



Executive Board of the United Nations Entity for Gender Equality and the Empowerment of Women

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Audit and investigation matters

Report of the Advisory Committee on Oversight for the period from 1 January to 31 December 2022

Executive Summary

This report of the Advisory Committee on Oversight (ACO) outlines the activities of the Committee in 2022, the topics reviewed, and the observations and recommendations made to UN-Women about its overall systems of governance, accountability, and control. The Committee recognizes the continued leadership role that UN-women played in responding to the development of gender-responsive programming. The ACO also noted the exceptional energy devoted within the year to promoting assessments of the Beijing +25 commitments through the Generation Equality efforts. At the same time the ACO has continued to advise UN-Women leadership on the need for more robust systems of corporate governance, resource coherence, and control mechanisms. Following the emergence from pandemic restrictions in early 2022, the UN-Women leadership has the opportunity to build strong governance structures to help safeguard the achievement of objectives.



I. Introduction

1. Pursuant to item 32 of the terms of reference of the Advisory Committee on Oversight (ACO), the eleventh report of the Committee to the Under-Secretary-General/Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) provides a summary of the activities undertaken and the assessments and advice given by the ACO in 2022. The present report is made available to the Executive Board and, upon request, the Chair presents the report to the Board.

2. The current terms of reference for the ACO, approved in 2019, are available here: <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/About%20Us/Accountability/UN-Women-Advisory-Committee-on-Oversight-Terms-of-reference-en.pdf>. The terms of reference outline the purpose of the ACO, which is to assist the Head of the Entity in fulfilling her oversight responsibilities in accordance with relevant best practices in governance, internal control, and risk management. The Committee has an advisory role and is not a governance body.

3. The members of the Committee are listed in Annex 1. As a body, the Committee membership represents expertise in financial reporting and programme matters, accounting, governance, internal audit and investigation, evaluation, external audit, internal control, and risk management practices and principles, as well as United Nations intergovernmental and normative work and processes. Members are independent of and external to UN-Women. Additionally, Committee members complete an annual confirmation of independence for the Under-Secretary that assures the transparency of Committee members fulfilling their roles, without compromising any interests.

II. Advisory Committee on Oversight activities as at 31 December 2022

4. The Committee held its first meeting of the year in a virtual format, continuing with the modus operandi adopted during the Covid 19 pandemic. The remaining two meetings were held in person in line with the reduced threat from the Covid pandemic. The ACO would like to thank UN-Women management and staff for facilitating all its meetings and ensuring high-quality participation and discussion.

5. In addition to the three ACO meetings, the committee held several virtual sessions to consider certain topics, such as Generation Equality and the Audit and Evaluation plans for 2023. The schedule of the meetings in 2022 is attached as Annex 2 to this report.

6. UN-Women participants in full Committee meetings included, among others, the Under-Secretary-General/Executive Director, Deputy Executive Directors and relevant representatives of programme and operational senior management, internal oversight, as well as representatives of the UN Board of Auditors. As required, the meetings with the Under-Secretary-General and the UN Board of Auditors were private sessions. The Committee also held private sessions with the Director of the IEAS without management present.

7. In addition, the ACO met with senior officers of the Investigation Division of the Office of Investigation and Oversight Services (OIOS) of the United Nations, which provides investigation services to UN-Women under a Memorandum of Understanding with UN-Women since 2018; with the head of the UN Ethics Office, which performs ethics activities for UN-Women; and, with the Ombudsman.

8. The Chair of the Committee participated in the annual session of the Executive Board in June 2022 to present the Annual Report. As her mandate ended on 31 July 2022, the newly appointed ACO chair participated in virtual mode in the Seventh meeting of the Representatives of the UN System Oversight Committees on December 7 and 8, 2022.

9. The Committee prepared summary points of advice for the Executive Director and the two Deputy Executive Directors after each of its formal meetings. Follow-up actions resulting from meeting deliberations were circulated to relevant managers through the ACO Secretariat.

III. Advisory Committee Review and Advice: Oversight Functions

10. This section of the report will address the Committee's review of and advice on the various oversight functions relating to UN-Women. For purposes of this section there will be separate discussions of Audit and Evaluation, although these functions are located under the umbrella of the Director of the Independent Evaluation and Audit Service (IEAS).

