

**AUDIT**

**OF**

**UN WOMEN COUNTRY OFFICE**

**IN**

**ALBANIA**

**Report No. IEAS/IAS/CO/2018/007**

**Issue Date: 14 February 2019**

## Table of Contents

Executive Summary	i
<b>Acronyms and abbreviations</b>	<b>iii</b>
<b>I. Background</b>	<b>1</b>
(a) About the Country	1
(b) About the Country Office	1
<b>II. Good practice</b>	<b>1</b>
<b>III. Audit results</b>	<b>2</b>
A. Governance and strategic management	4
1. Country Office structure, authority and capacity to deliver its country priorities	4
2. Risk management and effectiveness of the controls to mitigate risks	5
B. Programme management	7
1. Strategic Note implementation through Annual Work Plans	7
C. Operations	9
1. Implementing partners and capacity building	9
2. Human Resources management	10
3. Procurement management	10
4. General services	12
<b>Definitions of audit terms – ratings and priorities</b>	<b>13</b>

## Report on the Audit of UN Women Country Office in Albania

### 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 Albania (the Country Office) from November to December 2018, with a field visit to the Country Office from 21 November to 3 December 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, gender mainstreaming in development, partnerships and resource mobilization).
- (c) Operations (human resources, finance, procurement, information and communications technology, general administration, and safety and security).

The audit covered Country Office activities from 1 March 2016 to 31 October 2018. According to Atlas, during this period the Country Office recorded approximately US\$ 4.1 million in total expenditure. This was the second comprehensive internal audit of the Country Office since its establishment. The Office of Audit and Investigation, UNDP conducted the first review in 2015<sup>1</sup>, with an overall rating of ‘satisfactory’.

IAS followed the *International Standards for the Professional Practice of Internal Auditing* in conducting this audit.

### Overall audit rating

IAS assessed the Country Office as **satisfactory**, meaning “*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.*”

IAS identified areas for improvements needed in:

- Governance, risk management and internal controls: The Country Office would benefit from more proactive risk management and a review of the effectiveness of its mitigating actions. It also requires an HR strategy to sustain the Country Office’s structure in order to deliver its Strategic Note for 2017–2021.
- Strategic Country Office programme planning and implementation: The Country Office should map the changes in its Annual Work Plans and related performance indicators to its original country priorities, and enhance its data collection and validation processes.
- Operations: The Country Office should enhance compliance with controls in procurement, recruitment and travel management. Controls should be periodically updated when new risks are identified.

### Good practice

The Country Office’s approach of combining seed funding, opportunities in the external environment and project design was considered a good practice. The Country Office was able to advance results from its normative work (funded by seed money) and subsequent governmental initiatives in further advocacy and resource mobilization efforts with a new donor and in a partnership between UN Women, another UN agency, and a government ministry. This led to a new project addressing country priorities to empower rural women.

---

<sup>1</sup> Audit Report No. 1610, 3 June 2016: UN Women Albania

**Key recommendations: Total = 8, 1 high priority, 7 medium priority**

IAS made one high (critical) priority recommendation, 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.*” This recommendation is presented below:

Fraud risk assessment (Issue 2)      The Country Office had not carried out a fraud risk assessment to review and consolidate efforts in enhancing its control environment.

Recommendation: The Representative to lead a fraud risk assessment to define key specific risks and assess whether current actions are adequate to address these risks (Recommendation 3).

In addition, seven medium (important) priority recommendations were raised, meaning “*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 enhance the Country Office’s project and programme planning cycle, data collection and validation, risk management; and to periodically monitor compliance with procurement, travel and HR procedures.

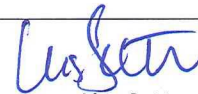
IAS categorized the audit recommendations according to the internal control objectives stated in the UN Women Internal Control Framework:

Internal Control Objectives	Recommendation No.	Priority Rating
Operational (strategic and operating objectives, effectiveness and efficiency, safeguarding of resources)	1, 2, 3, 4, 5	3 – High Rest - Medium
Financial (safety and maintenance of records and preparation of reliable financial and operational information)	8	Medium
Compliance (regulations and rules, policies and procedures)	5, 6, 7, 8	All - Medium

**Management comments and action plan**

The Representative accepted all recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Medium priority recommendations that the Country Office implemented and could be tested during the audit as adequately achieved and sustainable are not reported. Low priority issues are also not included in this report, but have been discussed directly with management and actions have been initiated to address them.



