

## Report on the Audit of UN Women Country Office in Jordan Executive Summary

The UN Women Internal Audit Service (IAS) of the Independent Evaluation and Audit Services (IEAS) conducted an audit of the UN Women Country Office in Jordan (the Country Office) from March to April 2018 with a field visit to the Country Office during 9 to 19 April 2018. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes relating to the following areas and sub-areas:

- (a) governance and strategic management (organizational structure and delegations of authority, leadership/ethics and values, risk management, planning, business continuity, monitoring and reporting);
- (b) programme activities (programme and project management, partnerships and resource mobilization); and
- (c) operations (human resources, finance, procurement, information and communication technology, general administration, safety and security, and UNDP support to the Country Office).

The audit covered the activities of the Country Office from 1 January to 31 December 2017. Where changes in key processes were noted between 2017 and 2018, especially to align with the new Strategic Note 2018-2022, audit testing was extended to 31 March 2018. The Country Office recorded programme and management expenses of approximately \$ 4.7 million. The last audit of the Country Office was conducted by United Nations Board of Auditors in 2016. The financial audit of two directly implemented projects (numbers 93655 and 96450) was undertaken in 2017. The audit of DIM project number 96450 had a qualified audit opinion, due to wrong classification of expenses arising from an Atlas limitation at that time. The Atlas issue was addressed at a corporate level and the project was satisfactorily closed in 2017.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

### Overall audit rating

IEAS assessed the Country Office as **Satisfactory**, which means the assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.

### Good practice

The Country Office used the United Nations Volunteers (UNV) Online Platform to source for expertise to design a database to address the time-consuming process of tracking and aggregating data on services provided to beneficiaries residing in the refugee camps, which then had to be compiled and analyzed by the staff in the Country Office. Free resources and expertise from the UNV Online Platform resulted in a cost saving to the Country Office; where the final database provided more detailed analytics to staff both in the Amman office and the refugee camps for monitoring and reporting purposes.

### Audit Results

The audit did not result in any high (critical) priority recommendation. There are three medium (important) priority recommendations, which means "Action is required to ensure that UN Women is not exposed to risks. Failure to take action could result in negative consequences for UN Women." These recommendations include actions to

address: lack of guidelines on Non-Governmental Organizations (NGO)s competing with private firms to carry-out activities and outputs, recruitment challenges and updating the agreement with the UNDP Country Office.

The three recommendations aim to ensure the achievement of the organization's strategic objectives (Recommendation Nos. 1, 2 and 3).

#### **Management comments and action plan**

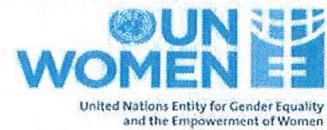
The Representative and the Chief, Programme Support Management Unit accepted all of the recommendations and plan to or are in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with Country Office management and actions have been initiated to address them.



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**AUDIT**

**OF**

**UN WOMEN COUNTRY OFFICE**

**IN**

**JORDAN**

**Report No. IEAS/IAS/CO/2018/001**

**Issue Date: 23 July 2018**

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## **I. About the Country Office**

The Country Office, located in Amman, Jordan became a full-fledged office in 2012. The Country Office's programmatic context is largely driven by continued regional instability: conflicts at Jordan's borders have resulted in influx of refugees into host communities and increasing concerns of extremism, which have impacted Jordan's economy, social cohesion, fiscal stability and public services. The Government and international community have agreed that it is a priority to meet its own stability and development needs, while continuing to respond to the humanitarian crisis in the region, to benefit both Syrian refugees and Jordanians. These priorities are reflected in the Country Office's new five-year Strategic Note 2018-2022, with a transition from a historically humanitarian based programme, to a resilience and empowerment based programme.

The transition to the new Strategic Note's resilience and empowerment based programme necessitated the Country Office re-structuring in 2017. Several new posts were created, and existing posts re-classified to higher grades, to strengthen technical, functional and operational capacity to deliver the impact and outcomes of the Strategic Note 2018-2022. Interim measures to address staffing gaps and meet delivery targets, included staff from other Country Offices on detailed assignments, consultants, and existing staff members taking on extra tasks and roles. The UN Women Regional Office for Arab States located in Cairo, provided support in terms of technical expertise from missions by regional advisors, resource mobilization for regional projects, and project management support.

## **II. Good practice**

The Country Office used the United Nations Volunteers (UNV) Online Platform to source for expertise to design a database to address the time-consuming process of tracking and aggregating data on services provided to beneficiaries residing in the refugee camps, which then had to be compiled and analyzed by the staff in the Country Office. Free resources and expertise from the UNV Online Platform resulted in a cost saving to the Country Office; where the final database provided more detailed analytics to staff both in the Amman office and the refugee camps for monitoring and reporting purposes.

