners. Levels of monitoring, reporting and oversight were also insufficient and no system existed to ensure accurate recording of achievements. OAI recommends that the Office strengthen its programme and project processes and activities by: (a) ensuring compliance with the Programme and Operations Manual regarding programme design, project formulation, and monitoring and reporting on all programmatic activities, including ensuring that for each project, documents are prepared and approved using

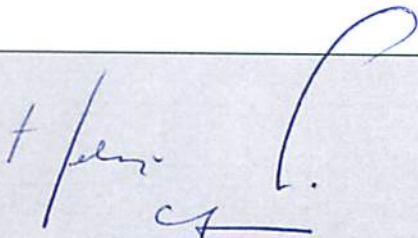
the standard template and that an adequate monitoring and oversight mechanism and plan are in place; (b) reviewing the Annual Work Plan 2013 to ensure baselines exist for each outcome; (c) implementing a system to track and accurately report progress for each target/indicator to ensure adequate oversight and accurate and comprehensive reporting on the results to be achieved by each office; (d) liaising with the Regional Office on a regular basis regarding regional projects taking place in the Country; and (e) completing capacity assessments for all Implementing Partners and retaining the documentation in the project. In addition, a mechanism should be established to ensure that the gaps noted in such assessments are incorporated into project activities for capacity building of the Implementing Partners, and further, ensuring that Implementing Partners understand clearly the requirements relating to and timing for submission of reports and adequate support documentation.

Partnerships and resource mobilization (Issue 7)	<u>Inadequate resource mobilization strategy and processes.</u> The Office had a target to raise \$5 million in non-core resources in the 2012-2013 biennium, but the Office had only mobilized, at the time of the audit, \$97,000. The preparatory work for resource mobilization had been delayed due to factors that were within the control of UN Women. OAI recommends that the Office strengthen its resource mobilization strategy and processes by: (a) developing an action plan to expedite its outreach with potential donors and providing timely follow-up to address questions or concerns from any potentially interested parties; (b) building the capacity of the staff member assigned with responsibility for resource mobilization; and (c) seeking guidance from the Resource Mobilization Unit at Headquarters on additional strategies that could be utilized.
Procurement (Issue 10)	<u>Weaknesses in the management of contracts signed with vendors.</u> The Office had issues with a vendor regarding the services agreed upon in a contract. However, there was no attempt made by the Office to correct the deficiency, and the Office contracted for those services with another vendor, at an added expense for the Office. The Office also accepted deliverables from other contractors that were not only late, but of poor quality. OAI recommends that the Office take steps to improve contract management, and monitor the services procured for compliance with the terms of the agreement.
Information and communication technology (Issue 11)	<u>Inadequate management of information and communication technology function.</u> The Office had no IT function, nor was it taking steps to back-up any of its data. OAI recommends that the Office strengthen its information management by: (a) immediately addressing the need for a secure back-up mechanism; (b) developing an information security plan that establishes the frequency and protocol for data back-ups; and (c) developing a formal disaster recovery policy that addresses the security, and storage of data and back-up devices.
Asset management (Issue 14)	<u>Weaknesses in the management of fixed assets.</u> The Office had not properly recorded correct information on the assets in-service and could not locate all assets flagged for disposal. OAI recommends that the Office strengthen its asset management by: (a) conducting an inventory of all assets, both in-service and those flagged for disposal, and following up with the appropriate procedures and reporting for any assets not physically located; and (b) securing assets awaiting disposal and following through with proper disposal in a documented and timely manner.

Management comments and action plan

The Country Representative accepted all 13 recommendations and is in the process of implementing them. Management's comments, including details on the actions taken/being taken, are incorporated in the report.

In response to the draft report, management commented that the audit took place during a transition period, while responsibility for oversight of the Office remained with the former Central Africa Sub-regional Office in Rwanda. UN Women's new Regional Architecture was approved by its Executive Board in November 2012 and part of this process included the strengthening and upgrading of UN Women's field presence. In this context, the Office was one of several offices which transitioned from having only a programme presence to being a full Country Office. Effective June 2013, in recognition of the many challenges in the Office and the Country, and the need for dedicated corporate support, UN Women Headquarters is temporarily providing oversight of the Office as an interim measure. Beginning December 2013, the Office will be under the oversight of the Regional Office in Nairobi in accordance with the new architecture.



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I. Introduction

From 4 to 22 March 2013, OAI conducted an audit of UN Women Democratic Republic of the Congo. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that OAI plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes. The audit includes reviewing and analysing, on a test basis, information that provides the basis for the conclusions and audit results.

Audit scope and objectives

OAI audits assess the adequacy and effectiveness of the governance, risk management and control processes in order to provide reasonable assurance to the Executive Director regarding the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with legislative mandates, regulations and rules, policies and procedures. They also aim to assist the management of the Office and other relevant business units in continuously improving governance, risk management and control processes.

Specifically, this audit reviewed the following areas of the Office: governance and strategic management, United Nations system coordination, programme activities, and operations. The audit covered relevant activities during the period from 1 January to 31 December 2012. During the period reviewed, the Office recorded programme and management expenditures totalling \$1.8 million. This was the first audit conducted of the Office.

II. About the Office

The Office, located in Kinshasa, the Democratic Republic of the Congo (the Country) was slowly building up its staff and capacity from that of a Programme Office, having recently been configured as a Country Office as a result of UN Women's Regional Architecture which began in 2013. The Office also managed a Sub-office in Bukavu, in the Eastern part of the Country. Bukavu is in close proximity to the United Nations Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), and is one of the largest United Nations peacekeeping missions in the world, which monitors the peace agreements following the Second Congo War, and more recently, stabilizes areas where subsequent conflicts have erupted. The armed conflict, which has orphaned thousands of children and has fueled sexual violence against women in vulnerable populations, offers the opportunity for UN Women to take an active role in development assistance projects. However, the Office had a limited number of projects, most of which were small in scope and in resources expended, and all of which were being implemented using core funds.

III. Detailed assessment

1. Governance and strategic management

Unsatisfactory

1.1 Organizational structure and delegations of authority

Unsatisfactory

The Office was under the leadership of a Country Representative and Deputy Country Representative, who had been appointed to their positions in January 2012 and October 2012, respectively. As of 31 December 2012, the Office was still transitioning from being a Programme Office (reporting directly to the UN Women Central Africa Regional Office) to a Country Office. The Office was comprised of 11 personnel, 4 of whom were located in the Sub-office in Bukavu.

OAI reviewed the Strategic Note/Annual Work Plan 2012-2013 dated December 2011 and its revision dated January 2013 as well as the organization chart. OAI also met with management to gain an understanding of the planned structure, key changes foreseen and the roles and responsibilities of the new posts being established. While it was too early to conclude on the adequacy and effectiveness of the new organizational structure, the audit identified several opportunities where management could improve governance.

Issue 1 Lack of readiness to operate as a Country Office

The Office was designated as a Country Office with the approval of the Regional Architecture by the UN Women Executive Board in November 2012 (UNW/2012/10). The Regional Architecture, as presented to the Executive Board, envisaged that the creation of Country Offices would strengthen UN Women's capacity to successfully deliver on its mandate. The Country Offices were to be comprised of a representative at the P5 level or above, with a minimum staff complement of five, including the representative, an operations officer and an administrative staff member. The Regional Architecture also promised improvements in business processes, particularly clearer accountabilities for day-to-day decision-making, streamlined programme and project approvals, and delegated authority in support of localized operational management and decision-making.

During the review period, the Office was in the process of building its internal capacities and had not reached the planned staffing complement. OAI noted that the absence of delegated authority, and lack of adequate human resources combined with weak oversight of the Sub-office operations had negatively impacted on the Office's success in meeting planned goals and outcomes.