Lisa Sutton  
Director

Independent Evaluation and Audit Services

## Acronyms and abbreviations

AWP	Annual Work Plan
COAT	Country Office Assessment Tool
CPI	Corruption Perception Index
DMA	Division of Management and Administration
DRF	Development Result Framework
ERM	Enterprise Risk Management
GDI	Gender Development Index
HDI	Human Development Index
IAS	Internal Audit Service
IB	Institutional Budget
IEAS	Independent Evaluation and Audit Services
IP	Implementing Partner
IST	Information Systems and Telecommunications section
M&E	Monitoring & Evaluation
MTR	Mid-term Review
OEEF	Organizational Effectiveness and Efficiency Framework
PoCSD	United Nations Programme of Cooperation for Sustainable Development
PPG	Policy, Procedure and Guidance framework
RMS	Results Management System
RP	Responsible Party
SDG	Sustainable Development Goal
SIDA	Swedish International Development Cooperation Agency
SN	Strategic Note
SPU	Strategic Planning Unit
SSA	Special Service Agreement
TOR	Terms of Reference
UNCT	United Nations Country Team
UNCT-SWAP	UNCT System-wide Action Plan on Gender Equality and the Empowerment of Women
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNDSS	United Nations Department of Safety and Security

## I. Background

### (a) About the Country

Albania is one of eight One UN countries which piloted Delivering as One. Since 2008, in partnership with national counterparts, the United Nations Country Team (UNCT) in Albania has implemented two UN-Government of Albania Programmes of Cooperation under the Delivering as One approach. In June 2014, Albania received EU candidacy status. In September 2015, Albania adopted the Sustainable Development Goals (SDGs) alongside all other United Nations Member States. In early 2016, the government issued its National Strategy for Development and (European) Integration (NSDI II) 2015–2020. These key events and ambitions underpin the United Nations Programme of Cooperation for Sustainable Development (PoCSD) with the Government of Albania for sustainable development. Albania's objective of European integration is the main driver in a broad programme of reform and is a shared political priority. The PoCSD 2017–2021 combines the expertise of seventeen UN agencies with increased synergies, efficiency and effectiveness to enhance their contributions to Albania's development, achievement of the SDGs and EU integration agenda<sup>2</sup>.

According to the United Nations Development Programme (UNDP) Human Development Index (HDI) for 2017, Albania was ranked 68 of 189 countries; the value of the Gender Development Index (GDI) for Albania was 0.970, which was above the regional GDI of 0.957; and the country was ranked 52 of 160 countries in the Gender Inequality Index (GII). The Corruption Perception Index (CPI) for 2017 ranked 180 countries and territories based on perceived levels of public sector corruption, with Albania placed at number 91.

### (b) About the Country Office

UN Women has had a Country Office in Tirana, Albania since 2012, when it transitioned from UNIFEM. The Country Office is implementing its Strategic Note (SN) 2017–2021, which is fully aligned with UN PoCSD. The Country Office's Annual Work Plan (AWP) for 2018 focused on three priorities: i) assisting national policies and programmes in order to ensure a cross-sector gender mainstreaming approach; ii) support to women's leadership and political participation; and iii) ending violence against women.

The SN had an overall resource target of US\$ 11.6 million, of which the Organizational Effectiveness and Efficiency Framework (OEEF) amounted to US\$ 3.1 and the Development Result Framework (DRF) US\$ 8.5 million. The planned budget for 2017–18 was US\$ 4.5 million, while that available amounted to US\$ 3.3 million<sup>3</sup> with an estimated delivery of US\$ 2.9 million<sup>4</sup> at the end of November 2018. For 2019, the AWP had an available budget (Country Office Assessment Tool) amounting to US\$ 3 million, which included pipeline projects funded by the Swedish International Development Cooperation Agency (SIDA) and Italian Cooperation. The total Institutional Budget (IB) for 2018 amounted to US\$ 396,000, mainly funding three positions: Representative, Operations Manager and Finance Associate. In addition, 31 personnel were funded by core and non-core funds consisting one FTA (National Programme Officer), seven Service Contracts, one UN Volunteer and 22 Special Service Agreements (SSAs).

