

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



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AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

PAKISTAN

Report No. 1304
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Report on the audit of UN Women Country Office in Pakistan Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted an audit of the UN Women Country Office in Pakistan (the Office) from 29 April to 16 May 2014. 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, 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, UNDP support to office, asset management, leave management).

The audit covered the activities of the Office from 1 January to 31 December 2013. The Office recorded programme and management expenditures totalling \$4.2 million. This was the first audit of the Office.

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

Overall audit rating

OAI assessed the Office as **partially satisfactory** which means “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.” This rating was mainly due to weaknesses in risk management, resource mobilization, procurement, and finance.

Key recommendations: Total = 10, high priority = 4

For high (critical) priority recommendations, 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. All high (critical) priority recommendations are presented below:

Ineffective assessment and management of risks (Issue 2)

The Office had developed a risk register between August and December 2013 that was intended to identify and describe a series of challenges and assign overall risk ratings to each. Aside from not identifying critical risks, there was no evidence that the Office was using and regularly updating the risk register in order to serve as a decision-making tool. Also, risk mitigation actions were not embedded in the Office’s processes to facilitate and enhance decision-making.

Recommendation: Communicate with the Division of Management and Administration to realign and further develop the Office’s risk governance mechanisms with corporate guidelines.

Delays in securing non-core funding (Issue 5)	<p>The Office had developed a resource mobilization strategy and action plan in June 2013, but the plan had not been updated and the target dates for securing new funds had not been met. Some of the delays in securing non-core funds were attributed by the Office to the absence of a permanent Country Representative to manage the relationship with donors. Urgent actions were being taken to appoint a new Country Representative.</p> <p><u>Recommendation:</u> Update the resource mobilization action plan to reflect the existing funding needs of the Office and new timelines for achieving the resource targets. Once updated, increase its efforts to mobilize funds in accordance with the updated resources mobilization plan.</p>
Delays in disbursements and liquidation of advances made to implementing partners (Issue 7)	<p>There were notable delays in disbursing and liquidating advances to implementing partners, mainly due to the Office not monitoring contract milestones and its inefficient process of reviewing and processing Funding Authorization and Certification of Expenditures (FACE) forms. OAI noted that only one staff member was assigned the task of reviewing these forms and this caused backlogs in the review process. Also, no structured trainings were afforded to implementing partners to raise their awareness and prepare them to meet UN Women's requirements for validating FACE forms prior to subsequent disbursements.</p> <p><u>Recommendation:</u> Improve the disbursements and liquidation of advances processes by strengthening the monitoring procedures and raising the awareness of implementing partners on corporate requirements.</p>
Weak vendor due diligence processes (Issue 8)	<p>There was no evidence that vendor due diligence was performed by the Office before the vendor was created in Atlas and approved by the Regional Office. The Office did not confirm business registration with government authorities, verify the vendors against the United Nations Security Council 1267 Committee's list of terrorists and determine the financial and technical capacity of the vendor to perform the activities stated in the terms of reference. Instead, the Office only validated banking details.</p> <p><u>Recommendation:</u> Perform, document, and maintain records of due diligence on all vendors in accordance with the UN Women 'Programme and Operations Manual'.</p>

Management comments and action plan

The Officer in Charge accepted all 10 recommendations and is in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.

A handwritten signature in blue ink is visible above the printed name. The signature is stylized and appears to read 'H. Osttveiten'.

Helge S. Osttveiten
Director
Office of Audit and Investigations