- (a) *Absence of delegation of authority* - The UN Women Delegation Framework indicates that delegated authority should be commensurate with the functional responsibility of the delegates in their current posts and further that the delegated authority attaches to the individual in the post rather than to the post itself. Moreover, the corporate delegation process requires the new Country Office to meet six criteria prior to the Country Representative receiving delegated authority: a Country Representative is on board, an approved internal control framework is in place, a certified procurement staff is hired, a local procurement oversight committee is established, all core roles are under staff contracts, and an there is an agreed oversight framework. As such, although the Country Representative had been assigned functional responsibility for the Office, no delegation existed during 2012, as the criteria for receiving delegation had not been met.
- (b) *Lack of adequate human resources* - The Office had 17 posts, 4 of which were located in the Sub-office. Of the remaining 13 posts assigned to the office in Kinshasa, 6 were vacant, including all 3 Programme Officer positions. Two Programme Officers and one Programme Associate who had been on service contracts for

part of the year, separated in March and November 2012, leaving the office with no programming capacity in Kinshasa. Moreover, based on discussions with all office personnel, the contract modality was negatively impacting the morale of the staff. Management engaged the services of a temporary Programme Officer in February 2013 to assist with the programme portfolio.

In response to the draft report, management indicated that completing the recruitments for the Office has been made a priority given its importance in ensuring that the transition from a Programme Office to a full Country Office is completed effectively and quickly. As a result, core functions have been regularized with fixed-term posts established for Operations Manager (NOC), Finance Associate (G6), Administrative/Procurement Associate (G6), Driver (G3), two National Programme Officers (NOC) and Head of Sub-office in Bukavu (P4). Also, the Deputy Representative post has been filled and the selected candidate will assume his/her duties in October 2013.

- (c) *Inability to achieve Strategic Note/Annual Work Plan 2012-2013* - The approved Strategic Note/Annual Work Plan 2012-2013 indicated planned expenditures of \$6.4 million with \$3.4 million to be mobilized. However, in 2012, the Office delivered only \$1.8 million or 28 percent of the expenditures originally planned. Further, the actual results achieved were substantially less than planned as detailed in Issue 3 below. Management explained that the paucity of delivery was directly related to the unexpected turnover of programme personnel in Kinshasa and that the staffing levels had since improved with the recruitment of four individuals in April 2013 (Operations Manager, National Programme Officer, Finance Associate, and Driver) on fixed-term contracts.

The lack of readiness to operate as a Country Office may increase the risk of poor financial decision-making, poor oversight of operations, unclear lines of responsibility, and may give rise to organizational inefficiencies, and a lack of accountability for activities undertaken by the Office.

Priority	High (Critical)
Recommendation 1:	
The Office should prepare a detailed action plan that would fast-track its achievement of Country Office status within a pre-determined time period. This plan should include defined dates for: (a) the achievement of each of the corporate delegation criteria and further sub-delegations to appointed staff members; and (b) the review and analysis of the existing organizational structure and determination of the resources required to achieve the programmatic and management goals detailed in the Strategic Note/Annual Work Plan.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Management advised that the recruitment of the Administrative/Procurement Associate, National Officers, and Head of Bukavu are expected to be finalized in the fourth quarter of 2013. In addition, the Office currently has an Internal Control Framework which includes key roles being performed by Headquarters. Also, in order to assess and accelerate full readiness of the Office to receive full delegation of authority, a support mission from Headquarters is scheduled to take place in October 2013, one outcome of which will be to produce a detailed action plan for attaining delegation of authority.	
The Office, under the overall guidance of the Programme Division, is currently revisiting the resource requirements and will align the results with the resources available as part of its 2014-2017 Strategic Note and 2014 Annual Work Plan.	

Additional information provided by management has been included in the audit observation.

1.2 Leadership, ethics and values

Satisfactory

OAI reviewed the Office's compliance with the requirement for completion of the mandatory ethics training and the policy in regard to reporting of outside activities. No reportable issues were identified.

1.3 Risk management, planning, monitoring and reporting

Unsatisfactory

OAI reviewed documents relating to the planning, monitoring and reporting activities conducted, and held discussions with management and staff. OAI noted deficiencies in: the access and use of existing corporate tools, supervision of the Sub-office, and financial management of the core resources. In addition, the Office was negatively impacted by the absence of a corporate risk management policy and was unable to manage the risks related to operating in a country impacted by conflict. OAI had highlighted this corporate deficiency in its Audit Report No. 1077 (UN Women East and Horn of Africa Sub-regional Office in Kenya issued 28 June 2013) and management indicated that the development of this policy was a work in progress. Therefore, no issue or recommendation is being made in this audit report.

Issue 2 Inadequate risk management, planning, monitoring and reporting

Management has a fiduciary duty to ensure that funds are safeguarded and expended effectively to support the achievement of planned outcomes in an efficient manner. To accomplish this, management should implement and use the available corporate systems to support decision-making, and to facilitate management oversight, monitoring and reporting on the Office's activities in an accurate and timely manner. OAI noted the following deficiencies:

- (a) *Inadequate planning for and management of available core funds during 2012* - OAI found that during 2012, core resources were not consistently used in the best financial interest of UN Women, for the following reasons:
 - On 2 March 2011, UN Women signed a five-year lease with a vendor for the rental of the building used as office premises in Kinshasa. OAI observed that the Office only occupied approximately one-third of the leased office space which was grossly in excess of the Office's requirements based on staffing level. The lease required annual payments of \$234,000 on 1 March each year. OAI noted that despite the lack of growth in the programme portfolio (Issue 3), the inability to raise non-core resources (Issue 7) and the declining core resources at the corporate level, the Office had not taken action to identify more appropriately sized office premises in 2012, resulting in an ineffective use of resources and payments of \$468,000. Management explained that the decision to lease and retain occupancy of the building was in line with the vision for the growth of the Office. In March 2013, when the Office was delayed in meeting the lease payments and the landlord had complained to Headquarters of a potential breach of the lease agreement due to non-payment, management recognized the urgent need to make alternative arrangements for office space. During the audit fieldwork, management indicated its intention to share space with UNDP, which would require a payment of approximately \$90,000 annually.

- The Office had been paying an average of \$3,700 monthly for internet services that were deemed as less than satisfactory by Office personnel. Further, no contractual agreement had been signed relating to these services.
- The Office was paying approximately \$3,900 monthly for cleaning and maintenance of the building even though at least some portion of the cleaning was included in the lease signed with the landlord.
- A Driver was found to have taken the Office vehicle without authorization and the vehicle was stolen during the unauthorized use. The Driver was permitted to retain his service contract until its expiration six months later at a total cost of \$5,610 to UN Women. Management indicated that this amount would still have been payable even if the Driver had separated, since a replacement Driver would have been retained. However, this did not take into consideration the increased risks, and the perception of management's complacency with misuse of the Organization's resources and non-compliance with UN Women's rules. Further, management did not consider the impact on staff morale and the reputation of the Office and UN Women.

(b) *Weak supervision of Sub-office operations* - The Sub-office was headed by a Field Program Manager (FPM) at the P4 level on a temporary appointment contract from July 2011. The FPM was supported by a National Programme Officer, an Administrative/Finance Assistant and a Senior Driver. OAI noted the following deficiencies regarding the operations and supervision of the Sub-office:

- Based on the organizational structure, the Sub-office should report directly to the Country Representative in Kinshasa. However, the terms of reference of the FPM indicated a reporting line to the Director of the Central African Regional Office based in Kigali, Rwanda.
- The FPM job description indicated that the FPM will be supervised by the Central African Regional Programme Director in Rwanda and guided by the Country Programme Manager (Country Representative). This reporting structure had resulted in the financial and operational authority residing in Rwanda and the accountability and responsibility with the Office for all activities of its Sub-office.
- The FPM post was classified at the P4 level, which is the same level as the Deputy Representative post in the Office, and this resulted in conflicts between the Deputy Representative and the FPM when the Deputy post was filled in November 2012. Attempts by the Office to realign the reporting lines of the FPM to the Deputy Representative were met with resistance from the staff.

Moreover, the FPM had made decisions and had undertaken actions that were beyond her level of authority, such as the signing of agreements with partners in order to open bank accounts in the name of the UN Women projects and signing as co-signatory on the partners' bank account. Neither the Central African Regional Office nor the Office had given clearance for such activities, although they were aware of the agreements. In addition, the FPM was neither aware that UN Women's Programme and Operations Manual did not permit its staff to be signatories on partners' bank accounts nor that the signing of agreements with partners was limited to individuals with delegated authority.