## II. Good practice

The Country Office's approach of combining seed funding, opportunities in the external environment and project design was considered a good practice. The Country Office was able to advance results from its normative work (funded by seed money) and subsequent governmental initiatives in further advocacy and resource mobilization

---

<sup>2</sup> United Nations Albania website

<sup>3</sup> Source RMS

<sup>4</sup> Source COAT: 2017 programme delivery

efforts with a new donor and in a partnership between UN Women, another UN agency, and a government ministry. This led to a new project addressing acute country priorities to empower rural women. The Country Office should continue with this innovative approach of using seed money while exploring different national initiatives and creating new partnerships.

### III. Audit results

Based on a sample of transactions and documents reviewed, and feedback from stakeholders interviewed, satisfactory performance was noted in the following areas:

- (a) Strategic programme planning and implementation/Advocacy and communication: External stakeholders interviewed by IAS confirmed that the Country Office proactively advocated and communicated the UN Women mandate and its country priorities. The Country Office's technical capacity related to advising on the gender equality policy and practice was noted as a key comparative advantage.
- (b) Strategic programme planning and implementation/Coordination mandate: The Country Office carried out its coordination mandate by chairing the Gender Thematic Results Group and through its involvement in development and implementation of the gender-responsive United Nations Development Assistance Framework (UNDAF). The UNCT-SWAP Scorecard had not yet been assessed for the current UNDAF, but was included in the UNCT workplan for 2019.
- (c) Strategic programme planning and implementation/Project portfolio management: Overall, the Country Office actively managed its ongoing project and pipeline portfolio. Roles and responsibilities were clear which ensured effective programme management and monitoring. Deadlines for donor reporting were, in general, respected. The operational closure of projects was conducted in a timely manner. However, there were some delays in financial closure. External stakeholders interviewed by IAS generally confirmed their satisfaction with implementation, reporting, communication and the results achieved.
- (d) Operations/Controls over finance and budget: Overall controls over budgeting, accounting and financial management were found to be satisfactory.
- (e) Operations/ICT: The Country Office had developed and tested its Disaster Recovery Plan in October 2018 and was awaiting ICT headquarters validation. The Country Office had chosen a cloud-based document storage approach, rather than Share Point, which is the ICT recommended corporate repository tool. This was addressed during the audit.
- (f) Operations/Security: The Country Office had a Business Continuity Plan in place, which had been tested. It periodically performed a security assessment and the United Nations Department of Safety and Security (UNDSS) surveyed the premises on an annual basis. Most of the recommendations from UNDSS had been implemented.
- (g) Operations/Asset management: The Country Office complied with UN Women's corporate policy on assets. IAS tested a sample of assets from the register and physical assets to the register which did not reveal any discrepancies, except for one low-value attractive item not found in the Office.
- (h) Operations/ UNDP support to the Country Office: Country Office management had a good relationship with UNDP and was satisfied with its support to meet the Office's needs.

IAS provided one recommendation ranked high (critical) and seven recommendations ranked medium (important) priority. Medium priority recommendations that the Country Office implemented and could be tested during the audit as adequately achieved and sustainable are not reported. Low priority issues/recommendations were discussed directly and agreed with the Country Office and are also not included in this report.

**High priority recommendation:**

- (a) The Representative to lead a fraud risk assessment to define key specific risks and assess whether current actions are adequate to address these risks (Recommendation 3).

The following **medium priority recommendations** are that the Representative ensures the Country Office:

- (a) Carry out a staffing and capacity gap analysis of the current and anticipated structure needed to implement the planned SN, mapping the capacity required to deliver the SN to the available funding; prepare a long-term HR strategy; and incorporate the required capacity, staffing and resources into forthcoming projects and programmes (Recommendation 1).
- (b) Regularly update the risk register and include emerging risks and mitigating actions so that the register is available for headquarters ERM monitoring; and conduct periodic compliance reviews to verify that controls are effective in mitigating risks (Recommendation 2).
- (c) Assess the indicators, milestones, targets and baselines to ensure that the long-term effectiveness and impact of the SN can be measured; map these to the original SN elements from 2017 to ensure alignment between the original SN and its major changes in subsequent AWP; and carry out a Mid-Term Review of the SN, using it as an opportunity to update the Country Office's vision (Recommendation 4).
- (d) Adopt a more holistic approach to strengthening the capacity of Implementing Partners (IPs)/Responsible Parties (RPs) by: incorporating the IP/RP capacity gaps identified into the monitoring plan, and subsequently addressing, monitoring and reporting on them during implementation; developing specific and measurable quarterly/biannual workplans and related budgets to facilitate monitoring and results management; and regularly checking on a sample basis with recipients of cash payments to detect any potential fraud (Recommendation 5).
- (e) In the area of recruitment: develop terms of reference (TORs), job postings and evaluate applicants with an awareness of the importance of clear and specific criteria, which are part of the published job postings. Evaluation criteria should not be changed without re-advertising the amended job posting. Compliance with these important controls should be monitored (Recommendation 6).
- (f) In the area of procurement: develop evaluation criteria to be driven from the requirements listed in the TORs, Technical Specifications or Statement of Works; train the evaluation panel members on use of cumulative analysis and evaluation criteria; evaluation panels to hold discussions to define scoring scales and to reconcile and document potential wide disparities in scoring in order to reach consensus, or explain the lack thereof; and monitor compliance with these important controls (Recommendation 7).
- (g) Accurately enters in Atlas leave requests related to official business travel and other types of leave combined with official travel, and any deviations from the official business travel itinerary; maintain supporting documents for verification when required; ensure that mission reports include adequate detail to demonstrate that the travel outcomes were achieved as planned and contributed to UN Women's mandate; and regularly monitor compliance with these controls (Recommendation 8).

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

The detailed assessment is presented below, per audit area.

## A. Governance and strategic management

### 1. Country Office structure, authority and capacity to deliver its country priorities

#### Issue # 1 Staffing gap analysis needed to sustain the Country Office's capacity to deliver its SN

While the Country Office had established a structure to deliver the priorities listed in its SN, in the long term this structure may not be sustainable, as its capacity and technical expertise gained over time may be lost. Uncertainty about sustainable, longer-term funding represents the key root cause. In particular:

- Most of the Country Office's core staffing structure was funded by IB, however one key managerial position (Programme Manager) was funded by core resources which presents a greater risk due to less stable funding.
- In terms of resources, the Country Office would benefit from a dedicated Monitoring & Evaluation (M&E) function, separated from project management. The Country Office had made attempts to establish a M&E position, however lack of funding prevented this from being realized. If properly established, a M&E function would contribute to the monitoring, collection, validation and reporting of project progress. It would also enhance the data quality of reports (see Issue 3) and accountability for results, an area for improvement raised by one external stakeholder.
- Delivering as One brings additional burdens for a small UN Women Country Office, as several thematic working groups need constant attention from the Country Office management team.

Priority	Medium (Important)
<b>Recommendation 1:</b> <p>With due regard to ongoing discussions linked to UN Women reform, which may have an impact on the form and functioning of UN Women field presences, the Representative to ensure the Country Office:</p> <p>(a) Carry out a staffing and capacity gap analysis of the current and anticipated structure needed to implement the planned SN, mapping the capacity required to deliver the SN to the available funding;</p> <p>(b) Prepare a long-term HR strategy; and</p> <p>(c) Incorporate the required capacity, staffing and resources into forthcoming projects and programmes.</p>	
<b>Management action plan:</b> <p>Recommendation accepted. The CO will wait the outcome of the current regional functional analysis. Based on its findings, the CO will consult the IAS to see to which extent to formulate the staffing and capacity gap analysis as well as prepare the HR strategy.</p> <p><b>Estimated completion date:</b> 31 May 2019</p>	

## 2. Risk management and effectiveness of the controls to mitigate risks

**Issue # 2**      Risk register was not regularly updated to reflect emerging risks and mitigating actions, or to escalate risks to higher-level management

UN Women's Enterprise Risk Management (ERM) policy requires that office management has an effective process to identify and mitigate risks in a timely manner, and that significant risks are escalated when they are outside of office management control.