1. Observations related to IEAS:

(a) The Director of the IEAS and her staff continue to be held in high regard as respected independent resources for UN-Women. The findings from both audits and evaluations are discussed with senior management on a regular basis.

(b) The Director and her staff have been included as active observers in the internal governance decision bodies first formalized in UN-Women in 2020, and which continue to evolve. They have also been included as observers in added governance mechanisms for special efforts such as the new ERP system (Quantum).

(c) The Office has been proactive in identifying the need for conducting advisory assignments and assessments of new programmatic efforts, using both audit and evaluation skill sets. The results of this work have significantly assisted UN-Women in its overall governance, risk management and programming decisions.

(d) As noted in its previous reports, the Committee continues to observe the value for UN-Women which arises from the joint location of the Internal Audit Service (IAS) and Independent Evaluation Service (IES). While these offices remain distinct and independent, with separate staffing and budget structures, they have increased collaboration by conducting joint Country Office evaluation and audits, as well as exchanging information on corporate reviews.

(e) The Committee can affirm that IEAS functions independently in working to provide assurance regarding the governance, risk management and the control environment in UN-Women.

A. Internal Audit: The Internal Audit Service (IAS)

11. The Committee engaged with IAS throughout the year on the status of its work plan, activities and any impediments in its work during the year.

12. The Committee has reviewed the Report on Internal Audit and Investigation activities for the period from 1 January to 31 December 2022 to be submitted to the

Executive Board at its annual session and has taken note of the significant audit findings contained in it as well as the results of investigation activities.

13. The ACO notes that the IAS has consulted with the UN Board of Auditors on planning and coordination of audit activities to prevent duplication of effort. This interaction remains important in terms of the overall assurance available to UN-Women.

14. Common themes for UN-Women consideration continue to emerge from IAS work, both in official audit reports, which cover County Office, Regional, and HQ operations, as well as assessments and advisory opinions on specific topics, such as ERP implementation and Generation Equality. Many of these themes, as well as lessons and observations from other oversight functions, will be addressed in Section IV of this Report. These include governance, risk management and control in UN-Women.

15. IAS has made progress towards planned Quality Assurance activities and has engaged the Institute of Internal Auditors to conduct an External Quality Assessment completed in early 2023.

16. Observations related to IAS:

(a) With the reduced threat from the Covid pandemic, IAS was able to resume travel for audits in the field.

(b) The follow-up on outstanding audit recommendations by management continued to show slow progress, with divisions citing the lack of dedicated staffing and financial resources to absorb and implement the recommendations. Many agreed-upon recommendations, including those with high priority status, are noted as contingent upon adequate resources being made available and responsible officials to carry out the recommendation. Long outstanding recommendations and partial fulfilment of some recommendations should remain a focus for IAS and management going forward. The ACO will continue to follow up on this in 2023, as it represents significant risk to achieving a mature control environment.

B. Evaluation function: Independent Evaluation Service (IES)

17. The Committee engaged with the IES throughout the year, reviewing progress on the plans for 2022. It has also reviewed the Report on the Evaluation Function for 2022 and the evaluation results and findings contained therein, as well as the work plan for 2023.

18. The Committee receives continued clarification about the IES roles and activities in strategic evaluation, decentralized evaluations, its support for gender responsive evaluations within the UN system, and its role in strengthening the uses of evaluations.

19. In line with ACO's continuing emphasis, the Committee is pleased to note the IES focus on having evaluation findings inform the Entity's corporate planning and decision-making processes. In 2022, IES had regular communication with the Senior Management Team (SMT), the Business Review Committee (BRC), and also provided active input into technical review processes, (Project Appraisal Committees) at both regional and global levels. Moreover, IES collaborated with the corporate Strategic Planning Unit to update the Strategic Note Development Package so that evaluations are used as an integral part of UN-Women's multi-year Strategic Planning processes at country, regional office and headquarter levels through the strategic notes.