Management indicated that ambiguity in the reporting hierarchy and irregular reporting lines had compromised the proper oversight of operations in the Sub-office, but that this was corrected in the terms of reference for a programme manager post that was being recruited, during the audit fieldwork, to replace

the FPM post. Also, immediately following the audit fieldwork, the Office instructed the FPM to cease signing agreements and to inform the concerned partners and banks of appropriate measures to conform to the UN Women procedures. As a result, no recommendation is being made.

- (c) *Inadequate system access* - The Office personnel did not have adequate Atlas rights to perform their functions and to provide management with necessary information in a timely manner. It was noted that with the exception of one finance/treasury user and one buyer, all other staff including the Representative and Deputy Representative only had general user Atlas rights. Further, the personnel had not received adequate training on Atlas or policies. Management explained that this was due to the lack of delegated authority to the Office. This situation of inadequate reporting was exacerbated by the fact that the sampled financial transactions for the period were all posted to RWA30 although the operating unit had clearly indicated "COD". This resulted in additional efforts being required in order to extract data relevant to the Office's activities.

In response to the draft report, management indicated that, in line with UN Women's corporate plan for capacity development for staff in the areas of programme management and operations, the Office's management and staff have participated in a number of training workshops, such as The Leadership Development Workshop for Representatives and Senior Managers in November 2012, which focused on areas of leadership, management and operations, and the Operations Managers Workshop in New York in May 2013. The Operations Team also received training on financial planning and management organized locally. The operations staff will continue such training according to the Office's Learning Management Plan. The Bukavu Office's National Programme Officer received training on Results Based Management offered in Nairobi in 2012. During 2013, the Communications and Fundraising Officer, serving as the Monitoring & Evaluation Focal Point, attended the first part of the DevInfo-monitoring training in Bujumbura during 2013. The Administrative and Procurement Associate completed an initial IPSAS training in Copenhagen while the Finance Associate completed the same training course in Dubai in January 2013.

Furthermore, management indicated that subsequent to the audit mission, the Office has improved the supervision of the Sub-office in Bukavu, including the introduction of regular reporting on the delivery of programmes and operations and has been complying with the monthly certification submissions. In addition, a Headquarters support mission scheduled for October 2013 will assist with improvement of the current system for results tracking and monitoring and help strengthen oversight mechanisms for the Sub-office in Bukavu.

The Office further stated that immediate action was taken to identify new office space and that the Office has moved to office premises shared with UNDP on 1 June 2013. As a result of this action, an annual savings on premises and service costs of \$234,000 was achieved.

Weaknesses in risk management, planning, monitoring and reporting increase the risk that financial, programmatic and operational activities may not be adequately managed and could result in poor decision-making, loss of funds and irregular activities.

Priority	High (Critical)
Recommendation 2: The Office, in collaboration with the Programme Support Division, should immediately take steps to strengthen its ability to identify and manage risk and to plan, monitor and report on all its activities by: <ul style="list-style-type: none"> (a) ensuring that the Office's management receives training on the financial regulations and rules, policies and procedures, financial planning and management of Country Office operations, and ensuring adequate monitoring and oversight of the Sub-office by developing and implementing procedures that include the types and frequency of reports to be submitted to the Country Representative, as well as periodic visits to the Sub-office as part of the supervision activities; (b) requesting appropriate Atlas rights to allow for the approval of transactions within the delegated authority of the Office and training staff in the use of Atlas queries and reports developed at the headquarters level to facilitate reporting at the Office level of activity; and (c) determining and developing the programmatic and operational reports required on a daily, monthly and quarterly basis to adequately capture key activities, trends and statistics of the operations that are critical to support informed decision making and to manage the Office. 	
Management Comments and Action Plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed The Office took/planned to take the following actions: <ul style="list-style-type: none"> (a) In addition to the training described above, management also stated that the programme and operations staff are scheduled to attend a regional training on programme and operations, which is being organized by the Programme and Management and Administration Divisions in Tanzania in October 2013. (b) According to the current office Internal Control Framework matrix, staff have been granted access to Atlas. Two staff members have been assigned project manager profiles within Atlas, allowing them to approve e-requisitions. Additionally, the roles of finance user and buyer have been assigned to the appropriate staff in Atlas, and they are currently carrying out these functions. The Office is also carrying out weekly "clinics" to share good practices on a range of operations-related topics. (c) Corporately, the Programme Division and the Division of Management and Administration are working to produce a suite of Atlas reports that will increase the capacity of field offices in performing effective monitoring and oversight of their offices. In the interim, the planned Operations Management Workshop has a session dedicated to reporting. Additional comments provided by management have been included in the audit observation.	

2. Programme activities

Unsatisfactory

2.1 Programme and project management

Unsatisfactory

The Strategic Note/Annual Work Plan 2012-2013 dated December 2011 indicated that the Office would focus mainly on women's political leadership and participation in governance, women's economic empowerment, prevention of violence against women and girls and women's leadership in peace, security and humanitarian response. Moreover, the Strategic Note/Annual Work Plan highlighted the Office's responsibility for the achievement of United Nations Country Team objectives on gender equality and the coordination of agencies' response to national priorities on gender. The 2012-2013 Strategic Note/Annual Work Plan anticipated total 2012 expenditures of \$6.4 million comprised of development expenditures of \$4.6 million and management expenditures of \$1.8 million to support the development programme. In March 2013, the Strategic Note/Annual Work Plan was expanded to include a fifth focus area related to national planning and budgeting for the promotion of stronger institutional accountability.

Of the eight projects being directly implemented by the Office, OAI selected four ongoing projects for detailed review, as indicated in the table below:

Project ID	Location	Project name	Project Budget \$' 000	12 month expenditures to 31-Dec-12 \$'000	Delivery rate to 31-Dec-12 (%)
79148	Kinshasa	DRC Core budget	436	447	103%
82697	Bukavu	DRC Goal 1	490	118	24%
82698	Bukavu	DRC Goal 2	125	26	21%
82699	Bukavu	DRC Goal 3	220	78	35%
Total			1,271	669	53%

In addition, OAI met with the five Implementing Partners based in Bukavu and one partner in Kinshasa. Based on the discussions, all partners were generally satisfied with the working relationships with the Office. During the visit to the Sub-office, OAI observed some of the challenges experienced by not only the staff, but also the Implementing Partners in delivering on the ground. UN personnel are only permitted to use UN flights which move between Kinshasa and Bukavu, which is a challenge, given the limited number of flights. OAI recognized that this could pose a significant challenge to the Office in adequately planning and subsequently carrying out project monitoring activities.

OAI raised a number of audit issues relating to the ongoing projects as discussed below, which contributed to an overall rating of "unsatisfactory" for this area.

Issue 3 Inadequate programme and project activities and processes

According to the programme guidance issued in July 2011, the Office should be guided by its Strategic Note/Annual Work Plan, with a clearly defined Development Results Framework. The Development Results Framework should be developed at the country outcome level and include details related to: (a) country level outputs, indicators, targets and baselines; (b) the names of Implementing Partners for development projects; and (c) resources required for projects sub-divided into core, non-core, and funds to be raised. In addition, the Development Results Framework should have clear linkages to programme documents with specific baselines,

outcomes and outputs in the annual work plans/project documents. Based on the review of available documents, OAI noted the following deficiencies:

- (a) *Insufficient programme activity to achieve its planned objectives and mandate* - The approved Strategic Note/Annual Work Plan 2012-2013 required a programme delivery of \$4.6 million in 2012. However, the development expenditures amounted to approximately \$1 million, or 21 percent of the delivery planned in the Strategic Note/Annual Work Plan. Moreover, in line with the significantly decreased expenditures, the actual results were substantially less than planned in all areas as indicated in the UN Women Online Results Tracking System. For example, out of 5 development goals with 9 indicators, the Office showed substantive results against only 1 goal (2 indicators). Management indicated that concept notes were being drafted to address gaps in the programming and with the Deputy Representative having joined the Office in October 2012, it was expected that there would be a renewed focus. However, OAI noted that the Deputy Representative had already separated from UN Women by the time this report was being drafted. This situation further increased the risk of inadequate delivery of the Office's programme activities as the Deputy Representative had primary responsibility for the growth and development of the programme portfolio.
- (b) *Absence of baselines in Development Results Framework* - OAI noted that baselines had yet to be determined for 4 out of 7 outcomes and 10 out of 17 outputs in the 2012-2013 Development Results Framework. Accurately determining actual achievements without baseline information may be difficult.
- (c) *Non-compliant programme formulation* - The Programme and Operations Reference Manual (PORM) effective during the review period and its successor the Programming and Operations Manual (POM) both require UN Women Offices to prepare project documents to support the Strategic Note and Annual Work Plan. However, based on discussions with Office personnel and documents reviewed, no project documents were available for any of the eight projects being implemented by the Office, including the four projects sampled. Instead, project proposals submitted by Implementing Partners were used to guide the activities of the Office. As a result, critical areas of the project framework, such as strategy and partnerships, implementation and management arrangements, evaluation and learning plans were not elaborated upon or agreed to by the Office and the Implementing Partner. The absence of a signed project document increases the risk of project activities not being cohesively performed as approved and strategic outcomes not being achieved.

In response to the draft report, management indicated that the Office is currently using the appropriate templates for project documents. In terms of programme and project oversight, the Office has a Monitoring and Evaluation Plan which has been shared online through the GATE system. The POM allows for money to be received and spent against the agreed and approved work plan, without requiring separate project documents. Furthermore, management stated that the Office has undertaken elements of its work under this modality.

- (d) *Inadequate capacity assessment of Implementing Partners/Responsible Parties* - Both the PORM and the POM require that comparative screening and capacity assessments must be undertaken for non-governmental organizations using a prescribed corporate template. OAI reviewed three capacity assessments for Implementing Partners and noted that while all responses were positive, there was limited evidence to support the comments or documentation of the basis for the positive response provided in the assessment. Moreover, OAI noted that the Office had difficulty obtaining reports from partners on a timely basis and advances of up to 90 percent of the total project budget had been made to some partners to improve their cash flow (please see Issue 5 below).

- (e) *Inadequate programme monitoring, reporting and oversight* - The PORM required that the Office perform monitoring, reporting, and oversight activities to identify lessons learned and good practices, strengthen performance, and influence future policy and programme design. Moreover, although the Strategic Note/Annual Work Plan indicated that for the Office and Sub-office combined there would be two staff dedicated to monitoring and evaluation and resource mobilization, there was limited evidence that project monitoring had been planned or performed. OAI noted that some monitoring was performed by the Sub-office based on the review of documentation indicating three field visits had been conducted with one Implementing Partner in South Kivu, and one field visit each to two other Implementing Partners. There was only one regional project in Kinshasa requiring monitoring, however, the Office had not performed that role. Management informed OAI that they only became aware of the regional project after one of the programme staff had separated from the Office. Furthermore, while field visit reports were available for the project visits in Bukavu, none were available for the project in Kinshasa. Management indicated that the monitoring and evaluation role in Kinshasa was not clearly defined and that corrective action was being taken.
- (f) No system was in place to ensure the cumulative collection and reporting of information related to the achievement of specific targets. For example, the Strategic Note/Annual Work Plan indicated that it would strengthen the application of the law against impunity as part of Goal 3 to prevent violence against women and girls and it would also expand access to services for survivors. At the output level, the Office planned to increase the awareness to 25 percent of magistrates, judges and lawyers, however, no baseline for the percentage of awareness had been established.

In response to the draft report, management advised that for the tracking of results and indicators, the Office is using the online results tracking system developed by Headquarters. This system is also complemented with the country level Monitoring and Evaluation Plan.

Insubstantial programme activities may result in UN Women not having the desired impact in the Country, which could also negatively impact the perception of UN Women's ability to deliver on its mandate. Inadequate monitoring and oversight processes increase the risk of insubstantial or ineffective programme/project activities.

Priority	High (Critical)
Recommendation 3:	
The Office should strengthen its programme and project processes and activities by:	
<ul style="list-style-type: none"> (a) ensuring compliance with the Programme and Operations Manual regarding the programme design, project formulation, and monitoring and reporting on all programmatic activities, including ensuring that for each project, documents are prepared and approved using the standard template and that an adequate monitoring and oversight mechanism and plan are in place; (b) reviewing the Annual Work Plan 2013 to ensure baselines exist for each outcome; (c) implementing a system to track and accurately report progress for each target/indicator to ensure adequate oversight and accurate and comprehensive reporting on the results to be achieved by each office; (d) liaising with the Regional Office on a regular basis regarding regional projects taking place in the Country; and (e) completing capacity assessments for all Implementing Partners and retaining the documentation in the project. In addition, a mechanism should be established to ensure that the gaps noted in such 	

assessments are incorporated into project activities for capacity building of the Implementing Partners, and further, ensuring that Implementing Partners understand clearly the requirements relating to and timing for submission of reports and adequate support documentation.

Management comments and action plan: ☒ Agreed ☐ Disagreed

Management planned to take the following actions:

- (a) The October support mission from Headquarters will further identify any other areas where procedures need to be aligned with the POM.
- (b) The Office has taken note of the recommendation to ensure baselines are available for each outcome and will address it in the coming programme planning cycle within its Strategic Note 2014-2017.
- (c) The Office has been managed directly by Headquarters since June 2013, with ongoing regular communications and substantive reporting through weekly teleconferences and other reporting mechanisms. The Regional Office in Nairobi will take over the direct management of the Office from Headquarters no later than 31 December 2013. In order to ensure a smooth transition, Headquarters is collaborating with the Regional Office in providing technical support as well as ensuring that it is actively involved in the work of the Office during this transition.
- (d) The Office will ensure capacity assessments are conducted and available on file. Plans for partners' capacity building will also be put in place and followed up with accordingly. The Office has also launched a call for an expression of interest for civil society organizations in order to proactively identify key Civil Society Organization partners' and to establish their current capacities as a basis for development of a Civil Society Organization partner database. In addition, the Office already organized a scale up workshop for existing Implementing Partners in North and South Kivu Provinces in August 2013.

Issue 4 Unapproved amendments to standard agreements

The POM requires that engagements with Implementing Partners and Responsible Parties are to be based on terms and conditions as per standard project cooperation agreements for use with non-governmental organizations and letters of agreement for use with government and inter-governmental organizations. Any amendments must be cleared with the Division of Management and Administration prior to signature. Similar requirements were included in PORM which pre-dates the POM and all templates are available on the intranet for corporate use.

Based on a review of four agreements, OAI noted that two of the agreements, both dated July 2011 were missing standard clauses as indicated in the below table:

Missing clauses in Letter of Agreement	Missing clauses in Project Cooperation Agreement
Para. 15 - Audit clause permitting project to be audited at least once in a lifetime	Article VIII, para. 2 - Payment to be made in the local currency
Para. 17 - Post payment audits Para. 18 - Right to conduct investigations	Article VIII, para. 7 - Not to use UN Women funds to provide support to individuals or entities associated with terrorism
Para. 24 - Allowance for UN Women to perform continuous review of partners activities	Article X, para. 1 - Minimum requirement for semi-annual progress reports
	Article XI, para. 2 - UN Women funds to be separately identified Para. 4 - Post payment audits Para. 5 - Right to conduct investigations

Management informed OAI that the agreements used were the standard templates in existence since 2007 which did not include the standard clauses and that the agreements were cleared with the Central Africa Regional Office.

The absence of these clauses may expose the Office to limited or no recourse should the Implementing Partners not perform the project activities as per the agreement.