The following areas were identified for improvement:

- (a) Regular update of the risk register: The Country Office's risk register, updated in July 2018, reflected key risks mainly related to resource mobilization, changes in the external environment and the capacity of its partners. It did not fully reflect risks related to operations and governance, as evidenced by some of the issues noted in the course of the audit. This was partly because the update of the risk register was considered a compliance exercise to be completed twice a year and that the culture of risk management had yet to be fully realized.
- (b) Monitoring the effectiveness of mitigating actions: Based on the sample of transactions and processes reviewed, IAS found the effectiveness of internal controls to mitigate risks were, in general, satisfactory. However, there were some areas where the Country Office needed to enhance compliance with organizational policies and procedures. As part of risk management, Country Office management needs to conduct periodic compliance reviews to verify that controls are effective in mitigating risks.
- (c) Fraud risk assessment: At the time of the audit, the Country Office had not carried out a fraud risk assessment to review and consolidate efforts in enhancing its control environment.
- (d) Key risk to Country Office continuity: The Country Office identified resource mobilization as one of the key risks in its risk register. The Country Office was halfway through implementation of the 2017–2021 SN, which required funding of US\$ 12 million (including US\$ 3.8 million for core and IB) to achieve its priorities. The forecast of resources to be mobilized for three of the five years of SN implementation (2017–2019) was at 54 per cent of its US\$ 12 million resource mobilization target<sup>5</sup>, which included several not-yet-approved projects with 80 per cent probability of being committed. If these commitments are not realized, it would reduce the actual available resources to 40 per cent of the planned target<sup>6</sup>, thus raising a concern for the longer-term sustainability of the Country Office. IAS does not make a recommendation on resource mobilization, as the Country Office recognized this risk and is working towards addressing it. ***IAS advises the Representative to continue to monitor resource mobilization trends and have a contingency plan for the longer-term sustainability of UN Women's work in the country in line with UN Women reforms and related field presence.***

<sup>5</sup> Based on LEAD as of 25 November 2018

<sup>6</sup> For three years (2017–2019) out of five years of SN implementation (2017–2021)

<b>Priority</b>	Medium (Important)
<b>Recommendation 2:</b>	
The Representative to ensure the Country Office regularly update the risk register and include emerging risks and mitigating actions so that the register is available for headquarters ERM monitoring. As part of its risk management, Country Office management to conduct periodic compliance reviews to verify that controls are effective in mitigating risks.	
<b>Management action plan:</b>	
Recommendation accepted and already addressed. The updated risk register for 2019 has been shared with IAS and uploaded in RMS (AWP 2019 narrative). A further update will take place by 31 March 2019.	
<b>Estimated completion date:</b> 31 March 2019	
<b>IAS comments:</b> IAS recognizes the efforts made by Country Office management in addressing this recommendation such as updating its risk register. IAS suggests that the Country Office conduct periodic reviews and updates of its risk register, as well as periodic compliance reviews to demonstrate that current management actions are sustainable, with an update due by 31 March 2019 so that the recommendation can be fully closed.	

<b>Priority</b>	High (Critical)
<b>Recommendation 3:</b>	
The Representative to lead a fraud risk assessment to define key specific risks and assess whether current actions are adequate to address these risks.	
<b>Management action plan:</b>	
Recommendation well accepted. Fraud risk assessment training to be organised on 16 and 30 January 2019. A further update of the fraud risk assessment will be done by 31 March 2019.	
<b>Estimated completion date:</b> 31 March 2019	
<b>IAS comments:</b> IAS recognizes the efforts made by Country Office management in addressing this recommendation. IAS suggests that the Country Office continue to review and update the fraud risks and mitigating actions, with an update to IAS due by 31 March 2019 so the recommendation can be fully closed.	

## B. Programme management

### 1. Strategic Note implementation through Annual Work Plans

**Issue # 3** Changes in AWP, absence of mapping programme and project outputs and indicators need to be addressed to ensure accountability for the results planned

Overall, there are links between the UN Women Strategic Plan, SN priorities and related indicators, which are operationalized through the AWP and supported by detailed budget requirements and a resource mobilization strategy. IAS found the following areas for improvement:

**Corporate issue:** During the annual planning exercise corporate guidelines allow for changes between AWP, and Peer Review Groups may recommend adding, editing or dropping SN outcome/output indicators. If significantly changed, this may affect the sustainability of the Theory of Change behind the long-term priorities in the SN. Moreover, for outcomes to appear in the AWP, they should be supported by funding which is already available. Therefore, some outputs which are included in an SN as a priority, would not be included in an AWP if funding had not yet been mobilized. The guidelines do not mandate the changes from Peer Review Group to be implemented but represent the recommendations to improve the planning process. The responsibility for ensuring the sustainability of an SN lies with the Representative, while quality assurance of the AWP rests with the Regional Office.