20. Observations related to IES:

(a) In 2022, IES increased its efforts to conduct independent strategic evaluations designed to assess and understand the broader impact of the Entity's work and support the development of future planning and strategies; i.e., to gain insights and lessons beyond the evaluations conducted for individual programmes and projects. In this regard, IES worked on seven corporate evaluations and studies to evaluate the Entity's impact on promoting gender equality and women's empowerment. The Committee notes that the two completed evaluations – policy advocacy work of UN-Women and capacity development support to partners – both yielded findings and recommendations designed to improve the efficiency and effectiveness of UN-Women's broad efforts in these areas.

(b) Beyond corporate evaluations, ACO notes that IES-led 'decentralized' evaluations – regional, thematic, and country portfolio evaluations – increasingly are being designed to assess and understand the broader impact of the Entity's work and support the development of future planning and strategies. That is offering insights and lessons beyond the evaluations conducted for individual programmes and projects. Increasingly, there is IES-led effort to synthesize lessons from decentralized evaluations.

(c) But, as the demand for evaluations at the decentralized level continues to rise, the importance of strengthening evaluation capacity within UN-Women has become increasingly critical. ACO is pleased to note that IES has taken the lead in developing and maintaining several tools and training courses to improve the skills of UN-Women personnel and the Entity's implementing partners. These efforts include country-level training provided to enhance key stakeholders' understanding of monitoring and evaluation principles and UN-Women's evaluation practices.

(d) Using various communication products and vehicles to stimulate use of evaluation findings globally, throughout 2022, IES continued to invest in user-friendly and accessible knowledge products, learning partnerships and initiatives, webinars and online, and social media platforms that encouraged UN-Women personnel and stakeholders to use evaluation findings in the variety of ways that evaluation can be used.

(e) The Committee notes the continued system-wide work that IES staff engages in to promote gender-responsive evaluations, including its leadership roles in UNEG working groups, its work to support the co-chair function of the EvalGender+ effort, its participation in development of UN system-wide frameworks for UNSDCF evaluations, and advocacy undertaken to promote gender-responsive evaluation in the UN system, as well as national evaluation capacity-building with the Global Evaluation Initiative. The latter becomes increasingly important if the SDGs are to benefit from country-led evaluation, as envisaged in the UN's Agenda 2030.

C. Investigation Function

21. The Committee received updates on investigation activity and outcomes from the Director, IEAS. At its July meeting it met with senior officers of OIOS in a private session.

As noted in previous reports, under the terms of the Memorandum of Understanding with OIOS, the Director of IEAS serves as the responsible official in UN-Women for receiving reports from OIOS and initiating follow-up on needed actions within the entity. As this role was never resourced in the initial formation of the IEAS, fulfilment of the role has taken up considerable time of the Director, IEAS, and that of the Chief

of IAS and one of her staff. During the latter half of 2021, using non-staff resources, the Director IEAS was able to recruit a UN Volunteer to support this function and this continued in 2022.

22. The IEAS continued to support work led by management on the Anti-Fraud program at UN-Women. Among others, it prepared a lessons-learned memorandum on red-flags/potential fraud risks related to managing implementing partners. It also initiated a lessons learned/integrity review of vehicle management, facilitated reporting on potential allegations to OIOS, and continued to support OIOS on its reports and referrals. IAS also assisted management in preparing the fraud assessment and fraud prevention training. The ACO is pleased to see the increased focus on anti-fraud awareness raising and training to improve the low-level maturity rating of this capacity as reported in the 2021 ACO report to the EB.

D. Ethics Function

23. In 2011, UN-Women established an institutional arrangement with the UN Ethics Office to provide ethics services to the Entity.

24. The ACO noted in its 2020 Report the IEAS Advisory Report on Benchmarking and Maturity Assessment of Ethics and Integrity in UN-Women. The ACO further noted the Report's conclusion that UN-Women has some way to go before its ethics and integrity maturity level would be rated as robust and progressive. The ACO is pleased to report that the Entity is now working on establishing an in-house ethics function thus setting the basis for a stronger ethical culture.

25. In October 2022, the ACO received a briefing from the UN Ethics Officer in a private meeting, in line with its Terms of Reference.

26. Observations:

(a) UN-Women has utilized the services of the UN Ethics Office to deal with baseline ethics functions such as financial disclosure and conflicts of interest, as well as advice on basic ethics questions for nearly ten years. The establishment of its own ethics function is an appropriate step that better respond to the changes in the UN-Women organizational structure and the new roles emanating from that.