Priority	Medium (Important)
Recommendation 4: The Office should comply with the Programme and Operations Manual regarding the use of standard agreements. To ensure compliance, the Office should: <ul style="list-style-type: none"> (a) issue a memorandum to all staff regarding the requirement to obtain the most current version of approved templates and add the relevant link to the intranet; (b) inform the two Implementing Partners of the requirement to amend the existing agreements to incorporate the missing clauses, ensuring that the amended agreements are signed; and (c) review all existing agreements to determine whether the appropriate standard clauses have been included. Further, the Office should ensure that for any non-standard agreements, amendments are drafted and signed which include the standard clauses. 	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed The Office has addressed this recommendation as follows: <ul style="list-style-type: none"> (a) The letters of agreement and project cooperation agreements currently used by the Office are extracted from the latest versions available on the UN Women intranet; and (b) & (c) The Office has reviewed the two letters of agreement and one project cooperation agreement and the provisions have been inserted. This review process will continue to be followed systematically for each existing partner, adhering to the use of the standard templates. 	

Issue 5 Weak management of advances to Implementing Partners

UN Women published a policy for cash advances (UNW/ADM/2011/01) dated July 2011, providing guidance on accounting for cash advances to Implementing Partners. The policy requires completion of a Funding and Certification of Expenditures (FACE) form for the disbursement of advances, as well as the requirement that Atlas account 16005 be used to record the amount advanced, followed by detailed reporting of the actual project expenditures and recording of the same in Atlas upon the subsequent liquidation of the advance. Moreover, the POM indicates how FACE forms are to be used to record expenditures and clear advances.

During the testing of transactions, OAI noted the following:

- (a) Advances to Implementing Partners subsequent to July 2011 were not consistently posted to the 16005 account, and instead were sometimes posted directly to expense accounts. In reviewing the disbursements made in 2012, OAI noted four such payments totalling \$211,264.
- (b) Although the project advance account 16005 had been reconciled, long outstanding amounts had not been followed-up upon for resolution. OAI noted three such amounts totalling \$333,201. While the amounts may actually represent delivery if the Implementing Partners have completed the project activities, without proper follow up and documentation this cannot be determined.
- (c) Advances and reporting on expenditures were not supported by FACE forms.

In response to the draft report, management has indicated that since April 2012, the Country Office has used GL account 16005 to post all advances issued to Implementing Partners and has ceased the practice of posting advances directly to expense accounts.

The inaccurate posting of advances, lack of follow-up of outstanding advances and non-compliance with requirement to use the FACE forms may result in inaccurate reporting of the activities and finances of the project and offices under the purview of the Office, and further increases the risk that funds may be used for unintended purposes.

Priority	Medium (Important)
Recommendation 5:	
The Office should comply with the Programme and Operations Manual relating to cash advances, including the proper use of the Funding and Certification of Expenditures forms and immediately undertake the necessary follow-up action on all long outstanding advances.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Management indicated that the recommendation has been implemented and further stated that:	
<ul style="list-style-type: none"> (a) The Office has established a monthly follow-up system for advances issued to Implementing Partners to ensure close monitoring of the advances. This has substantially reduced the amount of long outstanding advances to the Implementing Partners from \$333,201 to \$33,614 as of end of September 2013. (b) The Office is currently ensuring that all the advances to the Implementing Partners are supported with FACE forms. 	

Issue 6 Inadequate monitoring and reporting to determine results achieved for regional project

The POM indicates that monitoring should be performed by Offices as a continuous process that assesses the programme implementation processes and changes in the conditions of target groups and institutions brought about by the programme activities and results. It further indicates that management is accountable for the effective monitoring and reporting of programmes within their jurisdiction.

According to the Central African Regional Office, the Office had monitoring responsibility for one regional project (76651) that was being implemented in Kinshasa. However, OAI reviewed the available documentation for the project and noted that limited correspondence with the non-governmental organization partner was available and that no monitoring visits had taken place. The project file also contained an incomplete undated and unsigned financial report for the project. The intent of the project was to provide funding to set up a research centre, build the capacity of ministries, build the capacity of the research centre and its networks, and to launch two studies. The funding for the project was \$95,400, of which 70 percent (\$66,780) was paid to the partner upon the signing of the Project Cooperation Agreement. OAI learned that the balance of the funding had not been paid as of the end of the audit mission.

OAI visited the research centre and met with staff, but they were largely unaware of the project and deferred all questions to the Director General, who was away on travel. On 19 March 2013, OAI sent a list of questions to the Director General, including questions regarding the status of the UN Women project and funds. However, in the response received on 26 April 2013, the questions regarding the UN Women project status had not been answered.

OAI was not able to meet with the National Programme Officer (under service contract) who had primary responsibility for monitoring the project, as she had resigned from the UN Women Office in November 2012. Literature provided to OAI by staff at the research centre did not include the logos of UN Women and instead included the logos of UNESCO.

The project has since been operationally closed by the Office. However, OAI has referred this case to the OAI Investigations Section for follow-up as to whether the funds may have been used for unapproved purposes. No further recommendation is being made on this issue.

2.2 Partnerships and resource mobilization

Unsatisfactory

Issue 7 Inadequate resource mobilization strategy and processes

The financial stability of UN Women offices in the field is dependent upon, among other variables, their ability to develop partnerships and mobilize resources. The development of the programme portfolio, now under the direction of a Country Office, requires non-core funds, which are generally mobilized at the local level with international donors and host governments. To effectively mobilize such resources, the Office should leverage its established partnerships, demonstrate proven results in prior activities, and develop a resource mobilization strategy in conjunction with a corresponding action plan.

For the period under review, the Office was receiving core funds as it was a UN Women priority country. With a target to raise \$5 million in non-core resources in the 2012-2013 biennium, the Office had only mobilized, at the time of the audit, \$98,000. The Office had hired a service contractor to be responsible for resource mobilization in December 2011 and had developed a draft resource mobilization strategy. At the time of the audit fieldwork in March 2013, the Office was still completing technical proposals for projects, which had been developed with

the assistance of external consultants, to share with donors during a roundtable which was planned for July 2012, but which had not yet taken place. The Office indicated that this was due to delays in the receipt of the technical proposals. The Office further stated that, the delays were driven by security issues in the field and the poor quality of the proposals received from consultants. Based on interviews OAI held with Office staff and the records reviewed, some of these issues could have been prevented with stricter contract management and oversight.

Without sufficient non-core funds, the Office is at risk of not being able to develop a substantive programme portfolio, and of not being able to provide the necessary operational support required to make a valuable contribution to the development needs, targeting gender equality and women empowerment in the Country.

Priority	High (Critical)
Recommendation 6: The Office should strengthen its resource mobilization strategy and processes by: <ul style="list-style-type: none"> (a) developing an action plan to expedite its outreach with potential donors and providing timely follow-up to address questions or concerns from any potentially interested parties; (b) building the capacity of the staff member assigned with responsibility for resource mobilization; and (c) seeking guidance from the Resource Mobilization Unit at Headquarters on additional strategies that could be utilized. 	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed The following actions were initiated to implement the recommendation: <ul style="list-style-type: none"> (a) The Office has developed a Resource Mobilization Action Plan and shared it with Headquarters for comments and feedback. As part of the Office's outreach strategy to potential donors and to expand the resource base for the country programme, the Office organized a donor consultation meeting in May 2013 which was attended by several key donors. As a result of previous successful engagements and collaboration on the Stabilization and Reconstruction Plan for Eastern Democratic Republic of the Congo (STAREC), the Government is preparing a letter requesting disbursement of \$1.4 million for the UN Women SGBV Coordination Programme. In addition, another donor has shown interest in contributing \$0.6 million per year for UN Women's Gender and Statistics project for four years beginning in 2014. (b) The Resource Mobilization Officer is working closely with the Resource Mobilization team at Headquarters and the Brussels office, and is benefiting from their expertise and guidance. Coaching and guidance activities for the Resource Mobilization Officer are ongoing. (c) The Office has sought guidance from the Resource Mobilization team at Headquarters and will continue to seek HQ guidance as implementation of the Resource Mobilization Plan continues. 	

3. Operations

Partially Satisfactory

3.1 Human resources

Partially Satisfactory

The Office was comprised of 5 staff members holding fixed term appointments, 7 service contractors, and 1 individual holding a special service agreement. The recruitment processes for fixed-term staff were performed by the Human Resources Centre in New York and the engagement of service contract and special services agreements are supported by the UNDP Office in the Democratic Republic of the Congo. The selection process involves the Office personnel performing the role of the requesting unit by preparing the terms of reference, performing the shortlisting of candidates and sitting on the interview panels. Communicating with the candidates, contracting and payments for service contractors and special service agreements are performed by the UNDP Office and final clearance and contract renewals were managed by the Central African Regional Office.