The Programme Division is set to begin a full revision of the Policy, Procedure and Guidance Framework (PPG) related to the full Programme and Project cycle. The revision will cover the SN as a Country Office's long-term vision in line with UNDAF, the AWP as an operational tool to implement the SN, and will balance efforts committed to both long and short-term planning processes by all units involved. Based on discussions with the Strategic Planning Unit (SPU), the forthcoming revision will address the lack of clarity in strategic planning and implementation reported above. Therefore, IAS does not raise the recommendation at the corporate level.

**Country related issue:** As a result of this lack of clarity at the corporate level, there have been changes in the Country Office's AWP since development of the 2017–2021 SN. In particular, the AWP for 2018 and 2019 had revised outputs and indicators. For example, as a result of the new corporate Strategic Plan, two areas were merged (Leadership is merged with National Planning), and the area of Women's Economic Empowerment (WEE) was dropped in 2018 due to lack of funding, but restored in 2019. If the SN's long-term priorities, related outputs, indicators and allocated resources are frequently changed (without mapping them to the original SN) it will affect the Theory of Change behind the SN's priorities and its expected impact may be not sustainable. The SN Mid-Term Review (MTR) or final evaluation may become difficult due to "moving targets" and the absence of comparable historic data.

In addition, most project indicators are not integrated into the AWP in the Results Management System (RMS) due to gaps in the current system's architecture. The Programme Division (SPU and PMSU) has had a series of discussions with Information Systems and Telecommunications section (IST) and the Division of Management and Administration (DMA) on an online project module system to address these gaps, some of which have already been addressed through a pilot project module. As Albania was not part of the pilot, mapping between the results achieved in projects and the AWP was completed manually and outside the system. This leads to inefficiencies in the Country Office's workflows as significant time was spent collecting and validating the data for corporate reporting, e.g. around one–two weeks to report on a quarterly monitoring exercise, and up to three weeks for annual reports.

The current SN MTR had been postponed to 2020 for two reasons: i) Albania's potential EU accession, which will be a major external factor influencing the SN revision; and ii) the UNDAF MTR and gender score card assessment which will take place in 2019. However, IAS considers that moving the SN MTR to 2020 is too late and very close to the SN evaluation which is due in 2021. The Country Office may lose an opportunity to revise its long-term vision, reprioritize and revise its programme model, types of interventions and staffing structure.

Priority	Medium (Important)
<b>Recommendation 4:</b> The Representative to ensure the Country Office: <ul style="list-style-type: none"> <li>(a) Assess the SN outcome and output indicators, milestones, targets and baselines as well as actual monitoring data collected against each of these indicators to ensure that the long-term effectiveness and impact of the SN can be measured;</li> <li>(b) Map these to the original SN elements from 2017 to ensure alignment between the original SN and its major changes in subsequent AWP; and</li> <li>(c) Carry out an MTR review of the SN, using it as an opportunity to update the Country Office's vision.</li> </ul>	
<b>Management action plan:</b> Recommendation accepted. The mapping will be completed by 25 January 2019. The SN mid-term review will be conducted by the end of 2019. <b>Estimated completion date:</b> 31 March 2019	

**Issue # 4**      Lack of a well-defined exit strategy in project design

Although the Programme Formulation Chapter of the Policy, Procedure and Guidance framework (PPG) does not include an exit strategy as mandatory, as a good project management principle (and mandatory requirement of some donors) it is important to ensure that an adequate exit strategy is part of project design. This should also be monitored during project implementation to ensure appropriate ownership and sustainability of project results, especially in view of any constraints on financial resources for future phases of the project. This lack of requirement in the PPG will be taken up in IAS's future thematic internal audit work on the project cycle.

The projects reviewed by IAS did not always have a well-defined exit strategy to ensure that the projects' planned results were sustainable after project closure. For some projects, the Country Office had expected to mobilize resources for the next phase, which had then not taken place. Without an adequate exit strategy, the sustainability of project results may be jeopardized, which was one of the key risks raised by a sample of national external stakeholders interviewed by IAS.

***While not required in PPG, IAS advises that an adequate exit strategy is part of the Country Office's project design and that it is adjusted during project implementation to ensure the sustainability of results, especially in a situation where the next phase of a project is not funded.***

## C. Operations

### 1. Implementing partners and capacity building

#### Issue # 5 Enhancing weak capacity of Implementing Partners (IPs)/Responsible Parties (RPs)

Based on the sample of transactions reviewed, overall, the Country Office managed its IPs/RPs satisfactorily. In particular, the Country Office: i) used correct contractual agreements; ii) complied with IP/RP selection and capacity assessment procedures; and iii) monitored the implementation of activities and results achieved by IPs/RPs.