(b) The ACO commends UN-Women for the Report of the Executive Director on Disciplinary Measures and Other Actions Taken in Response to Misconduct and Wrongdoing by UN-Women staff members and other personnel which was presented at the Annual Session of the Board in June 2022.

E. Board of Auditors

27. The ACO met privately with the Board of Auditors at its July 2022 session when it reviewed the UNBoA Report for 2021. In July, and in follow-up presentations, the ACO received updates from management about the status of the recommendations contained in the UNBoA management letter and reports.

28. The ACO notes the good progress in the implementation of the UNBoA recommendations for 2021. However, it is concerned about those recommendations from 2021 and past years which are still in progress but for which the ACO found the proposed actions insufficiently addressed the issues raised, particularly relating to cybersecurity and implementing partners. With regard to the latter, the UNBoA highlighted the risks associated with the growing number and complexity of implementing partners. ACO believes that focus is needed to improve or establish, as necessary, valid fraud prevention controls and accountability.

The ACO notes that the Entity received an unqualified audit opinion from the UNBoA on its 2021 financial statements for the 11th consecutive year since its inception.

IV. Advisory Committee Review and Advice: Governance, Risk Management and Control; Best Practices in Financial Management and Information Systems

29. In this section of its Annual Report, the ACO will provide summaries of the advice it has provided to the Entity and to the Executive Director in line with its overall purpose to advise on good practices regarding UN-Women's accountability framework and systems.

30. This section will include discussions of the effectiveness of governance, risk management and control functions as well as the adoption and use by management of best practices in risk and financial management.

A. Resource Level Risk

31. In the Annual Reports of previous years, the Committee has noted the continued shortfalls in regular resources and encouraged UN-Women to develop an organizational footprint which operates under more realistic resource estimates.

32. While the Entity has been successful in recent years in attracting non-core resources for such efforts as the Spotlight initiative and pandemic-related programming, as well as humanitarian program funding in conflict areas, these added resources have not been without risk to core programming and have not provided a steady source of baseline resources needed for a robust governance structure, and critical second line of defence functions.

33. In addition, there is a related lack of feasibility assessment of the impact on field structures and HQ offices of undertaking new priorities. Already limited regular core resources can be taxed by requirements to supplement non-core resources.

34. During 2022, the Committee noted that the Entity has adopted certain measures to deliver its work in the face of the significant reductions in contributions by its major donors, noting also the underlying continued negative effect that lower than expected core (regular) resources have on certain key governance functions such as Human Resource Management and other management and oversight functions, leading to great challenges for staff to implement basic functions of these operations.

35. Audits and evaluations of Country Offices and Regions continue to show that resource limitations continue to affect the ability of country offices to deliver on objectives. Many offices are staffed under short-term modalities with high turnover, resulting in loss of skills retention and corporate memory.

36. This "shortfall" – budgeted vs. received resources – is related to an anomalous budget construct developed at the time of UN-Women establishment, which does not reflect the needs of the organization as it has evolved.

37. The ACO notes that the IEAS workplan for 2022 included a review of the budget allocations formulation, and allocation processes of UN-Women and we look forward to the results of this review. The Committee will also be interested in how new cost recovery procedures, such as Direct Programme Management Cost, will provide added resources to an already stretched core.

B. Accountability Culture, Systems and Resourcing for Basic Governance and Delivery

New Programming: Generation Equality

38. IEAS undertook an advisory review of the Generation Equality Initiative, the multi-stakeholder programme focused on mobilizing governments and civil societies to make gender equality a reality for women by aiming at obtaining equal pay, ending sexual harassment and all forms of violence against women and girls, benefiting from health care services that respond to their needs, and having equal participation in political life and decision-making in all areas of life. The Committee advises that for this multi-stakeholder programme, it is imperative to establish at the outset appropriate structures to monitor developments and to encourage wider adoption of the initiative. The Committee believes that an initially “formative” evaluation of Generation Equality at an appropriate time would help the responsible division in identifying potentially successful strategies and assessing the performance of its monitoring and evaluation framework to serve the Results Based Management needs of the Entity. The Committee also encouraged the responsible division to devote the necessary resources to internal and external communication and continue to develop effective strategies to get the message across and attract support.