OAI reviewed the selection and recruitment of 3 individuals on fixed-term appointments by the Human Resources Centre in New York, selection and hiring of 2 individuals on service contracts, separations of 3 service contractors, and human resources files for 9 individuals. No reportable issues were noted for the fixed-term appointments. However, the following deficiencies were noted for service contracts.

Issue 8 Weaknesses in the management and use of service contracts

The POM indicates that service contracts are not to be used for functions that are of a continuing nature and are central to UN Women's work or as a means to supplement duties of staff members whose performance is unsatisfactory. In addition, the POM states that UN Women applies the UNDP Service Contract Guidelines.

Through discussions with Office personnel and review of the personnel files, OAI noted the following weaknesses in the management and use of service contracts:

- (a) *Incorrect use of contractual modalities* - OAI noted that core functions at the Office which are normally considered functions of a continuing nature, such as procurement, finance, programme, and resource mobilization were being performed by service contract holders. Also, with the exception of two individuals, the Office had renewed the service contracts every six months, even though OAI did not observe evidence that performance evaluations had been done as required by the UNDP Service Contract Guidelines. Management informed OAI that plans exist to regularize the contract modalities once funds become available.
- (b) *Overpayment to one service contract holder* - One former Programme Officer on a service contract who resigned effective 27 November 2012 was found to have been overpaid \$8,424. Subsequently, on 7 March 2013, the UNDP Office sent a memo to the UN Women service contractor requesting repayment. The Human Resources Unit indicated that the overpayment resulted from a clerical error. At the time of fieldwork, UNDP was in the process of negotiating with the service contract holder for a refund of the amounts overpaid. Because the Office did not have a human resource focal point, no oversight and reconciliation of the amounts being paid had been performed.
- (c) *Inaccurate issuance of service contracts on UNDP stationery* - OAI noted that while all service contract holders had been issued service contracts using UNDP letterhead, the contracts did not indicate that the agreement was on behalf of UN Women. This is in contravention to the UNDP Service Contract Guidelines which state that "when UNDP is called upon to issue SCs on behalf of other UN bodies, such services must be provided on the basis of a MOU with the requesting UN body. When an agreement is reached between a UN body

and UNDP to issue SCs, the SC modality will follow this User Guide, except that the service contract must specify that it is limited to service with the requesting UN body.” While such an MOU was in force, the existing practice of issuing service contracts on UNDP letterhead and without clarification that the contract is issued on behalf of UN Women increases the risk of confusion as to the authority and accountability of UN Women and UNDP for the contract and for activities performed for UN Women.

- (d) *Lack of transparent selection of Communications and Resources Mobilization Officer* - OAI noted that the selected candidate had not applied for the position that he was selected to hold. Instead, the candidate had applied for and was interviewed for the post of Programme Officer. The interview panel notes indicated that “The panel felt that he showed a strong understanding of programming but displayed excellent communications abilities. The chair proposed and the panel agreed to probe the candidate with the communications questions, especially as none of the candidates were recommended for the communications and resource mobilization position.” Although the job descriptions, qualifications and experience were not the same, the panel felt that the previously failed selection process gave them authority to recommend an appointment without a formal recruitment process for the post. The incumbent therefore has no qualification or experience for the post that he presently holds. Non-transparent recruitment increases the risk that the selected candidate may not be able to perform the role required by the post, which may result in the Office not achieving its objectives, and which may negatively affect staff morale. Further, the failure to ensure open and competitive recruitments could expose the Office and UN Women to reputational damage.

Weaknesses in the management and use of service contracts increases the risk of non-compliance with the Programme and Operations Manual and UNDP Service Contract Guidelines, as well as the risks of the contractor not meeting the Office expectations and the loss of scarce resources.

Priority	Medium (Important)
Recommendation 7: The Office should comply with the Programme and Operations Manual regarding the use of service contract agreements. This should include: <ul style="list-style-type: none"> (a) identifying a focal point who should be tasked with the responsibility for managing, monitoring and reporting on all service contract and special service agreements and ensuring compliance with applicable policies and procedures; (b) implementing a procedure to ensure that the Office is copied on all payroll correspondence for persons reporting directly to UN Women, to ensure that all actions and payments are appropriate and not to depend solely on UNDP for assistance in this regard. Further, ensuring that the representative and the human resources focal point obtain appropriate training on human resources related matters; (c) consulting with the Division of Management and Administration to determine the appropriate method for engaging service contractors, or at a minimum to determine the language to be used if UNDP is to issue service contracts on behalf of the Office; and (d) ensuring that personnel that sit on interview panels are adequately trained on the purpose and authority of the panel and the requirements for the fair and transparent recruitment of personnel. 	

Management comments and action plan: ☒ Agreed ☐ Disagreed

Management has taken the following actions to implement the recommendation:

- (a) Recruitment of the Administrative/Procurement Associate on a fixed-term contract is in its final stage and he/she will be assigned as the Human Resources Focal Point under the overall guidance and supervision of the Operations Manager and with support from the Human Resources Regional Focal Point at Headquarters.
- (b) As of January 2013, the Office is copied on all payroll correspondence relating to UN Women staff and the relevant checks are systematically done on a monthly basis to avoid errors. The specific case referred to in this report was referred to the UNDP legal department and the concerned individual has started reimbursing the indicated amount. The Office will ensure that the Focal Point receives appropriate training from both the Regional Office and Headquarters once he/she is on board.
- (c) The Office has ensured that the audit observations relating to the requirements for competitive recruitment processes were adhered to for all subsequent processes, such as, the recruitment of a Driver, National Programme Officers and Admin/Procurement Associate, as well as in the engagement of local and international consultants, and will continue to do so. The Office will continue to conduct orientation for panels on the human resources requirements.

3.2 Finance

Partially Satisfactory

The Office had one Finance Associate during 2012 and the Operations Manager joined the Office in February 2013. As such, the Office relied on the UNDP Country Office for the disbursement of payments. However, the certifications of services and delivery of goods were performed by the Office and all approvals for disbursements were approved by the Central African Regional Office or Headquarters based on the value of the transaction. During the audited period, the Office raised 411 payment vouchers in Atlas totalling \$1.8 million.

Issue 9 Weaknesses in financial management processes

The Internal Control Framework for UN Women requires offices to confirm receipt of goods and services prior to approval of the disbursement and to ensure that supporting documents are sufficient before authorizing final payment.

OAI selected a random sample of 40 vouchers amounting to \$884,000 or 49 percent of the expenditures during the audited period. OAI noted that:

- Purchase orders were not raised for payments based on the creation of a contractual obligation, but based on receipt of invoices and the request for payment. Not only does this practice not comply with POM, it increases risks related to the Office not having recorded all of its financial obligations and that payment may be made based on a request, even though the funds may not be due.
- Ten vouchers totalling \$316,000 were initially posted to the wrong account and required a journal voucher to post to the correct account. This may be reflective of the need for more training and guidance for finance personnel. Six vouchers totalling \$278,000 did not have sufficient documents supporting the receipt of the purchased good or service, the amount payable, or the need for payment. Moreover, in one instance where a contract was signed for annual payments, amounts were

immediately expensed and the advances were not recognized as assets in accordance with International Public Sector Accounting Standards.

In response to the draft report, management advised that the Office has prepared a Standard Operating Procedure for finance, which includes a checklist of documents required for every payment process, and that they are ensuring that all contractual obligations are accompanied by purchase orders. They added that they had also introduced e-requisitions and had since been performing checks to ensure correct use of account codes.

The lack of awareness of the impact of transactions in Atlas and the lack of adequate support documentation significantly increases the risk of incorrect or fraudulent payments being made. Further, it does not provide accurate financial information for reporting and in support of decision making.