## **III. Audit results**

Satisfactory performance was noted in the following areas:

- (a) Governance: The management established and implemented various controls including organization structure, delegation of authorities and risk management.
- (b) Gender mainstreaming in development coordination: The Country Office had satisfactory processes to fulfill its normative, operational and coordination role in mainstreaming gender perspectives at both national and United Nations Country Team level. No reportable issues were noted.
- (c) Partnerships and resource mobilization: The Country Office's advocacy, communication, support to key stakeholders, and resource mobilization initiatives were aligned with the new Strategic Note 2018-2022. No reportable issues were noted.

- (d) Financial Management: Payment processing and cash advances were in compliance with the financial rules and policies. The Cash for Work activities were processed by the Country Office up to October 2017, after which the process was outsourced to UNOPS effective November 2017. The process and controls by the Country Office, as well as its monitoring of activities entrusted to UNOPS, were adequate.
- (e) Procurement management: No reportable issues were noted.
- (f) General administration: The audit team reviewed fixed assets, motor vehicle management and travel-related activities. No reportable issues were noted.

IEAS made three recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Country Office and are not included in this report.

**Medium priority recommendations**, arranged according to significance:

- (a) Improve Responsible Party procurement guidelines for NGOs competing alongside private firms under a Request for Proposal (Recommendation 1).
- (b) Prioritize efforts to enhance the Country Office capacity to complete recruitments for vacant posts within a time bound plan (Recommendation 2).
- (c) Update the Service Level Agreement between the Country Office and UNDP Country Office in Jordan, in line with the Headquarter level UN Women and UNDP agreement (Recommendation 3).

The detailed assessment is presented below, per audit area.

## **A. Programme Activities**

### **1. Programme and Project Management**

#### **Issue # 1      Corporate Issue: Lack of clear guidelines on NGOs competing with private firms to carry-out activities and outputs**

Responsible Parties can include Non-Governmental Organization (NGO)s and private firms: (i) NGO Responsible Parties are identified and selected using the Call for Proposals (CFP) mechanism, where the CFP seeks to assess mandatory criteria on the NGOs mandate, as well as technical, management, financial and administrative capacity to deliver results. Selected NGOs sign Project Cooperation Agreements (PCA) and receive advances according to financial and operational arrangements set-out in the PCA; and (ii) private firms are evaluated and selected through a competitive Request for Proposals (RFP) procurement process. Selected private firms sign standard procurement contracts, however, they do not receive advances but are paid based on results achieved, as stipulated in the contract. The February 2018 draft Programme and Operations Manual (POM) states that NGOs may compete with private firms, to carry-out planned activities and outputs.



From our sample review of selection of Responsible Parties for project implementation, two RFP cases were noted where International Non-Governmental Organization (INGO) submissions were disqualified from the competitive process at the technical evaluation stage. The INGOs' Value Statements submitted as part of the technical proposal indicated that the INGOs could likely have the capacity and experience to deliver the services and results required under the RFP and could have been evaluated alongside the private firms.

The INGOs were disqualified due to their status as NGOs, as they did not have the required business registrations and licenses required for private firms as stipulated in the standard RFP documents. Furthermore, the standard PCA and financial advance given to NGOs would not be applicable under the RFP process.

Given that both NGOs and private firms may be able to provide the required services in a RFP, UN Women may be eliminating potential partners based on legal and administrative criteria, rather than technical and management capacity to implement activities and outputs.

UN Women Procurement Support Management Unit has clarified that due to the legal aspect, NGOs cannot be selected under an RFP process. Further UN Women Programme Division and Country Offices need to assess the level of services required within the legal context and select either the programmatic CFP modality or procurement RFP modality for Responsible Party selection. They added that they will revise the POM related to Programme at the end of the June 2018 to provide clearer guidance to the country offices.

<b>Priority</b>	Medium (Important)
<b>Recommendation 1:</b>	
<i>Program Division should clarify existing POM guidance for cases where NGOs and private firms are able to deliver the same activities and outputs as Responsible Parties.</i>	
<b>Management action plan:</b>	
<i>Program Division is in the process of aligning the POM to the Legislative Framework which will provide guidance to address the difference between NGOs and private firms.</i>	
<b>Estimated completion date:</b> December 2018	

## **B. Operations**

### **1. Human Resources Management**

As of March 2018, the Country Office consisted of 18 personnel (6 fixed term and 12 Service Contract holders). Fifteen Special Service Agreement (SSAs) were hired during the audit period. The audit noted there was a high turnover of personnel during the audit period with as many as 10 personnel leaving; where the staff capacity and especially the core posts of Operations Manager, Procurement Associate, Human Resource Associate and ICT were managed or augmented by staff on Detailed Assignments (DAs), existing staff taking on additional roles and responsibilities, and support by SSAs.