Human Resources (HR) Systems

39. In line with its Terms of Reference, the ACO received a briefing from the Human Resources office in October 2022. As reported in the Committee’s 2021 Annual Report, the office continues to suffer from significant resource limitations. Indeed, the level of HR staffing relative to staff in UN-Women is significantly lower than best practice would dictate and negatively affects crucial functions such as training, position management and development as well as oversight of corporate HR policy. This also prevents the office from playing a key role in several initiatives underway, such as change management, financial reviews, and field and headquarter structure. The ACO advocates the need for a strong HR leadership and vision that would align the institution’s vision, mission and resources to its structure at both headquarter and field offices.

40. The Committee continues to advise UN-Women that failure to address the needs for a coherent and adequately resourced HR function represents risk for its programme and project objectives.

Actions emanating from the 2021 IAS anti-fraud review and Contingent Responses to Anti-Fraud Audit Recommendations:

41. IAS prepared a lessons-learned memorandum on red flags and potential fraud risks, which includes, among others, managing implementing partners. An agreed action plan for the recommendations from the IAS 2021 anti-fraud review has been developed. The ACO notes that the Business Review Committee (BRC) has designated the Division of Management and Administration as the Anti-fraud Business Process Owner. The Committee also notes that the UN-Women Anti-Fraud policy of 2018 is being reviewed.. The ACO will continue to follow up on developments and initiatives taken in this area, including the timelines and guidance from governance bodies such as the Executive Leadership Team (ELT) and the Business Review Committee (BRC), as necessary, to prevent, detect and respond to any fraudulent acts and corruption.

42. Other high priority recommendations in the Anti-Fraud review concern aspects of the investigations timelines and procedures which have been raised by the Committee in the past. These are the processes for managing allegations which do not

result in OIOS investigation, to include establishing thresholds for initial case intake, and resulting actions.

43. The ACO has pointed out in previous reports that many cases undertaken in the present system are returned without OIOS action and enter into an administrative system, which is not contemplated in the Legal Policy or codified in HR procedures. Recommendations are to consider this arrangement in the context of possible alternative and complementary complaint triage arrangements outlined in a new Legal Policy, as well as defined performance indicators and defined roles for all actors in consequence management and discipline systems.

44. According to the IAS report on the Anti-Fraud programme, it is estimated that UN-Women could reach basic threshold levels of organizational maturity for its Anti-Fraud Policy in three years, with the necessary investments and governance decisions. The Report complements and underpins the findings from prior years' IEAS reports, including the assessment of the Enterprise Risk Management programme. While many of the recommendations from the above reports have been implemented, several have yet to be resourced. This is of concern to the ACO, which advises making the necessary investment in basic governance to adequately resource second line of defence functions.

45. Internal Control Statement – The ACO notes that there has been a prolonged delay in developing and implementing the Statement of Internal Control in UN-Women. There seems to be a lack of first line ownership of controls and of resources made available to lead and manage implementation of what represents a complex project that will require appropriate training and development. In this regard, management indicated a timeframe for implementation of the Statement of 2-3 years with the required resources in place. The ACO advises providing the necessary resources to expedite development and implementation of the Statement of Internal Control by taking a phased approach with priority given to areas of higher risks. Sufficient resources also need to be provided to train and develop staff. The Committee also recommends assigning the responsibility for implementation to a high-level manager who will drive and monitor the necessary work throughout the Entity towards achieving such a Statement.

C. Financial statements and financial systems

46. The ACO reviewed the draft financial statements for the year ended 31 December 2021 and commends UN-Women on receiving an unqualified audit opinion from the UN Board of Auditors (UNBoA) for the eleventh consecutive year since its inception in 2010.

47. The ACO regularly received updates from DMA on budget and financial issues. It also received positive feedback from the UNBoA on the cooperation they received from the finance function and management in the process of reviewing the financial statements.

D. Information and Communication Technology

48. As noted in its 2020 Report, UN-Women agreed to join UNDP in its effort to replace ATLAS, its long time Enterprise Resource Planning (ERP) system which was also utilized by several UN funds and programs, with an entirely new Oracle-based system.