Priority	Medium (Important)
Recommendation 8:	
The Office should comply with its Internal Control Framework by: (a) ensuring adequate documentation is obtained and maintained as evidence of the satisfactory receipt of goods, services or results achieved; and (b) providing staff with adequate training to on the financial rules, regulations, policies and procedures, Atlas and the requirements of compliance with International Public Sector Accounting Standards.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Management indicated that IPSAS training has been provided to two operations staff and weekly “clinics” have started to share good practices on a range of operations-related topics. The programme and operations focal points in the Office will attend the regional training on programme and operations, organized by the Programme Division and the Division of Management and Administration planned for October 2013.	
Additional comments provided by management have been included in the audit observation.	

3.3 Procurement

Partially Satisfactory

During the audit period, the Office raised a total of 138 purchase orders totalling \$1.6 million. OAI reviewed a sample of 18 purchase orders valued at \$1.5 million, which included salary advances, the procurement of a vehicle, lease of the Office’s premises, internet services, mobile phone charges, security for the Office’s premises, and supplementary cleaning services. For the procurement process to secure new premises for the Office, a Local Acquisition Management Review Committee was convened. However, there was no evidence that the Committee had received terms of reference or that members of the Office had been appointed to participate as members. Management at the Office mentioned that the procurement process had been supported by a staff member from the UN Women Office in Kampala, Uganda. While such support is reasonable, OAI discussed with the Office the need for the Office’s personnel to have clarity on the procurement advisory structure, and to have clear terms of reference if the Office is to be able to operate effectively. The Office did not have a procurement plan in place, due, in part, to the absence of programme officers and delays in developing new projects.

Issue 10 Weaknesses in the management of contracts signed with vendors

As stated in the POM, procurement processes continue long after the vendor is selected and an initial payment is made. Contract administration is the process by which UN Women ensures that contracting parties fully meet their respective obligations as efficiently and as effectively as possible. Proper contract management includes monitoring of all deliverables pledged by a vendor, and, where discrepancies arise, parties should make every attempt to resolve them.

The Office's lease agreement contained language to the effect that the cleaning services for common areas were included in the monthly fee of \$19,500. The Country Representative explained that there were deficiencies in the cleaning services provided, which, in her view, were limited in scope and did not adequately incorporate cleaning supplies which were being purchased by the Office using the petty cash. OAI, however, did not find evidence that the Office had reached out to the lessor to demand the performance of the services stipulated in the agreement. This was confirmed by the Country Representative, who also stated that there was no attempt to seek legal guidance on how to proceed in addressing the perceived breach of contract with the vendor. Rather than clarifying the performance required under the lease agreement, the Office had entered into a separate contract with another party to provide cleaning services (at a cost of \$48,000 per year).

The Office had retained the services of two consultants for preparatory work in support of resource mobilization, but the deliverables were 120 days late, and according to discussions with the Office's staff, the Office had to provide significant assistance to ensure the deliverables/products were up to par.

Contracts should clearly delineate the terms and conditions for both parties. Contracting twice for services of a similar nature without clarifying with the original vendor if the terms and conditions have been met is not an effective use of scarce resources and may create an unnecessary liability for the Office.

Priority	High (Critical)
Recommendation 9:	
OAI recommends that the Office take steps to improve contract management, and monitor the services procured for compliance with the terms of the agreement.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Management has organized a separate filing system for contracts and a monitoring system is now in place to ensure compliance with contract terms and to ensure that any issues are rapidly addressed by office management. In order to ensure improved management, the Office now maintains a database of all the contracts with respective milestones. The database is managed by the Operations Manager, who undertakes regular monitoring and follow-up activities.	

3.4 Information and communication technology

Unsatisfactory

Issue 11 Inadequate management of information and communication technology function

With regard to information technology, the POM declares that data and information is critical to enabling UN Women to fulfil its mission. To support this, the management of information assets is prescribed to ensure that

critical data remains confidential, integral, and available. The responsibility for ensuring that the critical information is safeguarded must be exercised at the Office level. It is essential that the Office establish adequate controls, management processes, and monitoring of such processes.

The Office had neither an information and communication technology function in place, nor did it have staff in charge of IT services with a level of expertise commensurate with the task at hand. One service contractor, who was assigned procurement functions, was tasked with tracking the IT inventory and trouble-shooting hardware issues for Office staff. The Office did not have a server, so critical data was being stored by individual users on their laptops with no back-up. At the time of the audit, OAI was informed that the Office was considering using external hard drives, as recommended by the UN Women Information Technology Chief, to serve as a temporary solution for data back-up. However, the hard drives had not been procured and no reason was given for the delay in procuring them. Further, no policy regarding the frequency of back-up, or the location for physical safeguarding and storage of the external hard drives had been developed or communicated. This situation was exacerbated by the absence of a disaster recovery plan.

Without proper management and the necessary resources for an information and communication technology function, including security and disaster recovery procedures, the Office is at risk of unauthorized access to its corporate information and to the loss of critical data, due to hardware being damaged, lost or stolen.

Priority	High (Critical)
Recommendation 10:	
The Office should strengthen its information management by:	
(a) immediately addressing the need for a secure back-up mechanism;	
(b) developing an information security plan that establishes the frequency and protocol for data back-ups;	
and	
(c) developing a formal disaster recovery policy that addresses the security, and storage of data and back-up devices.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Management has initiated the following action: (a) procured D-drives to facilitate secure back-up; (b) working with the HQ ICT team to use SharePoint; and (c) developing a standard operating procedure for disaster recovery in close liaison with Headquarters.	

3.5 General administration

Partially Satisfactory

Issue 12 Incomplete travel expense completion forms

The POM stipulates the need for all travellers who undertake trips paid for by the organization to settle the funds advanced to them by completing a UN Voucher for Reimbursement of Expenses form (F-10) after each trip. Within two weeks of completing the travel, travellers must account for the monies advanced to them by UN Women, by providing documentation of the actual travel and corresponding costs. Subsequent travel while having a pending F-10 submission should be discouraged, and in no case should UN Women pay any additional

travel advances to a traveller who has not filed an F-10 for two consecutive missions within 60 days. A properly filed F-10 requires boarding passes and receipts for any additional expenses that may have been incurred in relation to the trip.

OAI reviewed a sample of the documentation for 17 trips undertaken by personnel of the Office and found that in 8 cases, the F-10 had either been filed after the prescribed timeframe (two weeks) or was not filed at all. This, however, had not precluded the Office from making subsequent disbursements for travel, according to the Finance Associate and as evidenced by additional incomplete F-10 forms for the same travellers. Upon OAI's inquiry as to why, contrary to the POM, F-10's were being accepted from these individuals for additional travel by the Office, the Office indicated that there was a lack of understanding of the applicable policy. The F-10 is the document used to reconcile the funds advanced to the actual costs of the travel. Without a properly completed F-10, the Office cannot ensure that the amount of funds advanced are accurate, if there was an overpayment or if additional funds should be paid to the traveller.

Priority	Medium (Important)
Recommendation 11:	
The Office should adequately communicate the policies relating to travel and travel completion reporting. Further, the Office should ensure that all travellers file a completed F-10 after each trip and the Office should comply with the policy of not advancing additional funds for travel until the F-10 has been submitted for all prior trips.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Management indicated that the Office has developed a system to track any initiated travel and shared the travel policy with all staff to familiarize them with its requirements, to ensure compliance with UN Women rules and procedures. All eight cases identified in this report have been reconciled accordingly.	

3.6 Safety and security

Satisfactory

During the period under review, the Office reported two security incidents. One was a rebel attack on the city of Goma, not far from the Sub-office, while a staff member was there on mission. The staff member was evacuated, along with other UN personnel, and did not sustain any harm. The second incident involved the unauthorized use of an Office vehicle which was subsequently stolen and later recuperated by local police. Even though the Office is operating in a country with a heightened security level (Kinshasa and Bukavu's security level was 3, meaning that crime is high and threats are substantial), the Office was past-due in its requirement to submit its Security Assessment Report. The report is used for taking stock of global security needs by UN Women Headquarters and for allocation of the global security resources available. At the time of the audit, the Office had taken steps to submit the Security Assessment Report to Headquarters, and therefore, OAI is not raising an issue.

