

AUDIT

OF

UN WOMEN COUNTRY OFFICE

IN

NEPAL

Report No. IEAS/IAS/CO/2018/002

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Report on the Audit of UN Women Country Office in Nepal

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 Nepal (the Country Office) from April to May 2018, which included a field visit to the Country Office from 1 to 21 May 2018. The audit aimed to assess the adequacy and effectiveness of the governance arrangements, risk management practices 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 (gender mainstreaming in development coordination, programme and project management, partnerships and resource mobilization).
- (c) Operations (human resources, finance, procurement, information and communication technology, general administration, safety and security, and United Nations Development Programme (UNDP) support to the Country Office).

The audit covered Country Office activities from 1 January to 31 December 2017. However, where changes in key processes were noted, audit testing was extended to 30 April 2018. The Country Office recorded programme and management expenses of US\$ 4.19 million in 2017 and US\$ 0.5 million from 1 January to 30 April 2018. This was the first internal audit of the Country Office.

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 **partially satisfactory (some improvement needed)**, meaning, *"The assessed governance arrangements, risk management practices and control processes 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."*

This rating was mainly due to improvements needed in:

- Governance and strategic management: regular testing and keeping the Business Continuity and Disaster Recovery Plans up-to-date.
- Programme activities: i) strengthening the Country Office's planning process in terms of adequate baselines, milestones, and targets; ii) enhancing management of advances and regular monitoring of activities conducted by implementing partners.
- Operations: improving management of the Country Office's multi-year contracts as well as the performance of its contractors.

Good practices

The audit identified two good practices (refer to page 1 for details):

- In Governance and strategic management under *"Leadership, ethics and values"*, the Country Office implemented a highly participatory management process to mitigate the risks associated with the major reduction and high turnover of staff.
- In Operations under *"Procurement"*, the Country Office made extensive use of long-term agreements (LTAs) to streamline the procurement process resulting in efficiencies.

Key recommendations: Total = 7, none high priority, 7 medium priority

IAS made seven medium (important) priority recommendations, 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.”* Of the seven medium priority recommendations, six were for action by the Country Office and one was for action by the relevant headquarters Bureau/Division.


IAS categorized the audit recommendations according to the internal control objectives stated in the UN Women’s 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, 7	Medium
Financial (safety and maintenance of records and preparation of reliable financial and operational information)	6	Medium
Compliance (regulations and rules, policies and procedures)	1, 3, 5	Medium

Management comments and action plan

The Representative of the Nepal Country Office and the Director of Policy and Programme Bureau accepted all the recommendations pertaining to their respective offices and had already started to implement them.

The medium priority recommendations that the Country Office advised had already been implemented prior to the issuance of this report are not included in this report. Low priority issues are not included in this report but have been discussed directly with management and actions have been initiated to address them.


Jessie Rose Mabutas
Director a.i.
Independent Evaluation and Audit
Services

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