49. The ACO was briefed on the very challenging timelines and on implementation and governance arrangements at each of its meetings. UN-Women was aided in this

effort by a Snapshot Assessment of the Governance Arrangements and Risk Management for this undertaking done by IEAS.

50. Observations:

(a) The new ERP system's implementation was affected by two key constraints: the necessity to work with the UNDP chosen system, (Quantum), and financial constraints which affected the ability to meet significantly enhanced scope, (added capacity for the system) beyond the most basic features.

(b) The ACO notes that, after delays, the project gained momentum, under a designated project manager, and efforts were undertaken to manage implementation risks for the basic system. The go-live date of the project has been postponed several times in 2022 with the final expected date being January 2023. The Committee expressed concern that it would not be a fully integrated system and will lack some important functionalities, such as a good planning component for a Results-Based Management System, making it necessary to develop workarounds at additional cost to overcome the system's limitations and to enable reliable reporting.

V. Conclusion

51. The ACO continues to endorse UN-Women's efforts in collaborating with partners and stakeholders both within and outside the UN System toward achieving its strategic objectives of advancing gender equality and promoting the empowerment of women.

52. The Committee takes note of the Strategic Plan for 2022–25 and its commitment to organizational excellence and business transformation for UN-Women as the basis for achieving its overall goals.

53. The ACO also notes the commitment in the Strategic Plan to strengthening the accountability and governance framework of the Entity and to build on findings from evaluations and audits to achieve this goal under the umbrella of Principled Performance. Though much remains to be done to properly resource and strengthen the second line of defence, the Committee is pleased to note the introduction of certain initiatives to establish a stronger management structure, improve accountability by defining accountable roles both for the field and headquarters, advance risk management frameworks, and establish an in-house Ethics function, all of which are essential aspects of organizational culture and form part of the journey toward improving Entity maturity.

54. The Committee continues to recommend that the Entity takes steps toward the completion of a Statement of Internal Control, which will require, among others, proper planning, adequate resourcing, a more mature and reliable risk assessment framework, as well as assignment and training of responsible business owners for key functions.

55. The ACO will also continue to pursue with management developments on several key governance issues it has raised in recent years. These include, among others (i) the Enterprise Risk Management Programme, which has not yet achieved maturity, especially in the field, and requires more work and resources, (ii) the steps taken or to be taken to review the entity's structure as well as managerial and leadership issues, (iii) the progress in establishing the approved in-house ethics office, (iv) the rationale and steps in pivoting to the field, (v) the workarounds, ensuing costs and timing of actions to overcome the limitations of the new ERP, and (vi) actions, cost and timing for strengthening the Human Resources operations and other second-line of defence gaps at headquarters and in the field. The ACO will continue to

promote these and other robust governance systems to bring the Entity toward a higher maturity level.

56. Finally, the Committee would like to thank Steven Beckert, Yata Kande, and Sarah Brun for their diligent performance of Secretariat duties for the Committee during 2022.

VI. Annexes

A. Advisory Committee on Oversight Membership in 2022

<i>Member Name</i>	<i>Comments</i>
Ms. Mary Ann Wyrsh (United States of America)	Chair of the ACO whose second term ended on July 31, 2022
Ms. Amalia Lo Faso (Italy)	Current Chair of the ACO. Member since October 2019: serving on second term which ends in October 2025
Ms. Mei Kit Wan (Singapore)	Member since February 2019: serving on second term which ends in February 2025.
Ms. Aicha Pouye (Senegal)	Member since February 2019; serving on second term which ends in February 2025.
Mr. Robert Lahey (Canada)	Member since October 2019: serving on second term which ended in October 2025.
Mr. Chris Hemus (South Africa and United Kingdom)	Member since August 2022 serving on first term, which ends in August 2025

B. UN-Women Advisory Committee on Oversight 2022 Meeting Dates

March 2, 2022	Briefing on Generation Equality (Via Zoom)
April 27–29, 2022	First ACO Meeting (Via Zoom)
July 12–14, 2022	Second ACO Meeting (In person)
October 18–20, 2022	Third ACO Meeting (In person)