Statement by the UK on behalf of the United Kingdom.

Item 6 - Report on internal audit and investigation activities, Report of the Audit Advisory Committee, and management responses

Mr President,

I am pleased to deliver this statement on behalf of Australia, Belgium, Canada, Finland, Germany, Ireland, Israel, Italy, The Netherlands, New Zealand, Sweden, United States of America, and the United Kingdom.

We would like to thank UN Women Audit unit, the Audit Advisory Committee for their report and UN Women for their management response. UN Women audit unit and the Audit Advisory Committee play a key role in assessing the organisations' governance, risk management and control framework and the reports presented demonstrate professionalism, high standards, and a commitment to continued quality improvement.

We welcome the continued progress UN Women have made in addressing internal audit-related issues in 2014, and reiterate the importance of implementing all audit recommendations as a matter of priority. In this context, we would encourage UN Women to present an estimated time-plan for the implementation of the most prioritised recommendations.

Mr President,

We would like to take this opportunity to make two additional comments.

First, on the reports themselves, we welcome the detail they provide on risk, implementation of audit workplans and on the work undertaken on investigations and advice. But we believe that the reports would benefit from additional details regarding the specifics of the recommendations, the risks they expose to UN Women, and commentary on the overall adequacy and effectiveness of the governance, risk management and control framework being assessed, in the form of an assurance opinion limited to the risk-based audit work undertaken. This would bring the reports in line with international best practice and enhance the value of the document to both the organisation and member states, providing a clearer
understanding about what risks are systemic and endanger strategic objectives, and which are minor and easy to solve. We think these additions would allow for better informed choices around risk appetite and resourcing.

We also believe that future reports should include a statement on whether or not the resourcing of their function enables them to undertake their activities effectively as well as a mention of the international audit standards adhered to.

We note that the Audit Advisory Committee has once again addressed the need to examine closely any potential conflict of interest arising from the service level agreement on outsourcing the internal audit function to UNDP and the management reply thereto. We share that Committee’s view that an independent organisational focal point in UN Women to oversee internal audit activities and results should be established as UN Women develops as an organisation and note the management estimate of its likely cost. We remain of the opinion that having an in-house audit function, in the context of available resources, would be positive for the organisation and provide considerable benefits. We would recommend that UN Women keep the Board informed of progress, including the presentation of full cost implications, as we approach the mid-term review of the Strategic Plan.

Secondly, Mr President

The reports list a number of recurring issues around programme management, financial management, results management, monitoring and reporting, resource mobilization and procurement. Procurement in particular is an area of recurring weakness in audits, and the most common area for substantiated investigations. Whilst we appreciate the efforts shown so far, it is of highest importance that procurement procedures, related decisions and practices are transparent, fair and adhere to the adopted rules. We request additional information from the Office of Audit and Investigations regarding the details of the procurement recommendations so that the Executive Board can better understand the root problems and whether the steps undertaken by UN-Women to address procurement challenges are adequate and appropriate.

We welcome the information supplied in the management responses of the steps the organisation is taking to address these challenges. We particularly welcome the
steps taken to improve programme management, internal controls, and accountability of field and regional offices, which led to a considerable reduction of outstanding partner advances. We encourage UN Women to intensify their efforts for improvement. Finally, we urge UN-Women to consider a holistic approach to recurring audit recommendations that addresses policy and process revisions at the global level rather than resolving problems at individual country offices.

Thank you.