The following areas for improvement were identified:

- (a) Capacity assessments were carried out comprehensively through engagement of Programme and Operations staff. However, for selected IPs with some capacity gaps, no capacity development plan had been prepared to address these gaps, and subsequent monitoring did not demonstrate how these gaps/needs had been addressed and how the IP's capacity had been enhanced. However, interviews with sampled IPs did confirm that the Country Office had initiated actions to improve their capacity.
- (b) Some sampled field visit/onsite monitoring reports had documented recommendations. However, these recommendations had not been followed up in the next report or monitoring activity.
- (c) No quarterly workplans linked to the initial proposal and quarterly budgets were submitted by sampled RPs, which could be used for subsequent monitoring.
- (d) As the Country Office did not conduct spot checks when cash was distributed as per diems or similar allowances to trainees/workshop participants, there may be an undetected inherent risk that cash is misused.

Priority	Medium (Important)
<b>Recommendation 5:</b> The Representative to ensure the Country Office adopt a more holistic approach to strengthening the capacity of Implementing Partners/Responsible Parties by: <ul style="list-style-type: none"> <li>(a) Incorporating the IP/RP capacity gaps identified into the monitoring plan, and subsequently addressing, monitoring and reporting on them during implementation;</li> <li>(b) Developing specific and measurable quarterly/biannual workplans and related budgets to facilitate monitoring and results management; and</li> <li>(c) Regularly checking on a sample basis with recipients of cash payments to detect any potential fraud.</li> </ul>	
<b>Management action plan:</b> Recommendation accepted – the CO will adopt the lessons learned log as of 2019 and appoint a focal point to systematically collect, review and follow-up with team members. The sample check of cash payments will be added in the SOP to be performed upon submission of FACE forms and supporting documents from the IPs. The checks with the recipients will be carried out by UNW OM and UNDP OM.	
<b>Estimated completion date:</b> 31 March 2019	

## 2. Human Resources management

### Issue # 6 Recruitment process needed improvement

UN Women follows UNDP policy on service contracts, which requires that Country Offices comply with the standards for competitive selection and transparency to ensure that the person selected is the best qualified candidate to perform the assignment in a fully satisfactory manner.

A review of sampled recruitment exercises indicated that, in general, they complied with the policies and procedures as per the Standard Operating Procedures (SOPs) developed by the Country Office. In particular, i) posts were advertised; ii) applications received were screened by a panel of not fewer than two staff members, including a staff member from Human Resources; iii) short-listed candidates were tested and those who passed were then interviewed by an evaluation panel; and iv) the highest ranked candidates were appropriately selected.

However, the following areas for improvement were noted:

- (a) Some posted Terms of Reference (TOR) had mandatory criteria which IAS considered to be too generic. This raises a risk that evaluation panel members may apply different interpretations, as well as inefficiency in the recruitment as it is difficult to shortlist the applicants. In fact, evaluation of criteria varied notably between panel members. Generic criteria can also affect the objectivity of the process.
- (b) There were occasions where UN Women and UNDP had posted TOR for similar positions. In these cases, to widen the range of potential candidates, the Country Office combined both shortlists. However, the UNDP job postings had an extra evaluation criteria which was used to arrive at the combined shortlists.

Priority	Important (Medium)
<b>Recommendation 6:</b> The Representative to ensure the Country Office develop TOR, job postings and evaluate applicants with an awareness of the importance of clear and specific criteria, which are part of the published job posting. Evaluation criteria should not be changed without re-advertising the amended job posting. Compliance with these important controls should be monitored.	
<b>Management action plan:</b> Recommendation accepted. The Operation Manager will receive adequate training on the formulation of personnel ToRs. She will then organize ad-hoc training for concerned personnel.	
<b>Estimated completion date:</b> 30 June 2019	

## 3. Procurement management

### Issue # 7 Procurement process needed improvement

The UN Women Policy on Procurement states that the procurement process should: i) maximize competition; ii) minimize the complexity of the solicitation, evaluation and selection process; iii) ensure the impartial and

comprehensive evaluation of solicited bids; and iv) ensure the selection of the contractor whose bid is expected to best meet the requirement of the business unit.