#### **Issue # 2 Challenges in Recruitment**

The Programme and Operations Manual states that accountability lies with Hiring Managers for their selection proposals and the manner in which the recruitment and selection processes have been conducted. When they sign off the submission for the Compliance Review Board (CRB), they certify that the selection process was conducted properly.

The audit reviewed the recruitment process for national staff and Service Contract holders (recruitment of international staff or staff on Detailed Assignments managed at the HQs level, are excluded from the scope of the audit). The following challenges in capacity within the Country Office were noted:

#### Challenge in recruiting Human Resource Associate

Prior to 2017, there was no dedicated post for Human Resources. The Country Office established a G6 Fixed Term Appointment post in 2017. The Country Office initiated the recruitment for the Human Resource Associate in July 2017, but the process is yet to be finalized at the time of the audit: the first round of selection did not result in a successful candidate and the second round of recruitment initiated in Dec 2017 is at the interview stage with the interviews scheduled for May 2018. As a result, there was limited capacity at the Country Office to process recruitments during the audit period. The Human Resource functions were entrusted to different personnel over the audit period.

#### Delays in recruitment

The Country Office initiated action during 2017 to recruit seven staff on Fixed Term Appointments for the vacant positions and completed recruitment of only one case during the audit period. The audit noted that the delays in recruitment were due to the following reasons:

- Internal reasons: Delays in processing three recruitments, where the time lag between deadline for receipt of applications and the written test varied between one to four months. There were also some delays in holding the interviews;
- External reasons: Delay due to failure by shortlisted candidate to qualify for the written test, and delays in other cases where the recruitment process was completed, but the selected candidate declined the offer. As a result, the Country Office had to restart the recruitment process thereby delaying the recruitment.



The Country Office explained that the delays in recruitment need to be viewed in the context of the Country Office transition and re-structuring process during 2017. Furthermore, an Operations Manager will be joining the Country Office on detailed assignment from 1 May 2018, to support the process.

Priority	Medium (Important)
<b>Recommendation 2:</b>	
<i>The Representative should continue to prioritize efforts to enhance the Country Office capacity through recruitment of personnel for all vacant posts, by having a detailed workplan and timeline for these recruitment processes. This could include support from headquarters or regional office as necessary to assist with written test evaluations and interview panels, where such capacity is limited within the Country Office.</i>	
<b>Management action plan:</b>	
<i>The Country Office in Jordan takes note of the recommendation and informed that the selection process of the HR Associate has been finalized and a candidate has been identified. Furthermore, an Operations Manager on detail assignment is onboard since May 2018 to ensure that recruitments for all vacant positions are conducted timely. Significant progress has been made since then and out of the seven FTA vacant positions, the selection process for six positions has been completed.</i>	
<b>Estimated completion date: July 2018</b>	

## **2. UNDP operational support to the Office**

### **Issue # 3 Outdated agreement between the Country Office and the UNDP Country office**

At the headquarters level, a Memorandum of Understanding (MOU) has been signed between UN Women and UNDP in October 2014.

The current MOU for the provision of support services by the UNDP Country Office in Jordan to the Country Office is outdated, as it was signed in December 2011 and refers to the Headquarters' agreement between UNDP and the former UNIFEM dated 18 September 2003.

As a result, the existing MOU signed between the Country Office and UNDP Country Office in Jordan does not reflect the current operating environment.

<b>Priority</b>	Medium (Important)
<b>Recommendation 3:</b>	
<i>The Representative should update the Agreement with the UNDP Country Office in Jordan in view of the updated corporate Memorandum of Understanding between UNDP and UN Women.</i>	
<b>Management action plan:</b>	
<i>The Office acknowledges the recommendation and will initiate the process of revising the existing SLA with UNDP in line with the revised SLA version shared by HQ on 5 June 2018.</i>	
<b>Estimated completion date:</b> July 2018	

## Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

- **Satisfactory** The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Some Improvement Needed** The assessed governance arrangements, risk management practices and controls were generally established and functioning but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

### B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **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.
- **Medium (Important)** Action is required to ensure that UN Women is not exposed to 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 Country 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.