3.7 Operational support provided by UNDP

Unsatisfactory

Even though they are not housed in the same facilities, the UNDP Office in Kinshasa was providing operational support services to the Office. Also, as part of a common services agreement, UNDP managed a variety of

services, ranging from the provision of fuel, to the management of a health unit, for the UN Common System in Kinshasa.

Issue 13 Absence of a Service Level Agreement between the Office and UNDP

The Internal Control Framework permits offices to request the support services of UNDP for disbursements, procurement, recruitment and travel to maximize effectiveness and minimize costs. Accordingly, a standard MOU exists between UNDP and UN Women for support of the UN Women field offices. The corporate MOU permits offices to sign Service Level Agreements at the country level which detail the service levels and expectations under the general principle to which full cost reimbursement will apply.

The operational services for the Office and the Sub-office were being supported by the UNDP Office in Kinshasa. These services included: legal assistance; human resources processing; finance (paycycle); protocol services with the host government for visas and UNLP processing with Headquarters; and vehicle customs clearance. The Office did not have a Service Level Agreement in place with UNDP for the provision of any of these services. Nonetheless, there was a fee associated with the provision of these services, except for the legal advisory services which had been provided free of charge, although UNDP could not provide an explanation as to why this was the case. OAI met with the UNDP Office in Kinshasa which explained that the services had historically been provided under a corporate MOU; however, that MOU is not country-specific and permits country specific Service Level Agreements. UNDP did not provide an explanation as to why it had not signed a Service Level Agreement with the Office and the Office was not aware of this requirement.

Without a Service Level Agreement, neither party would be in a position to determine if the services were provided as pledged, on schedule, and for the specified fee. Also, without such an agreement, expectations may be created that UNDP is not capable of meeting, and the Office risks paying for a service without knowing when or how much of a given service (e.g., complete process, partial process) will be provided.

Comment

In response to the draft report, management indicated that the local Service Level Agreement was signed in June 2013. Hence, the recommendation has been removed. The said agreement will be reviewed by OAI as part of its standard follow-up process.

3.8 Asset management

Unsatisfactory

Issue 14 Weaknesses in the management of fixed assets

The POM underscores the mandatory control over assets and prescribes the segregation of specific duties related to the recording, custody, and physical verification of assets. It further prescribes that on a bi-annual basis, an exercise be conducted to verify and certify the list of all assets. UN Women offices may be required to verify assets recorded under one business unit located elsewhere, including in another country (e.g., an asset recorded by the Office in Kigali, Rwanda, may be located in Kinshasa). The certification is done by the business unit under which the asset is recorded.

The Office had a total of 18 assets valued at \$86,000 certified as being in-service by the Central African Regional Office in Kigali, Rwanda, which was the business unit responsible for certifying them to UN Women

Headquarters. OAI noted that, of these assets, two (a vehicle and a motorcycle) valued at \$22,000 were listed as being in-service, even though they were not being used. Also, an assortment of 17 information technology assets were flagged for disposal, but OAI was only able to locate 9 of them. The Office had only recently (February 2013) requested approval for their disposal; no information was available on how long it had been since these assets had actually been in-service. Contrary to the inventory plan most of those assets flagged for disposal were dispersed throughout the office and stored where space was available, even though the Office had ample space to allow them to be secured in one location until disposal. The Office had procured two vehicles in 2012; one of the vehicles was delivered to the Office in Kinshasa while the other, which was to be delivered to the Sub-office, was still delayed in Customs as of the audit mission. One of the assets, valued at \$19,000, was stolen but later recuperated (refer to safety and security). The Office also had 164 assets (primarily office furniture and small printers) which were not recorded in Atlas as the value when placed in-service did not meet the capitalization threshold requiring entry in Atlas. However, the Office remains responsible for tracking these assets, even though the total value of these assets was not made available. The Office had no project assets. The asset focal point was aware of the requirement to conduct an inventory and inspection for asset certification, and the need to flag assets that were ready for disposal, and follow through with the process. The focal point was not able, however, to offer an explanation as to why some assets could not be physically located in the Office to permit verification.

An inadequate asset management function can lead to the recording of erroneous asset and financial information. In addition, when assets are not adequately marked and monitored, fraud, waste and abuse may go undetected.

Priority	High (Critical)
Recommendation 12:	
The Office should strengthen its asset management by: (a) conducting an inventory of all assets, both in-service and those flagged for disposal, and following up with the appropriate procedures and reporting for any assets not physically located; and (b) securing assets awaiting disposal and following through with proper disposal in a documented and timely manner.	
Management comments and action plan: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed	
Management has addressed most of the issues raised. Physical inventory and tagging have been undertaken and assets flagged for disposal have been submitted to Headquarters for approval. The Office will continue to systematically strengthen its asset management.	

3.9 Leave management

Partially Satisfactory

Issue 15 Inaccurate annual leave balances

Under the International Public Sector Accounting Standards, staff holding fixed-term or temporary appointments can receive a cash payment of their unused annual leave upon the expiration of their contracts. As a result, annual leave must be closely monitored to determine the corporate liability relating to accrued leave. Service contract holders accumulated leave at a rate of 2.5 days per month.

OAI tested a sample of leave records in the Office and the Sub-office. OAI noted that the leave records were not consistently maintained or filed in the Office. However, for the Sub-office, the leave records were available and up-to-date for all personnel. The records that were available in the Office did not consistently include the supervisor's approval or clearance and no records were available for the following positions:

- National Programme Officer (June 2012 and September - November 2012)
- Communications Officer (January - December 2012)
- Two Drivers (January - November 2012 and December 2012 respectively)
- Policy Advisor (December 2011 - June 2012)
- Admin/Finance Assistant (January - June 2012 and December 2012)

In response to the draft report, management advised that, as of January 2013, the Office has been using Atlas e-services for the management of absences and that it also maintains manual records for staff and service contract holders and is now performing monthly reconciliations.

The absence of accurate leave records could permit individuals to take extended periods of leave in excess of their entitlement and result in the payment of monies not actually due to the individual, inflating the cost of doing business for UN Women.

Priority	Medium (Important)
Recommendation 13: The Office should develop, document and implement procedures for the management of leave. The procedures should include the requirement for: (a) designating leave monitors at each operational location who have relevant access to Atlas to permit monitoring of staff leave, and further developing clear terms of reference regarding the duties to be performed; and (b) verifying and reconciling the leave recorded for each staff member and service contract holder performing continuous functions on a regular basis.	
Management Comments: <input checked="" type="checkbox"/> Agreed <input type="checkbox"/> Disagreed Management further stated that the Office now complies with UN Women leave management policies and has proceeded to complete necessary adjustments for all staff members..	

ANNEX Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

UNDP provides internal audit services to UN Women on the basis of a Service Level Agreement. Thus, the following definitions are also applicable to UN Women audits.

In providing the auditors' assessment, the Internal Audit Services of UNDP, UNFPA, UNICEF and WFP use the following harmonized audit rating definitions. UNDP/OAI assesses the Country Office or audited HQ unit as a whole as well as the specific audit areas within the Country Office/HQ unit.

- **Satisfactory** Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity. *(While all UN Women offices strive at continuously enhancing their controls, governance and risk management, it is expected that this top rating will only be achieved by a limited number of business units.)*
- **Partially Satisfactory** Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity. *(A partially satisfactory rating describes an overall acceptable situation with a need for improvement in specific areas. It is expected that the majority of business units will fall into this rating category.)*
- **Unsatisfactory** Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised. *(Given the environment UN Women operates in, it is unavoidable that a small number of business units with serious challenges will fall into this category.)*

B. PRIORITIES OF AUDIT RECOMMENDATIONS

The audit recommendations are categorized according to priority, as a further guide to UNDP management in addressing the issues. The following categories are used:

- **High (Critical)** Prompt action is required to ensure that UN Women is not exposed to high risks. Failure to take action could result in major negative consequences for UN Women and may affect the organization at the global level.
- **Medium (Important)** Action is required to ensure that UN Women is not exposed to significant risks. Failure to take action could result in negative consequences for UN Women.
- **Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this report.