IAS's review of a sample of procurement transactions indicated that, in general, the Country Office conducted procurement in accordance with existing policies and procedures. IAS identified two areas for improvement to better ensure best value for money:

- (a) IAS noted instances where the minimum number of qualified bids was not received. In some cases, selection decisions were made based on only one qualified bid. In this regard, the Country Office for the most part relied on advertisement on UNDP and UN Women websites and through national newspapers. The roster of suppliers was only recently updated and was not used as an additional source to actively invite potential bidders. Using supplier rosters can encourage healthy competition and reduce the potential risk/perception of favouring certain suppliers and that competition is not being encouraged.
- (b) The use of cumulative analysis as an evaluation tool was not always properly applied. This method requires that panel members: (i) prior to initiating the evaluation process, define the scoring scale to ensure consistency; and (ii) after the evaluation, discuss their individual scores and, where significant discrepancies are noted, they should explain how they arrived at the scores and try to achieve a consensus. If a consensus cannot be reached, the average of the scores will be awarded to the bid. In some of the reviewed cases, there were significant differences in the scores given to the same bids and for the same criteria, but there was no documentation to support if a resolution was attempted. One reason for discrepancies in bid evaluations could be that the evaluation criteria were not sufficiently clear. Lack of clarity in evaluation criteria increases the risk of subjectivity in the selection process which can increase manipulation or the risk that value-for-money is not achieved.

Priority	Medium (Important)
<p><b>Recommendation 7:</b></p> <p>The Representative to ensure that the Country Office:</p> <ol style="list-style-type: none"> <li>(a) Develop evaluation criteria to be driven from the requirements listed in the Term of Reference, Technical Specifications or Statement of Works. Requirements should not be over-specified or restrictive and should not include unnecessary features or qualifications;</li> <li>(b) Train evaluation panel members on proper use of cumulative analysis and evaluation criteria;</li> <li>(c) Evaluation panels hold discussions to define scoring scales and to reconcile and document wide differences in scoring in order to reach consensus, or explain the lack thereof; and</li> <li>(d) Monitor compliance with these important controls.</li> </ol>	
<p><b>Management action plan:</b></p> <p>Recommendation accepted. Memo on evaluation of offerors and the cumulative analysis issued on 7 December 2018 and disseminated to all Albania CO personnel. Training dedicated to Cumulative Analysis methodology to was organised in January 2019 in cooperation with the Procurement HQ. The operation manager will carry out a quarterly check.</p> <p><b>Estimated completion date:</b> 31 March 2019</p>	

#### 4. General services

##### Issue # 8 Documentation of travel and related leave requests needed improvement

UN Women Policies on Leave Management and Duty Travel require that all leave requests and official business travel are approved in advance and properly supported by documentation. Leave and travel request details should be input in Atlas, and staff members should keep records of their travel, and present such records in case of audit.

A review of a sample of staff travel (including related leave requests) indicated that, in general, the Country Office complied with UN Women policies and procedures. Duty travel was pre-approved through mission plans, security clearances were obtained, and mission reports were filed.

However, the following areas were identified for improvement:

- (a) Leave requests related to official travel were not entered in Atlas. When official travel is combined with annual leave this poses the risk that annual leave requests are not appropriately recorded. The approved paper-based mission plans were not reconciled to the data in Atlas.
- (b) Mission reports did not always reflect specific details on the agenda, TOR or programme objectives.
- (c) In two cases, boarding passes were not available for verification because reportedly they had been lost.

Priority	Medium (Important)
<p><b>Recommendation 8:</b></p> <p>The Representative to ensure that the Country Office:</p> <ul style="list-style-type: none"> <li>(a) Accurately enter leave requests related to official business travel and other types of leave combined with business travel, and any deviations from the official business travel itinerary;</li> <li>(b) Ensures that mission reports include adequate details to demonstrate that travel outcomes were achieved as planned and contributed to UN Women's mandate;</li> <li>(c) Maintain supporting documents for verification when required; and</li> <li>(d) Regularly monitor compliance with the above controls.</li> </ul>	
<p><b>Management action plan:</b></p> <p>Recommendation accepted. The CO has already started reflecting official business travels in Atlas.</p> <p><b>Estimated completion date:</b> 30 April 2019</p>	

## 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.